

IMPACT OF NREGA ON WAGE RATES, FOOD SECURITY
AND RURAL URBAN MIGRATION IN SIKKIM

Executive Summary

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Executive Summary

1.1: Background

Since Independence the country's strength is derived from the achievements of planning. The policies and programmes have been designed with the aim of alleviation of rural poverty which has been one of the primary objectives of planned development in India. But employment programmes were not perceived as major instrument of poverty alleviation until the beginning of the 1980s in most states of the country. They were expanded in the sixth plan period with the introduction of the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP). Subsequently, some other public employment programmes were adopted viz. Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS), Sampoorna Grameen Rozgar Yojana (SGRY), National Food For Work Programme (NFFWP). The programmes were targeted at the poor and were generally indentified with poverty alleviation programmes. Such programmes were treated as schemes which did not involve any legal entitlements. By contrast, for the first time, the National Rural Employment Guarantee Act, 2005 provides employment opportunities of rural labourers as a matter of right. The NREGA goes beyond poverty alleviation and recognizes employment as a legal right. It is a step towards legal enforcement of the right to work, as an aspect of the fundamental right to live with dignity.

National Rural Employment Guarantee Act (NREGA) was passed in the year 2005. The ongoing programmes of Sampoorna Grameen Rozgar Yojana and National Food for Work Programme were subsumed within this programme in the 200 of the most backward districts of the country. The act was enacted to enhance livelihood security in rural areas by providing 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

In the state of Sikkim, NREGA became operational from February 2006. The scheme had been introduced in phases. Initially, in the first phase, the scheme was introduced in north Sikkim. In the second phase, from 1st April 2007 two more districts namely, East and South Sikkim districts were brought under its coverage. One more district viz. West Sikkim was added in the third phase from 1st April 2008. Thus the scheme is operational in all districts of the state of Sikkim w.e.f. 1st April 2008.

There has been a dearth of studies designed to assess the performance of National Rural Employment Scheme ever since the Act came into force in the country. While some studies have drawn attention to huge leakage in the implementation of the scheme, namely inflated or fake

muster roll entries, embezzlement of funds, non-payment of minimum wages, delayed wage payments beyond the stipulated period of 15 days, non-payment of unemployment allowance, irregularities in conduct of social audit etc., others are not that critical, rather have been hopeful recognizing that the programme effectiveness will increase with experience. With the guarantee of demand-driven fund allocation, NREGA scheme opens up tremendous possibilities of creating a livelihood resource base of the rural poor. The scheme has high expectations in terms of employment generation, alleviation of poverty, food security, halting migration and overall rural development. As the scheme is in its initial stages, there is a need for the study to evaluate the performance of the scheme for its impact on rural poor. Based on this background, the present study is undertaken in the state of Sikkim with the following objectives:

1.2: Main Objectives of the Study

- To measure the extent of manpower employment generated under NREGA, their various socio-economic characteristics and gender variability in all the districts implementing NREGA since its inception in the state.
- To compare wage differentials between NREGA activities and other wage employment activities.
- To examine the effect of NREGA on the pattern of migration from rural to urban areas.
- To find out the nature of assets created under NREGA and their durability.
- To identify the factors determining the participation of people in NREGA scheme and to see whether NREGA has been successful in ensuring better food security to the beneficiaries.
- To assess the implementation of NREGA, its functioning and to suggest suitable policy measures to further strengthen the programme.

1.3: Data Base and Methodology

The study is based on both primary and secondary data. Secondary data is obtained from the official website of NREGA (www.nrega.nic.in). Data used in the study relate to the years 2008-09, 2009-10 and 2010-11. Primary data is collected from four districts of the state of Sikkim namely North Sikkim, East Sikkim, South Sikkim and West Sikkim districts. From each district, primary survey is carried out on 40 participants in NREGA and 10 non-participants working as wage employed and thus a total of 200 households spread over 4 districts in the state are surveyed in detail with the help of structured household questionnaire.

In addition to household questionnaire, a Village Schedule is canvassed in order to capture the general changes that have taken place in the village during the last decade and to take note of increase in labour charges for agricultural operations after the implementation of NREGA. The collected data is analysed through performing tabular analysis. Statistically, in order to find out the determinants of participation in NREGA, Logit-probit analysis has been done in addition to OLS analysis.

1.4: Major findings

Analysis based on secondary data

Total Employment Generated - Their Socio-Economic Characteristics:

Primarily the implementation of NREGA can be evaluated in terms of jobs demanded and provided. The official data in this connection show that during the financial year 2010-11, a cumulative total of 52,082 households demanded employment and among them 50,615 households (97.2 percent), were provided wage employment under the scheme in the state. The performance shown in terms of jobs demanded and provided has varied from 94.5 percent in phase 1 district to 98.9 percent in phase 3 district in 2010-11. In fact in terms of jobs demanded and provided, phase 1 and phase 2 districts which have more experience, of running the programme have lagged behind the phase 3 district in 2010-11 which do not show any variation in the year 2009-10 providing jobs to the extent of cent percent households in response to demand during the year.

