

IMPLEMENTATION OF MGNREGA IN KARNATAKA: ISSUES AND CHALLENGES

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ABSTRACT

India in general and Karnataka in particular have predominating number of workers in the unorganised sector. The workers in the unorganised sector are denied of basic social security measures such as health facility, income, employment etc. Against this backdrop, the MGNREGA is a refuge for employment source which is ploughed to make significant difference for providing livelihood security in rural areas especially rural poor.

The MGNREGA was introduced in Karnataka since 2006 as an additional source of wage employment to eradicate poverty and unemployment. Rural areas of Karnataka have two-pronged issues i.e., poverty and unemployment, marred by low wages, seasonal agricultural employment and informal nature of work. However, it has been observed that the performance under MGNREGA in Karnataka is not in consonance with the rate of poverty and unemployment in the State. The low performance in Karnataka in MGNREGA compared to many better performing States has been attributed to various programmatic and implementation issues. The paper explores on three objectives viz., (i) to analyse the status of rural poverty and unemployment in Karnataka (ii) to evaluate the performance of MGNREGA in Karnataka since inception and (iii) to examine the issues and challenges in the implementation of MGNREGA in Karnataka and way forward. Overall, the paper assesses the programme on the pre-requisites for an inclusive growth model warranting reductions in unemployment and poverty alleviation in rural areas of Karnataka.

Introduction

The poor face absence of basic capabilities to function in society and lack opportunities such as access to public infrastructure and income earning. A majority of them earn their livelihood through unskilled, casual manual labour and exploitation of the natural resource base. This dependence makes them more vulnerable to crises, like climate shock, natural disaster, ill-health, all of which adversely impact their employment opportunities and reduce their ability to move out of the poverty trap. According to the latest estimates of Planning Commission (2011-12),

around 21 per cent of total population is living below poverty line. On the other side, 25 per cent of rural people are poor. The rate reduction in poverty especially in rural areas of Karnataka in 2011-12 compared to 2009-10 figures is quite low against the all India rate. Further, the higher rate of unemployment in CDS measure (2009-10) indicates prevalence of high seasonal employment in both rural Karnataka and rural India.

India in general and Karnataka in particular, the number of workers in unorganised sector is overwhelmingly high and so also their preponderance across all occupations and

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activities. Most of the unorganised sector workers are deprived of basic social security measures, like, health, income, employment etc. In this context, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) as a fall back employment source is designed to make significant difference to livelihood security in rural areas especially rural poor.

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), a self-targeting labour intensive public works programme, in the first phase was implemented in most backward 200 districts of the country from February 2006. In April 2007, additional 130 districts were included under phase II, bringing the total districts under it to 330 districts. From April 2008, under phase III, MGNREGA has been extended to all 644 rural districts in the country to guarantee at least 100 days of wage employment to every rural household every year and to reinforce the commitment towards livelihood security in rural areas.

Literature Review

MGNREGA has attracted a considerable amount of academic interest because of its features, size and implications for rural India. The review of literature helped in understanding the entire process of MGNREGS planning and implementation related issues particularly in Karnataka.

A study conducted in Karnataka in 2010–11 by N. Pani and C. Iyer (2011), shows that the multiplier effects of expenditure from MGNREGA are quite significant, ranging from 3.1 in the north-west region to 3.6 in the Malnad and coastal districts of the State. The effect of the multiplier on the rural economy would be influenced by how much of the additional purchasing power generated from a rural employment scheme is spent on items produced in the rural economy. The study found that a greater proportion of the income, from 48 to 66 per cent for men and women, generated from MGNREGA tends to be spent on the rural economy.

NIRD, Hyderabad (2010) based on the study in the States of Andhra Pradesh, Karnataka and Tamil Nadu stated that MGNREGS becomes primary source of income for one-third of households. Household's average income has increased significantly in all the three States. The study further found that MGNREGS acted as social security measure to the aged women, widows divorced/deserted women and female dependency level has declined after execution of MGNREGS.

A study conducted by the Indian Institute of Science Bangalore (2010) in Chitradurga district, Karnataka has found reduction in water vulnerability index, agriculture vulnerability, livelihood vulnerability index. There has been an increase in groundwater level, water percolation and improvement in soil fertility. These in turn have led in improvement of land productivity.

University of Agricultural Sciences, Bangalore (2009), in the study in four districts of Chitradurga, Davanagere, Shimoga and Hassan of Karnataka has noted improvement in groundwater recharge to the tune of 1500 GPH to 2500 GPH and improvement in water table by 50 to 100 ft in all districts. Practice of double cropping has also been undertaken in all districts.

The STEM (2011) as per the study on "Impact Assessment of NREGA and Evaluation of System and Process in the State of Karnataka" covering five districts viz., Bidar, Chitradurga, Davangere, Gulbarga and Raichur of Karnataka, has observed that there is delay in payment, lack of technical personnel with the implementing agencies, lack of staff for supervision, not giving adequate training, ineffective involvement of NGOs, insufficient awareness among villagers and untrained representatives. The case studies also indicated lack of publicity and awareness, violation of guidelines, Gram Sabha meeting, unscientific way of preparation of plans, lack of technical and administrative staff etc., in few districts.

Ritesh Singh & Vinay Vutukuru (2009) compared the performance of MGNREGS-Karnataka and Andhra Pradesh for the years 2007-08 & 2008-09. The results showed significant improvement in the size of the programme in terms of persondays of employment in Andhra Pradesh compared to Karnataka and recommended to replicate the Andhra Pradesh's Social Audit model elsewhere in the country.

Methodology

The paper focuses on three objectives: first, to analyse the status of rural poverty and unemployment in Karnataka. Secondly, to evaluate the performance of MGNREGA in Karnataka since inception of the Act. Thirdly, to examine the issues and challenges in the implementation of MGNREGA in Karnataka and way forward.

To fulfill the objectives of the paper following research issues have been outlined:

- i. What is the level and trend in rural poverty and unemployment in Karnataka since 2004-05
- ii. Whether the performance of MGNREGA is inconsonance with the rate of poverty and unemployment in the State?
- iii. What are the programmatic and implementation issues and challenges in MGNREGA?
- iv. What are the possible solutions for the better implementation of MGNREGA?

The study relies on various rounds of NSS Employment and Unemployment survey to shed light on the picture about employment and unemployment, and work participation in rural Karnataka. To analyse the level and trend in poverty in rural Karnataka, secondary data have been collected from Planning Commission. Physical and financial performance under MGNREGS has been obtained from Programme MIS (www.nrega.nic.in) and www.karnrega.nic.in).

Status of Poverty and Unemployment in Karnataka

Reductions in unemployment and poverty alleviation measures are the main pre-requisites for an "inclusive growth" model. However, during the last two decades, a divergent trend has been experienced in employment and poverty reduction, i.e. even though poverty figures have shown a declining trend, employment growth has been fluctuating in Karnataka. It is well recognised that employment leads to poverty alleviation if it is accompanied by a reasonable level of income. Workers in the unorganised sector, agricultural labourers and many self-employed in agriculture and other informal activities constitute a majority of poor, not only because they are unemployed, but because their productivity and income are low and often irregular and uncertain. In this context, it is important to examine the rural employment situation because a vast majority of Karnataka's population still live in rural areas.

Table 1 presents the status of rural population and households in Karnataka for the period 2001 and 2011 as per census report. Out of the total rural households in the country, 4.7 per cent rural households reside in Karnataka. In 2011, around 61.3 per cent of the total population in Karnataka resides in rural areas. Out of the total rural population in the State, 20 per cent is scheduled caste (SC) and 9.2 per cent is scheduled tribe (ST) as per 2011 Census report.

Rural Poverty Rate and Numbers in Karnataka :

This section is based on the findings of the latest National Sample Survey (NSS) 68th round consumer expenditure data (2011-12) as well as the findings of 66th (2009-10) and 61st round (2004-05). Comparison of these rounds enables an understanding of the progress made in the area and allows for an examination of the level of deprivation. The poverty estimates presented in this section are based on the Tendulkar methodology.

Table 1: Status of Rural Population and Households in Karnataka in 2001-2011

Items	Karnataka		All-India	
	2001	2011	2001	2011
State-wise Rural Households (numbers) (2001-11)	6,725,882	7,946,657	137,747,384	168,565,486
State-wise Compound Annual Growth Rate (CAGR) of Rural Households (Per Cent) (2001-11)		1.7		2.0
State-wise share of Rural Households (Per Cent)	5	4.7	100	100
Total Rural Population (in lakhs)	348.8	374.7	7,424.9	8,334.6
State-wise Proportion of Rural Population to Total Population (Per Cent) (2001 and 2011)	66.0	61.3	72.2	68.8
State-wise Share of Rural Population in Total Rural Population of India (Per Cent) (2001 and 2011)	4.7	4.5	100	100
State-wise Proportion of Scheduled Caste (SC) Population (Rural) (Per Cent) (2001 and 2011)	18.4	20.0	17.9	18.5
State-wise Proportion of Scheduled Tribe (ST) Population (Rural) (Per Cent) (2001 and 2011)	8.4	9.2	10.4	11.3

Source: Census of India, 2001; 2011.