In terms of person days of employment generated under the scheme, the secondary data reveals that the state of Sikkim generated a cumulative total of 29.96 lakh person days during the financial year 2010-11 under NREGA out of which 1.32 lakh person days (4.4 percent) has been for scheduled caste, 11.80 lakh days (39.4 percent) for schedule tribe and the rest 16.84 lakh days (56.2 percent) for people belonging to other castes. The act mandates that at least one-third of the workers should be women. Notably, in the state of Sikkim, 13.45 lakh days of employment were generated for women during the financial year 2010-11 which imply that women obtained 44.9 percent of the wage opportunities with their male counterpart getting the remaining 55.1 percent.

Importantly, there is a consistent increase in total person days generated in all the districts of Sikkim in 2010-11 compared to the year 2009-10.

The state of Sikkim as a whole had generated 15.65 lakh person days in 2009-10 and made significant improvement in the following year 2010-11 creating 29.97 lakh person days. In respect of person days of employment generated per household (by those households who demanded work), the state of Sikkim shows 58 person days of work had been generated during the financial year 2010-11 which was 44 days in 2009-10. Across the districts, in terms of average person days generated per household, North Sikkim district stood first (64 days) and East Sikkim district stood last (50 days) among the 4 districts in Sikkim during the year 2010-11. Phase 3 district called west Sikkim obtained employment to the tune of 60 days during the year. The year 2009-10 however, experienced relatively less employment generated under NREGA, whereas average person days generated for the state as a whole during the year was 44 days, the range of employment being varied from 30-58 days across the districts.

The primary objective of the scheme is to provide 100 days guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The quota of 100 days per household per year can be shared between adult members of the household provided their combined days of employment do not exceed 100 days in the financial year. However, despite making provision of 100 days of employment in a financial year, there has been wide deviation in term of actual employment generation in all the districts of the state. Among the four districts, North Sikkim, phase 1 district, provided largest number of households (27.7 percent of households who got employment) with full 100 days of employment in the year 2010-11

followed by South Sikkim district (18.6 percent), West Sikkim district (16.2 percent) and East Sikkim district (6.7 percent). During the period between 2009-10 and 2010-11, households completing 100 days of work in the state was highest in 2010-11 when the figure was 7950 (15.7 percent of households who got employment) as against the figure of 2753 (7.8 percent of households who got employment) in 2009-10. That the actual employment generation is much below than 100 days in a year has been experienced by all the districts in the state.

Number of projects completed and total amount spent

The works carried out under the scheme suggested that a total of 252 works in different work categories have been accomplished during the financial year 2010-11 in the state. The corresponding figure was 101 for the year 2009-10. The works undertaken and completed during the financial year 2010-11 indicated that drought proofing accorded top priority which accounted for the maximum share (44.8 per cent) in total number works completed during the year. The next in importance was the emphasis on rural connectivity which constituted 17.9 percent of total works accomplished during the year. Other works included land development (13.9 per cent), flood control (11.5 per cent) and micro irrigation (9.5 per cent). Across the districts, all the works undertaken in north Sikkim, phase 1 district during the year 2010-11 are on-going projects. Among other districts drought proofing was given utmost priority (60.6 per cent) in phase 2 districts followed by rural connectivity (11.9 per cent) and micro irrigation (11.3 per cent). In phase 3 district called west Sikkim district, rural connectivity (28.3 per cent), land development (22.8 per cent), flood control (19.6 per cent) drought proofing (17.4 per cent) constituted the major share of works undertaken and completed during the year 2010-11.

In terms of amount spent, an amount of Rs. 734.97 lakhs was spent for completed works under NREGA during 2010-11 in the state against the figure of 91.21 lakhs in the previous year 2009-10. As recorded for the year 2010-11, rural connectivity accounted for the largest share (24.7 per cent) in total expenditure incurred for carrying out different activities in the state followed by micro irrigation (21.8 per cent), land development (19.1 per cent), flood control (18.6 per cent), and drought proofing (13.6 per cent). In the year 2009-10, similar type of works were undertaken and completed with different degrees of priority.

Performance of NREGA- some quantitative indicators:

Social Auditing:

An innovative feature of the National Rural Employment Guarantee Act is that it gives a central role to 'social audits' as a means of continuous public vigilance. One simple form of social audit is a public assembly where all the details of a project are scrutinized.

In respect of conducting social audits, it is seen that social audits of NREGA have been conducted in all the gram panchayets in the state during the years 2010-11 and 2009-10. Notably, social audits have been done in all the districts uniformly.

In the matter of muster roll verification, out of the total of 9601 muster rolls for the year 2010-11, a total of 9406 (97.97 percent) muster rolls are verified in the state as a whole. The

corresponding figures for verified muster roll for the year 2009-10 was 6909 (98.64 percent). Across the districts, phase 2 and phase 3 districts have progressed much showing cent percent muster roll verification in both the years viz. 2010-11 and 2009-10. In this respect, phase 1 district lagged behind other districts where verified muster rolls accounted for about 80 per cent in both the years under study.