Table 2 depicts the number and percentage of people below the poverty line in Karnataka and at All India level for different time periods. As per the latest estimates of the Planning Commission released in 2013, for the year 2011-12 (Tendulkar Methodology), the poverty ratio in Karnataka was 20.9 per cent (129.8 lakh) compared to 33.3 per cent (186.5 lakh) in 2004-05. Similarly, the poverty ratio at all India has come down to 21.9 per cent (2697.8 lakh) in 2011-12 from 37.2 per cent (4072.2 lakh) in 2004-05. The rural poverty in Karnataka has come down from 37.5 per cent (134.7 lakh) in

2004-05 to 24.5 per cent (92.8 lakh). On the other hand, the figure at all India level was 41.85 (3258.1 lakh) in 2004-05 and 25.7 per cent (2166.6 lakh) in 2011-12. A noteworthy feature is that the faster rate of poverty reduction has led to a fall in absolute number of poor in the State. Even though, the poverty in percentage and absolute terms in Karnataka is lower than at all India level, the rate of poverty reduction in 2011-12 compared to 2004-05 is not impressive, particularly in rural areas compared to all India figure.

Table 2: Population Below Poverty Line (Rural/Rural+Urban) in Karnataka and All India (Lakh) (2004-05, 2009-10 and 2011-12)

State	2004-05		2009-10		2011-12	
	Rural	Rural+Urban	Rural	Rural+Urban	Rural	Rural+Urban
Karnataka	134.7 (37.5)	186.5 (33.3)	97.4 (26.1)	142.3 (23.6)	92.8 (24.5)	129.76 (20.9)
All India	3258.1 (41.8)	4072.2 (37.2)	2782.1 (33.8)	3546.8 (29.8)	2166.58 (25.7)	2697.83 (21.9)

Note: Figures are based on Tendulkar Methodology; All-India includes figures for rest of the UTs; Figures in parentheses indicate percentage of poverty below poverty line.

Sources: Press Note on Poverty Estimates, 2009-10, Planning Commission, Government of India website (http://planningcommission.nic.in/news/press_pov1903.pdf, accessed on 4 April 2013); Press Note on Poverty Estimates, 2011-12, Planning Commission, Government of India website. (http://planningcommission.nic.in/news/pre_pov2307.pdf, accessed on 26 August 2013).

Further, the incidence of poverty by social groups shows that there was higher concentration of poverty among the socially disadvantaged groups of SC and ST population especially in rural areas.

Rural Employment-Unemployment in Karnataka : In Karnataka, agriculture is the predominant source of livelihood for the majority of the population and employment is largely unorganised, rural and non-industrial in nature. Despite rapid economic growth in recent years, the unemployment problem remains well-entrenched. The National Sample Survey estimated aggregate unemployment at 6.6 per cent on a current daily status (CDS)* basis for 2009-10 with 4.7 per cent in urban areas and 4.0 per cent in rural areas. In addition, a large part of the labour force in Karnataka is underemployed. This problem of unemployment/underemployment poses a serious challenge.

The MGNREGA was introduced in February 2006; thus the comparative analysis of

NSSO data from 61st (2004-05) and 66th round (2009-10) will shed some light on how the Act was designed and implemented to tackle the issue of employment guarantee in rural Karnataka, whether it has been able to achieve its purpose and what further improvements can be suggested by analysing the unemployment data.

Structure of Employment in Rural Karnataka : The regular paid employment is generally considered secure in terms of income, duration of work and other benefits for the typical casual workers, neither the duration of employment nor income is certain. The self-employment though fairly secure, but income from certain types of self-employment activities might be highly irregular, inadequate and even uncertain. In rural area, there is gradual shift from salaried employment to casual wage employment and regular employment is visible both at national and State level (Table 3).

* Current Daily Status measures unemployment in terms of persondays of unemployment of all persons in the labour force during the reference week. This measure of unemployment fully captures open unemployment.

Table 3: Percentage Distribution of Workers by Category of Employment, 2004-05 and 2009-10

Category	Karnataka		All India	
	2004-05	2009-10	2004-05	2009-10
Self-Employed	49.3	46.3	60.2	54.2
Regular Employed	5.1	6.4	7.1	7.3
Casual Employed	45.7	47.3	32.8	38.6

Note: Figures related to Usual Principal and Subsidiary Status (UPSS)* of individuals.

Source: 61st and 66th Round of Employment and Unemployment Survey, NSSO.

It has been observed that at all-India level (rural areas), over the years self-employment base is gradually eroding and that of the casual employment share is increasing, while the proportion of workers in regular employment is almost stagnating. Unlike at the national level, the casual employment is the predominant form of employment in Karnataka. In Karnataka, the share of self-employed in rural areas has come down to 46.3 per cent in 2009-10 from 49.3 per cent in 2004-05. However, the share of casual employed in rural Karnataka has increased from 45.7 per cent in 2004-05 to 47.3 per cent in 2009-10. Similarly, the regular employment has increased from 5.1 per cent in 2004-05 to 6.4 per cent in 2009-10.

Further, the share of casual employment in the State is especially very high in rural females

which is a cause of immense concern. Clearly, casualisation in the State is conspicuous phenomenon and increasing casualisation has profound implications in the labour market. When work is casual and irregular, the people depending on such kind of employment will have little or no opportunity to enhance their skill base which is critical from the standpoint of view for bettering employment and livelihoods.

Rural Labour Force Participation Rate: Persons categorised as working (employed) and also those who are seeking or available for work (unemployed) together constitute the labour force. The estimates of rural Labour Force Participation Rate (LFPR) based on (Principal and Subsidiary status) in Karnataka and all India level by male and female between 2004-05 and 2009-10 are presented in Table 4.

Table 4: Rural Labour Force Participation Rates for All Ages (in per cent): 2004-05 and 2009-10

Gender	Karnataka		India	
	2004-05	2009-10	2004-05	2009-10
Female	46.2	37.2	33	26.5
Male	62.8	62.7	55.4	55.6
Persons	54.6	49.9	44.5	41.4

Note: Figures correspond to UPSS of individuals.

Source: 61st and 66th Round of Employment and Unemployment Survey, NSSO.

* Usual Principal & Subsidiary Status (UPSS): The usual activity status relates to the activity status of a person during the reference period of 365 days preceding the date of survey. The activity status on which a person spent relatively longer time (i.e., major time criterion) during the 365 days preceding the date of survey is considered the principal activity status of the person. If a person spent his major time working in an economic activity, he is said to be a worker on the basis of principal status. If he pursued some economic activity spending only minor time during the reference period of 365 days preceding the date of survey, he is said to be a subsidiary status worker. If these two are taken together, the measure of UPSS i.e. is obtained.

Between 2004-05 and 2009-10, the LFPR shows a declining trend both at the State as well as at the all India level. Across gender, it is evident from Table 4 that decline in LFPR is much higher among rural females, whereas in case of males the LFPR is either stagnant or shows very little change. During 2009-10, LFPR for males and females in rural areas in Karnataka were higher compared with all India level. The LFPR is significantly lower among females than males in rural Karnataka and at all India level. To elaborate, in 2009-10, the LFPR for males was 62.7 per cent and females 37.2 per cent in rural Karnataka. Across gender, it is evident from Table 2 that decline in LFPR is much higher among

females especially among rural females. Among the rural females, the LFPR declined by 9 per cent in Karnataka compared to about 7.5 per cent at the all India level.

Rural Work Participation Rate : Persons engaged in any economic activity constitute the workforce. Like the LFPR, the Workforce Participation Rates (WPR) in rural areas and among males and females are higher in Karnataka in general compared to all India figures. Details are given in Table 5. Similarly, the WPR in rural females is considerably lower than the male WPRs during 2009-10 both at Karnataka and all India level.

Table 5: Rural Work Participation Rates/Worker Population Ratio (in per cent) : 2004-05 and 2009-10

Gender	Karnataka		India	
	2004-05	2009-10	2004-05	2009-10
Female	45.9	37	32.7	26.1
Male	62.3	62.4	54.6	54.7
Persons	54.2	49.7	43.9	40.8

Note: Figures correspond to UPSS of individuals.

Source: 61st and 66th Round of Employment and Unemployment Survey, NSSO.