For effective implementation of NREGA scheme the state, district and block level officers are supposed to monitor programme at every stage of implementation through field visit. Each district is supposed to draw a schedule of inspection to ensure that district level and sub-divisional/block level officers together inspect the works separately. In the state of Sikkim, it was found that about 47.01 percent and 99.48 per cent of works in 2010-11 were inspected by district level and block level officers respectively as against the figures of 33.53 per cent and 94.72 per cent respectively in 2009-10. Across the districts, there exists variation in respect of muster rolls verification. Here phase 3 district has gone much ahead than phase 1 and phase 2 districts and as between phase 1 and phase 2 districts the former district performed much better than the latter districts. The state of Sikkim is a good performer in respect of monitoring the execution of works by the block level officers where the proportion of works inspected accounted for about cent percent having no variation across the districts.

Social audits and vigilance works must be institutionalized in the sense that they must be regularly carried out by Gram Sabhas through the participatory process. So far official data is concerned, Gram Sabha meeting held in ensuring transparency in planning and implementation of scheme is good in number in 2010-11 as well as in the previous year 2009-10. Across the districts there exists wide variation in this respect. During the years 2010-11 and 2009-10 phase 3 district took lead in holding gram sabha meeting.

One critical finding relates to conduct of VMC meetings (gram unnayan samiti or beneficiary committee meetings) in running the programme of NREGA. As per the provision of NREGA, VMC meeting needs to be conducted for the participation of all affected persons in the process of decision making and validation. Evidently however, in the state, the participatory process, the main route to insuring transparency has not been taken seriously by the implementing authority. During the year 2010-11, only a total of 23 VMC meetings were held as against the corresponding figure of 59 in 2009-10. In phase 2 and phase 3 districts, VMC (beneficiary committee) meetings were not held at all during the year 2010-11. Again in phase 2 districts such meetings were not held at all in 2009-10.

Bank Accounts:

The NREGA introduced bank payments or post office payments as safeguards against corruption in wage payments to the labourers. Official data for the year 2010-11 shows that bank accounts constituted the major which accounted for 62.52 percent of total accounts opened. Further a larger majority of the accounts are individual accounts either at banks (88.82 percent) or at post office (86.39 percent) and the rest are joint accounts (11.18 percent for banks and 13.61 percent for post offices).

In the year 2009-10, total accounts opened numbered 57769 as against the figure of 63337 for the year 2010-11. Thus the year 2010-11 recorded an improvement of 9.64 percent compared to the previous year in terms of opening of accounts with the financial institutions. In both the years under review, bank accounts accounted for the major share in the total number of accounts opened. With regard to type of accounts, a large majority of workers' accounts are individual bank or post office accounts.

Unemployment Allowance:

Under the Act, there is a provision for paying unemployment allowance by the State Government in case the employment demanded is not provided during the stipulated period. The unemployment allowance is to be paid not later than fifteen days from the date on which it became due for payment. However, official data in this regard shows the reluctance of the State Government to disburse unemployment allowance. In the state of Sikkim, unemployment allowance was due for payment to the tune of 30230 days in 2010-11 but it was not paid at all.

Analysis Based on Primary Data

Sample household characteristics and their income and consumption pattern

Among beneficiary households across castes, 5.00 percent beneficiary households belong to scheduled castes, 53.75 percent of the households belong to scheduled tribes, 40.62 percent belong to other backward castes whereas the balance 0.63 percent of the households goes to general castes. Caste composition of non-beneficiary households is not exactly similar to those of beneficiary households.

Beneficiary households holding BPL and APL card accounted for 93.75 percent and 6.25 percent respectively. Thus beneficiary households are either BPL or APL card holders. The scheme of NREGA has the transformative potential for women in enhancing economic and social security and thus the scheme can alter the balance of power in the rural family. However, empowerment of women would be easier for the families where the decision maker in the family is the female member. In our sample households, in case of both beneficiaries and non-beneficiaries male members are the decision makers in majority of the families (86.25 percent for beneficiary families and 92.50 percent for non-beneficiary families).

Household Net Income

Across the beneficiary and non-beneficiary households, income per non-beneficiary households is higher by 9.50 percent from Rs. 32425.90 for beneficiary households to Rs. 35508.30 for non-beneficiary households. For beneficiary households income from regular job/salary/pension pursuits accounted for the major (19.60 percent) share in total household income. Importantly, net income from works under NREGA accounted for 25.00 percent of the total household income and the remaining receipts are from agriculture including livestock (19.10 percent), income from wages in non-agriculture (17.50 percent), income from wages in agriculture (8.60 percent) and income from self-employed in non-farming (5.70 percent) in order of

importance. In case of non-beneficiary households, income per household obtained from regular job/salary/pension accounted to Rs. 9750.00 and constituted the major accounting for 27.50 percent of total household income followed by income from self-employed non-farming (24.50 percent), income from agricultural pursuits (20.80 percent), wage income from non-agriculture (15.70 percent), wage income from PWP (6.60 percent) and income from wages in agriculture (4.80 percent) in order. Notably, non-beneficiary households on account of their non-participation in NREGA works relied more on non-farm activities and derived considerably higher income (24.60 percent) as compared to beneficiary households (5.7 percent).

Household Consumption

The item-wise distribution of expenditure shows that consumption of confectionery of the household population is the largest component of expenditure on food items both for beneficiary and non-beneficiary households. Among cereals, rice intake is the major followed by wheat. This pattern does not vary across the beneficiary and non-beneficiary households in terms of the level of monthly consumption per capita. However, there are little differences when the comparison is made by specific non-cereal food items viz. liquid milk and sugar & gur. The monthly per capita expenditure on these food items is little higher for beneficiary households with no difference in the consumption of vegetables, poultry-meat and egg, and edible oils. In terms of cereals consumption per capita per month, NSS data (2004-05) gives relatively lower figure by about 11.81 percent for beneficiary households and 10.40 percent for non-beneficiary households. As a whole NSS estimates of food-grains consumption is lower than implied in our survey estimate.

The pattern of expenditure distribution by broad commodity groups as food and non-food appear somewhat different across the beneficiary and non-beneficiary households. Although, the pattern shows a larger share of expenditure on food items in case of both beneficiary and non-beneficiary households, the observed behavioral tendency of non-beneficiary households has been to expend more on non-food items as compared those of beneficiary households. In case of non-beneficiary households, more consumption on non-food consumer goods involves greater sacrifice in food consumption as compared to beneficiary households.

Evidently, NSS data on consumption expenditure (food and non-food) are not in agreement with our survey data in respect of total monthly per capita consumption expenditure of households. The NSS figure of per capita monthly consumption expenditure is estimated at Rs. 657.90 as against our estimate of Rs. 581.60 combining beneficiary and non-beneficiary households together. NSS estimate for cereal consumption is on the lower side by nearly 44.68 percent than the figure derived from our estimate. Both the beneficiary and non-beneficiary households ranked ahead of NSS estimate in respect of per capita cereals consumption of households.

Variability (CV) and Gini Ratios of Income and Consumption:

Broadly, the average household consumption expenditure is lower than household income both for beneficiary and non-beneficiary households. There are however variations in income and

consumption across the households as captured by the co-efficient of variation, the extent of variation being greater for non-beneficiary households in income and lower in consumption. Higher household income is associated with higher degree of variance as happened in the case of non-beneficiary households. In contrast, beneficiary households with comparatively lower level of consumption are accompanied by higher variance and low level of variation in income. As between household income and consumption, the extent of variation tended to be lower in consumption than in income both in the case of beneficiary and non-beneficiary households.

The Gini ratio as a measure of inequality does not vary much between income and consumption. In fact, there are no major instances of savings or dissavings (transfer of income through loans) that could cause the measures of inequality for consumption and income to diverge. The degree of inequality both in income and consumption is low but somewhat varied across the beneficiary and non-beneficiary households. The Gini ratio shows relatively greater inequality in the income earned in case of non-beneficiary households which is indicative of the fact that non-beneficiaries have derived income from occupations diversified in nature. In contrast, beneficiary households through their participations in NREGA activities derived more or less same income and thus produced lower degree of inequality in income within the group of beneficiaries.

Determinants of participation in NREGA—functional analysis

The Logit Probit analysis conducted at both household and member levels suggest that a set of socio-economic characteristics of households such as caste, sex, educational attainment, number of members in the household (household size) and employment other than NREGA explain the household's participation status (whether participating in NREGA or not).

OLS estimates at the household level reveal that the variables which are positively and significantly related to the dependent variable are dummy for BPL card holding and caste dummies for SC, ST and OBC. The positive coefficient for BPL card holding implied that holding of BPL cards influenced employment under NREGA. Caste dummies have positive coefficients suggesting that SC, ST and OBCs have more participation days in NREGA relative to other castes. The statistically significant variable, employment other than NREGA has negative influence on NREGA employment suggesting that households having employment other than NREGA are likely to have lesser NREGA working days relative to others. At the individual member level, the variables which were found to be statistically significant included age, household size, and sex dummy. Of them household size is found to statistically influence NREGA employment negatively suggesting that larger the household size, the lower is the NREGA participation days. The positive coefficient for age implied that aged persons participated more in NREGA employment. Sex dummy has positive coefficient suggesting that male members participated more in NREGA than females.

Work Profile under NREGA, Wage Structure and Migration Issues How successful has been NREGA providing 100 days employment (to the registered families at their door steps)

On an average, the size of working members employed per household numbered 2.8 on an average in the state. Across the districts the number of workers per household employed in the

NREGA works varied from 2.0 to 3.6. Households employing 2 workers are observed in the North District and 3.6 workers in the South District. Across the caste categories, greater size of worker employed under NREGA is located in case of scheduled caste households followed by schedule tribe and OBC households respectively.

Evidently, despite making provision of 100 days of employment in a financial year, it is seen that there have been a deviation in terms of actual employment generation. In terms of person days employed under NREGA works, the average number of person days employed per household was of the order of 81.2 days in the state. Person days employed per household was highest for scheduled tribe households (46.4 days) followed by OBC (29.7 days), scheduled caste (4.7 days) and General (0.4 day). The number of person days employed per household for women was about 37 days which remained well below their male counterpart (44 days).