In Karnataka, the WPR (2009-10) for rural males was 62 per cent while it was 37 per cent for rural females. Similar to LFPR, during the period 2004-05 to 2009-10, the WPR according to usual status remained almost the same for rural males but decreased by about 10 percentage points for rural females.

Rural Unemployment Ratio : Persons are considered unemployed, if he/she was not working, but was either seeking or was available for work (labour force) for a relatively long time during the reference period. This in effect gives the unutilised portion of labour force. It is a more refined indicator of unemployment in population than the proportion of unemployed, which is nearly the number of unemployed per 1000 persons in the population as a whole. This higher

rate of unemployment in CDS measure indicates prevalence of high seasonal unemployment. For unemployment rate, the CDS measure has been used, as this measure has been widely agreed to be the one that most fully captures open unemployment.

Table 6 indicates that the rural unemployment rates in Karnataka as well as at all India levels decreased from 2004-05 to 2009-10. In Karnataka, the rural unemployment rate has however decreased from 6.7 per cent in 2004-05 to 4 per cent in 2009-10. Similarly, at all India level, the rural unemployment rate has declined from 8.2 to 6.8 per cent during the same period. This shows that the rural unemployment in Karnataka are relatively lower than the all India average

Table 6: Rural Unemployment Rates (in per cent) : 2004-05 and 2009-10

Gender	Karnataka		India	
	2004-05	2009-10	2004-05	2009-10
Female	7.2	4.1	8.7	8
Male	6.3	3.9	8	6.4
Persons	6.7	4	8.2	6.8

Note: Figures related to CDS of individuals.

Source: 61st and 66th Round of Employment and Unemployment Survey, NSSO.

The gender differential in unemployment rate in 2009-10 is observed in both rural areas of Karnataka and all India. The unemployment rate among females in rural areas in Karnataka is higher than those of the males. The rural female unemployment rate in Karnataka is 4.1 per cent which is higher compared to 3.9 per cent for rural male. At the all India level also female unemployment rate in rural areas is higher than that of the males. One of the reasons for decline in unemployment rates in rural areas especially rural females during

2009-10 may be due to implementation of MGNREGA in the State and at all India.

Rural Wages and Earnings in Karnataka : The wages and earnings is one of the indicators to judge the quality of employment and important determinant that has profound implications for bettering employment and productivity of the workers. It is well known that regular employment is considered better, secure and durable and returns associated are usually higher than casual and intermittent nature of employment.

Table 7: Average Wage/Salary Earnings (in ₹) Per Day Received by Casual Labourers (15-59 years), Engaged in Works Other Than Public Works in Rural Areas

Male	Karnataka		Male	All India	
	Female	Persons		Female	Persons
2009-10					
96.91	62.77	84.5	101.53	68.94	93.06
2004-05					
48.33	30.74	41.32	55.03	34.94	48.89

Source : 61st and 66th Round of Employment and Unemployment Survey, NSSO.

Average wage salary earnings of casual labourers in Karnataka are lower for males and females in rural areas compared to rural areas at all India level (Table 7). In Karnataka, rural wages/salary earning differences among males and females, casual labourers engaged in works other than public works is higher compared to difference in all India level. Further, the

percentage increase in male wage rate in rural Karnataka in 2009-10 compared to 2004-05 is 100 per cent and female of 104 per cent. Similarly, during the same period, the increase at all India level is 85 and 97 per cent, respectively for males and females.

The wage difference between males and females is very huge in non-public works in rural

areas. On the other hand, there is non-discriminatory wage under MGNREGA. However, the female wages are far above in the MGNREGA scheme in Karnataka than the non-public casual works in the State. However, it has been noted that market wage is far higher for unskilled wage labour per day in the State. This has obvious implications that in the labour market; male members generally do not come forward for MGNREGA works but attracts females in large numbers.

The 66th Round NSS report on Employment and Unemployment has indicated

that wages in private works are more than the wages in MGNREGA works and public works other than MGNREGA. Further, the gender disparity in wages in public works other than MGNREGA (₹ 12.22) was found be lowest followed by wages in works other than public works (₹ 32.59).

Table 8 shows the difference between the actual wages paid under MGNREGA works and the notified MGNREGA wage rates in Karnataka. It is noted that, since 2011-12 the wage rate under MGNREGA has been linked to the CPI -AL.