The district wise figures for person days of employment per household show considerable variations across the districts. Among the selected districts, North District in phase- I is showing the highest number of person days of employment (94.4 days per household) followed by west district in phase –III (85.3 days per household) and South and East Districts in phase-II (81.9 days and 63.1 days per household respectively).

Households completing 100 days of work was 26.9 per cent in the state. However, district wise the proportion of households varied from 7.5 per cent in South Sikkim district (Phase-II district) to 72.5 per cent in North Sikkim district, (Phase-I district).

The average distance of the work places from the residences of workers was found to be within 5 km. as provided under the Act. The average distance of work place from residence is on an average 1.1 km. The distance is relatively higher in South District (1.9 km.)

Nature of assets created and their durability:

Eight types of works are permitted to be carried out under the NREGA. Evidently, the works undertaken in the state and also in the districts are consistent with the types of works listed in the NREGA. The works undertaken consisted of (i) rural connectivity (ii) Flood control and protection and drought proofing. Overall in the state, the works undertaken mainly related to rural connectivity (50.6 per cent) followed by flood control and protection (42.9 per cent) and drought proofing (6.4 per cent). However, there existed variation across the districts in respect of works undertaken under NREGA. Notably in all the districts of the state viz. East, North, South, and West equal importance was attached to rural connectivity, where almost half of the sample households were found to be employed in the activity.

As far as quality of assets is concerned, the majority of households in all the districts ranked ‘very good’ about the assets created under NREGA.

With regard to unemployment allowance received by the households, evidently, there was no instance of receiving unemployment allowance in the state.

Wage differentials under NREGA and its comparison with minimum wage Act

According to NREGA Act, persons working under the scheme are entitled to receive the statutory minimum wage fixed by the state government applicable to agricultural workers in the state.

The primary data collected from the sample districts reveals that the wages received under NREGA scheme by the beneficiaries, irrespective of castes and sex, in all the districts of the state were the same as stipulated minimum wage of Rs. 100.00. However, NREGA wages were higher than market wages for agricultural workers in the state and this has led to distort the wage labour market by exerting upward pressure on market wages.

Wage differentials in different activities, among beneficiaries and non-beneficiaries:

Evidently, non- agricultural casual labour wage rates compares unfavorably to agricultural wage rates both for males and females. The ratio of non-agricultural to agricultural wage rates of both the males and females worked out to 1.12. Across the category of households, the ratio stood at 1.11 for male beneficiary and 1.14 for male non-beneficiary counterpart. In case of females' non-agriculture-agriculture wage ratio also varied across beneficiary and non-beneficiary households, the ratio being 1.11 for beneficiary and 1.13 for non-beneficiary households.

The gender issue has figured prominently in respect of receiving wage rate both in agricultural and non-agricultural activities. For agriculture operation on an average, female wage rate formed 86.38 per cent of male wage rate and the same for non-agricultural activities worked out to 88.20 per cent. Across the beneficiary and non-beneficiary categories of households gender difference is quite sharp for beneficiary household both for agricultural and non-agricultural activities. Evidently, there is no instance of migration in Sikkim. Under the NREGA, females are paid the same wage rates as males which stood at Rs. 100.00. It is also noticeable that NREGA wage rates are higher than market wage rates for agricultural and non-agricultural casual labour. This is especially noticeable in the case of females who are paid markedly lower market wage rates as compared to males in agricultural activities working as casual labourer. As a whole, gender disparity is noticed in respect of female–male wage ratio for agricultural and non-agricultural wages while under NREGA wage payments, gender disparity is totally removed.

How has NREGA affected labour migration?

NREGA scheme provides local opportunities for employment and thus workers do not need to migrate to other areas. Manual works provided under NREGA are thus expected to bring down the level of out-migration. As noted earlier, there was no instance of in-migration or out-migration in the state of Sikkim both before and after implementation of NREGA.

The Functioning of NREGA–Qualitative Aspects

Job Card Issues and Work Applications

In response to the questions related to the issuance of job cards, cent per cent of the households reported that they had not paid any fees or bribes for getting job card. Majority of the households (70.6 per cent) reported no irregularity in the job card in entries of work done and in

putting signature of the concerned authorities (55.0 per cent). Some of the households however informed that they are not sure about of the correctness of the entries made in the job card and whether the signature was put in. It is worth-mentioning that cent per cent of the sample beneficiary households kept their job cards with the holder themselves

In response to the questions related to work application, cent per cent of the respondents reported that they got employed in response to application for work. Out of those who applied, only 78.1 per cent got a dated receipt for the application and 85.00 per cent got employment under NREGA within the stipulated time period of 15 days of application. Thus as per provision in the Act, unemployment allowance became due for payment to 15.00 per cent of households. Notably, all these (15.00 per cent of households) did not get any unemployment allowance.

Payment of Wages and Related Issues

In respect of payment of wages under NREGA, men and women are entitled to receive the same wages. In fact, any form of gender discrimination is prohibited under the NREGA. Based on the information received from the sample participant households, no gender bias is noted in the responses of all households (cent per cent). With regard to the mode of wage payment, cent per cent of the sample households reported that wages were paid on daily wage basis.

The Act provides that wages are to be paid on time; disbursement of wages to workers has to be done on weekly basis and not beyond fortnight from the date on which work was done. In our survey data, 73.10 per cent of the total sample beneficiary households received wage payment within the stipulated time – within a fortnight and the rest 26.9 per cent were paid wages within a month.

As an effective check against the embezzlement of NREGA wages and to prevent defrauding of workers, the government has shifted from cash to bank/ post office payments of wages. In our survey data, the responses of households show that the NREGA wage payments have been made either through banks (25.00 per cent) or through post offices (75.00 per cent).

Worksite Facilities and Economic Usefulness of the Work

As per the NREGA, it is mandatory to provide the basic facilities at the worksite inclusive of safe drinking water, shade for children and for periods of rest, first-aid box with medicines for emergency treatment. In case of facilities at the worksite, 50 percent of the households reported drinking water facility. Shade for periods of rest and first-aid kit/ medicines were the facilities available as reported by 50 per cent of the beneficiaries. The availability of child care facility was reported by 50 per cent of sample households. In respect of economic usefulness of the works executed under NREGA, majority expressed satisfaction about usefulness of works, although some of the households (2.5 per cent) questioned about the usefulness of works.

Monitoring of the Work

In response to the questions relating to monitoring of NREGA works, the sample households unanimously (cent per cent) reported that the concerned officials made frequent visits at

the worksite and monitored the execution of works. No one lodged complaint relating to implementation and functioning of NREGA.

Nature of Assets Created and Their Durability

With regard to the durability of assets created under NREGA, mixed responses were received. Some of the households (34.4 per cent) reported that the quality of structures created was good and these would last up to 10 years. About 25.6 per cent of households perceived that the quality of created structures was so good that they could last more than 10 years. About 15 per cent of households were of the view that assets created under NREGA could last up to 5 years. About 25 per cent of the households reported that the structures created would last up to one year. Hence, these structures require timely repairs and maintenance to be capable of lasting more and generating expected benefits.

Labour Migration and NREGA

One of the objectives of NREGA is to arrest out-migration of rural labour households who go outside villages in search of employment. In order to know the impact of NREGA on rural labour migration, related data were collected from the sample beneficiary households. It was revealed from the responses that after implementation of NREGA, there was no instance of out-migration or in-migration.

Respondents' Awareness about NREGA Implementation

Awareness about NREGA among people in all its aspects is an important ingredient for success of NREGA. However the responses received from the sample households in the sample villages show that although, all the people were aware about the implementation of NREGA, many of them were not aware about the specific aspects of NREGA, specifically right based aspects such as right to apply for work and get employed within 15 days, minimum wages, wages calculation method, unemployment allowance, minimum worksite facilities, mandatory availability of muster rolls at the worksite and the list of permissible works under NREGA.

NREGA and Food Security

NREGA through generating incremental income is expected to bring about changes in the food security situation at least making available the minimum quantity of food for the entire members of the family. Evidently, 70 per cent of households reported that they got full two meals throughout the year 2009 while the rest 30 per cent of households did not get full two meals throughout the same year. Out of the households who are not having full two meals, 4.17 per cent did not get sufficient food for one month, 95.83 per cent for two months. To cope with the worsening situation of food security, some of the households (33.3 per cent) suffering from food security took loans from different sources whereas many of the households (56.3 per cent) reduced food consumption taking meal only once a day and about 10.4 per cent of households resorted to

begging. However, although some of the households reported worsening situation of food security even after the introduction of NREGA, the overall impact NREGA on food security is positive as it has improved the food security for majority of households. In the context of ensuring food security, the potential benefit of NREGA might have been greater if households are provided with full one hundred days of employment during the financial year.

Suggestions for improving the functioning of NREGA

Suggestions were invited from the beneficiary households for improving functioning of NREGA. Nearly, 24.4 per cent of households suggested the need for increasing work site facilities under NREGA. About 25.6 per cent of households suggested for making arrangement for immediate wage payment at the end of the day's work. About 32.5 per cent of households emphasized the need for proper monitoring of the execution of works in the context of improving functioning of NREGA.

NREGA impact on village economy

Changes in Occupational Structure in the Selected Villages

The occupational structure has undergone changes during the period between two counts, one in 2001 and another in 2009. An important aspect of occupational shift has been the decline in the proportion of households engaged in cultivation of land. It has got reduced from 51.3 percent in 2001 to 48.5 percent in 2009. There is a definite tendency among them to move on to non-agricultural occupations viz household small industry, transport & communications and other services. The pattern of distribution did not undergo notable change in favour of agricultural labour. The proportion in this occupation increased from 36.1 in 2001 to 36.4 percent in 2009.

How has NREGA affected wage rates in the selected villages:

Due to the implementation of NREGA there has been sharp increase in the wage rates during the reference periods pertaining to the years 2005 and 2009. The present study finds that both male and female wages have gone up after the implementation of NREGA. The wage disparity between male and female persisted both in agricultural and non-agricultural works, even after the introduction of NREGA. The prevailing wage received by male agricultural workers prior to the introduction of NREGA was Rs.55.00 which increased to 85.00 after the introduction of NREGA implying that wage rate increased by 54.55 percent during the reference period. The rate of increase of wages for female agricultural workers was of the order of 60.00 percent from Rs. 50.00 to Rs. 80.00 during the same period. In general non-agricultural wages was higher than agricultural wages both for males and females. Here again, there have been noticeable increase in wage rates both for males and females during the reference period.