Table 8: Notified and Average Wage Cost Per Day Per Person under MGNREGA in Karnataka, 2006-07 to 2012-13 (in ₹)

FY	MGNREGA Notified Wage Rate	Karnataka	
		Average Wage Cost Per Day Per Person	Average Wage Cost Per Day Per Person in All India
2006-07	69	67	65
2007-08	74	72	75
2008-09	82	81	84
2009-10	82	80	90
2010-11	100	98	100
2011-12	125	123	111
2012-13	155	145	118

Source: Ministry of Rural Development (www.nrega.nic.in).

MGNREGA works have immensely contributed to the gender-neutrality in wages. For the first time, women wage-earners began to earn equal wages and this has a positive impact on women-wages in non-MGNREGA works. Female workers are paid much less in non-public works than their male counterparts, and the statutory minimum wages. A higher wage offered in MGNREGA works compared to prevailing wages adds additional incentive for female workers to work. Similarly, the Act stipulates that work be provided locally, within five kilometers of the residence. This makes

participation in MGNREGA work feasible for women as they continue to bear the main responsibility of household work (Khera and Nayak, 2009). The MGNREGA appears to have helped in reduction of disguised employment of female workers and improvement in wages of unskilled workers in the State.

The para 7 of schedule 1 of MGNREGA states that the State Government shall link the wages with the quantity of work and it shall be paid according to the schedule of rates fixed by the State government for different types of work every year, in consultation with the State Council.

As seen from Table 8, there is a marginal gap between MGNREGA notified wage rate and actual wage rate paid to the workers. One of the main reasons, as reported in many studies is that, in Karnataka, irrespective of the quantum of work, full wage rate is being paid. Further, there is irregular measurement of works by the Technical Assistants/Junior Engineers in Karnataka.

The MGNREGA in Karnataka

To tackle the problem of unemployment and underemployment and poverty among the rural people in Karnataka, the MGNREGA has been introduced in the districts of Karnataka in phased manner since 2006. In the first phase, MGNREGA was implemented in five most backward districts viz., Bidar, Gulbarga, Raichur, Davangere and Chitradurga w.e.f. 02-02-2006. Subsequently, the scheme has been extended to six more districts namely Belgaum, Bellary, Chikmagalur, Hassan, Shimoga and Kodagu under II phase with effect from 1 April 2007. The Scheme was further extended to cover the remaining districts of the State from 1 April 2008 to guarantee at least 100 days of wage employment to every rural household every year and to reinforce the commitment towards livelihood security in rural areas.

The programme could be regarded as having significant achievements in terms of coverage of households, inclusion of women and socially disadvantaged groups as well as the relevance of the types of assets created. Considering the low rate of reduction in rural poverty and unemployment in Karnataka, it is essential to appraise the performance of MGNREGS in Karnataka for the last seven years. Secondary data pertaining to some important indicators were obtained from the official website(s) and presented in Tables 9 to 11.

Physical Performance of MGNREGA in Karnataka: Table 9 presents the summary fact sheet of physical performance of MGNREGA in Karnataka. In the FY 2006-07, about 2.2 crore persondays of employment was generated by

5.5 lakh participating households. Persondays generation and participating households increased to 2.8 crore and 34.2 lakh, respectively in the FY 2008-09. This sharp increase in employment generation is due to the increase in the number of MGNREGA districts from 5 to all the 30 districts by 2008-09.

Further, the total persondays has gone up to 22.03 crore with the participating households of 36.3 lakh in financial year 2009-10. The performance of 2009-10 was significantly higher than other years due to severe drought situation in the State and cry for employment from rural workforce due to lack of employment opportunities in agriculture sector. However, the performance in terms of household participation and persondays generation has been decreasing since 2009-10.

The share of SC and ST persondays has been decreasing both in absolute and percentage terms since FY 2010-11. The share of SC in total persondays in Karnataka has been decreasing over the years from 33 per cent in FY 2006-07 to 17 per cent in FY 2012-13. Similarly, the share of ST in total persondays generated has come down to 9 per cent in FY 2012-13 from 20 per cent in FY 2006-07.

Two important changes can be noticed from Table 10. Firstly, the share of ST in the total persondays generated declined from 20 per cent to 9 between 2006 and 2013, presumably owing to the fact that the initial 5 districts had particularly high share of ST households in the rural population. One more imperative aspect is that providing employment to SC and ST is not the objective of MGNREGA as no such reservation to SC & ST workers was seen in the Act. But the share of employment to SC & ST is still less than their share in the population at State level.