How has NREGA affected changes in wage rates for agricultural operations?

Evidently, in the state, there was a rising trend in the wage rates uniformly for all the agricultural operations between 2001 and 2005, that is, during the pre-introduction period of

NREGA. After the introduction of NREGA, there was a sharp increase in the wage rates again uniformly for all the agricultural operations of principal crops viz. paddy, wheat, maize, potato etc.. Notably, the gap in the wages in the post NREGA period between 2005 and 2009 appeared to have widened as compared to the pre NREGA period between 2001 and 2005. The rate of increase in wages was uniform across all agricultural operations and across crops. It was 25.69 per cent between 2001 and 2005 while it was 59.13 per cent between 2005 and 2009.

Various Changes in the Village Economy after Implementation of NREGA

Implementation of NREGA is expected to bring about various changes in the village economy.

As revealed from the qualitative information, a good majority of households (75.00 per cent) reported that there has been shortage of agricultural wage labour at some point of time during last year.

After implementation of NREGA, the same proportion of households (75.00 per cent) reported that there has been a shortage of agricultural labour. Responses show varying degrees of shortage of agricultural labour over the months. Notably after implementation of NREGA, shortage of agricultural labour is largely confined in the months of July, Aug as reported by 62.50 per cent of households. Some of the households (12.50 per cent) reported labour shortage in the month of March.

Labour cost being the important component of cost of production, all households unanimously (cent per cent) reported that cost of production in agriculture increased because of scarcity of labour. Regarding the magnitude of increase in cost of production, majority of households (62.50 per cent) believed that cost of production increased at the rate of 20 - 50 per cent while 25.00 per cent households reported that cost of production recorded an increase of 20 per cent. The remaining 12.50 per cent replied that cost of production increased by 10 per cent.

One of the important goals of NREGA is to reduce rural-urban migration. On the questions relating to migration, cent per cent of households believed that there has been no change in labour migration by NREGA activities.

All households unanimously reported that wages of casual labourers have increased after implementation of NREGA. The reasons cited are shortage of labour availability caused by NREGA (31.50 per cent), higher wage rate in NREGA activities compared to other activities in the village (65.00 per cent), increased job opportunities due to the introduction of NREGA (35.50 per cent).

All households unanimously pointed out that after introduction of NREGA there has been no change in the trend of people living in village and going to work outside daily or to go to work outside daily for longer period.

NREGA is expected to bring about changes in the standard of living of village people. In this regard, all respondents feel that living standard in general improved after the introduction of NREGA. The responses show that due to incremental income obtained from NREGA activities, household consumption is increased. Households were able to spend more on food, clothing,

housing and education and thus improvement in the living standard after the introduction of NREGA. After introduction of NREGA, household daily consumption is increased as reported by 50.20 per cent of households. About 28.60 per cent of households reported improvement in health treatment condition through increased medical expenses. Notably in the education front more children are going to school after NREGA implementation as reported by cent per cent of the beneficiaries.

Village households were asked to offer suggestions for improvement of NREGA implementation in the interest of benefits accruable to both labourers as well as cultivators. Village households offered their suggestions mainly in three important aspects of NREGA for improvement of NREGA functioning. Firstly, as reported by 68.50 per cent of households, action plan of NREGA works should be worked out on the basis of opinion/perception of local people. Secondly, according to the opinion of 56.30 per cent households, NREGA works should be made available throughout the year and thirdly, 100 days work limit should be enhanced under NREGA as reported by 48.20 per cent of households. If the work is continuously available in the villages for longer periods, the labourers can afford the delay in wage payment depending on lump sum amount of wages which they receive after every few days. About 26.40 per cent of households reported that payment of wages should be at the close of the day's work. Among others, some of the village respondents (30.10 per cent) suggested hike in wage rates under NREGA as compared to the same in the plains, while some others (12.40 per cent) suggested wage payments entirely through banks.

1.5: Policy Implications

Although there has been a debate about the effectiveness of NREGA, the experience of Sikkim show a mixed picture. The scheme is successful in terms of coverage of weaker sections of society (94.37 per cent) and asset creation under the scheme. The major problem however relates to the employment generation in terms of person days employed per household. As evidenced by survey data, despite making provision of 100 days of employment in a financial year, average number of person days employed per household was of the order of 81 days in the state. For women households it was 37days, well below their male counterpart (44 days). Obviously, NREGA works should be made available throughout the year. This has been reported by 56.30 per cent of village households. The implementing agency should take up proper planning of work for both short-term and long-term benefits for the villagers. Further, 100days limit of guaranteed wage employment under the Act should be increased. This has been suggested by 48.20 per cent of village households in the surveyed villages. Thus actual employment generation under the scheme as per the provisions of NREGA apart from the enhancement of 100 days limit of guaranteed wage employment needs particular attention for better functioning of the NREGA. **(attn: Ministry of Rural Development Government of Sikkim, Department of Rural Development, Government of India, New Delhi).**

The participatory process, the main route to ensuring transparency has not been taken seriously by the implementing authority in the state. As is evident, during the year 2010-11 only a total 23 VMC meetings were held as against the corresponding figure of 59 in 2009-10. Notably, in

phase 2 and phase 3 districts VMC meetings were not held at all during the year 2010-11. Again in phase 2 districts, such meetings were not held at all in 2009-10. **(attn: Ministry of Rural Development, Government of Sikkim).**

The projects/works undertaken in the NREGA were consistent with the eight categories of works listed under NREGA. However, for the fulfilment of the quota of 100 days of employment per household per year, the state government should be empowered to expand the list of permissible works in the light of local conditions. New innovative works need to be found out to fulfil the quota of 100 days of employment per household per year as also to provide productive employment. **(attn: Ministry of Rural Development Government of Sikkim, Department of Rural Development, Government of India, New Delhi).**

Regarding the quality of assets created under NREGA, about 15 per cent of households were of the view that assets created under NREGA could last up to 5 years. About 25 per cent of the households reported that the structures created under NREGA would last only up to one year. Hence, these structures would require timely repairs and maintenance to be capable of lasting more and generating expected benefits. Thus quality and maintenance of assets need more attention in future so that investments made would not go futile. In fact, employment guarantee and durable assets creation have to be seen as two sides of the same coin. **(attn: Ministry of Rural Development, Government of Sikkim).**

In our survey data, irregularity in wage payments is noticed in some cases. About 26.9 per cent of sample beneficiary households were paid wages beyond fortnight and accordingly they are entitled to receive compensation as per the provision of the act. However, no compensation is paid to labourers in the state in respect of delayed payment of wages beyond the stipulated period of 15 days. Obviously, in the long run, much more sustained effort will have to be put in to ensure continued compliance with norms laid down in the NREGA Act. **(attn: Ministry of Rural Development, Government of Sikkim).**

The reluctance of state government to disburse unemployment allowances is noted in the study. Official level secondary data shows that unemployment allowances due for payment were for 30230 days in 2010-11 but it was not paid at all. Further the primary data shows that the unemployment allowance became due for payment to 15.00 per cent of households. Notably, no unemployment allowance is paid. In this context, it is suggestive that the central government should pay a part of the unemployment allowance after amendment of NREGA rules so that workers could draw unemployment allowance as per the provisions of the Act in the event of failure to provide unemployment allowance by the state government **(attn: Ministry of Rural Development, Department of Rural Development, Government of India, New Delhi).**

The rural labour markets have been influenced by the introduction of NREGA and have had a decisive impact on agriculture. Nearly 62.50 per cent of households in the surveyed villages believed that cost of production in agriculture is increased in the range of 20 – 50 per cent due to scarcity of labour caused by the introduction of NREGA leading to rise in wages. In fact wage rise caused by NREGA could only be maintained if productivity rises too in agriculture. NREGA works must be such as to contribute to raising agricultural productivity. This has to be taken seriously by

the administration which calls for innovative thinking and action. **(attn: Ministry of Rural Development, Department of Rural Development, Government of India, New Delhi).**

The NREGA holds the powerful prospect of bringing major changes in the social and economic well-being of women. As is evident from secondary data, women workers shared 44.90 per cent of total person days generated under NREGA. What is however frustrating is that the issue of child care is overlooked. Under the NREGA, it is clearly stated that in the event where there are at least five children under the age of six years at the worksite, one of the female workers should be deputed to look after them and she should be paid the same wage as other NREGA workers receive. Yet in our survey data only 50 per cent of the sample households reported the availability of child care facility at the worksite. Disturbingly many of the respondents were unaware of this basic entitlement (53.10 per cent). Thus the provision of effective child care facilities at NREGA worksites is an important issue that calls for creative thinking and action. **(attn: Ministry of Rural Development, Government of Sikkim).**

Conclusion:

Overall, the scheme of NREGA has the great potential in enhancing income and livelihood security of the rural poor. The present study, in an attempt to evaluate the impact of NREGA has identified the key areas of progress as well as the shortcomings of the programme. Notably, NREGA has not been able to provide the employment that one would have expected. Despite making provision of 100 days of employment in a year, actual employment generation has been below than 100 days in a year. In the matter of wage payment, in many cases, delay in wage payment is noticed. Procedural irregularities are also noticed at the stage of implementation of the scheme such as irregularities in conducting VMC meetings which needs to be conducted for the participation of affected persons in the process of decision making and validation. True that NREGA addressed many of the weaknesses of the earlier wage employment programmes through introducing several features in its design. However, as evidenced by the present study, NREGA is also not free from limitations despite having its positive impact on income generation, asset creation and above all improving standard of living. Obviously, if the remedial measures are taken to address the limitations, the effectiveness of NREGA would increase with experience and would go a long way in ensuring livelihood security to the rural poor in a sustainable manner and in altering the balance of power in rural society. The key lies in proper implementation ensuring participation of affected persons and planning of the scheme as per the guidelines laid down in the Act.