Para(6) of Schedule II of MGNREGA stipulates that while providing employment priority shall be given to women in such a way that at least one-third of beneficiaries shall be women who have registered and requested for

Table 9: Physical Performance Indicators of MGNREGS in Karnataka, 2006-07 to 2012-13

Indicator/FY	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
No. of households provided with Job cards (in lakhs)	7.6	15.2	34.2	52.2	52.9	55.9	54.0
Households demanded employment (in lakhs)	5.5	5.5	7.3	36.3	24.1	16.6	15.0
Employment provided to households (in lakhs)	5.5	5.5	7.0	35.4	22.2	16.5	13.0
Total persondays generated (in lakhs)	222.0	197.8	287.6	2003.4	1097.9	701.0	622.0
No. of persondays generated by SC (in lakhs)	73.4 (33)	59.8 (30)	79.9 (28)	334.6 (17)	177.4 (16)	110.7 (16)	105.0 (17)
No. of persondays generated by ST (in lakhs)	45.2 (20)	37.9 (19)	39.9 (14)	171.8 (9)	102.7 (9)	58.1 (8)	56.0 (9)
No. of persondays generated by women (in lakhs)	112.2 (51)	99.4 (50)	145.0 (50)	685.7 (34)	505.1 (46)	323.4 (46)	288.0 (46)
Average persondays of employment per participating HH	41	36	41	57	49	42	48
% of HHs completed 100 days of employment	12.8	4.2	3.0	12.6	5.9	2.7	7.7

Note: Figures in parentheses are percentage against total persondays generated.

Source: Ministry of Rural Development (www.nrega.nic.in).

work under the scheme. In Karnataka, the share of women persondays is more than the stipulated 33 per cent as per the Act. But the women share in persondays has come to 46 per cent in FY 2012-13 from 51 per cent in FY 2006-07.

In Karnataka, the average number of days or employment provided per participating household has increased from 41 in FY 2006-07 to 57 in FY 2009-10, but declined to 48 in FY 2012-13. The Act mandates that at least 100 days of employment to be provided to each rural

household. However, Table 10 shows that the percentage of households completed 100 days of employment was very low in Karnataka. Except for the FY 2006-07 and 2009-10 (where around 13 per cent of households completed 100 days of employment), in the remaining financial years the percentage is in the range of 3 to 8 which is quite low considering the rate of rural poverty and unemployment in the State.

Financial Performance of MGNREGA in Karnataka: The total fund availability in the FY 2006-07 in Karnataka was ₹ 341.31 crore and

exceptionally high in FY 2009-10 of ₹ 3407.30 crore and in the FY 2012-13 it is ₹ 1788.76 crore (Table 10). During 2009-10, due to drought condition in the State, demand for MGNREGA was high and higher performance was visible. Similarly, the utilisation of fund has increased

from ₹ 248.30 crore in FY 2006-07 to 2569.20 crore in FY 2009-10. As mentioned above, this is mainly due to implementation of the scheme in all the districts of the State since 2008-09. However, the total utilisation has come down to ₹ 1456.86 crore in FY 2012-13.

Table 10: Financial Performance of MGNREGS in Karnataka, 2006-07 to 2012-13

Indicator/FY	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Central Release (₹ in crore)	229.71	247.84	398.51	2769.98	1573.05	662.57	1231.94
Total funds available (₹ in crore)*	341.31	436.72	727.33	3407.30	2587.90	1957.016	1788.76
Total expenditure (₹ in crore)	248.30	236.51	373.61	2569.20	2116.29	1528.25	1456.86
Expenditure on unskilled wages (₹ in crore)	147.74	143.07	232.96	1592.90	1290.94	956.53	903.44
% of expenditure on unskilled wages	60	60	62	62	61	63	62
Average wage cost per day per person (in ₹)	67	72	81	80	98	123	145
% of utilisation of available funds	73	54	51	75	82	78	81

Note: Total funds available includes opening balance, Central release, State release and miscellaneous receipt.

Source: Ministry of Rural Development (www.nrega.nic.in).

The primary objective of MGNREGA programme is to provide unskilled employment to rural poor. It is the mandate of the programme that a district/block/GP should spend at least 60 per cent of total expenditure on wages through creating unskilled work. The percentage of expenditure on unskilled wages at all India is around 66 over the last seven years, whereas it ranges from 60 to 63 in Karnataka during the same period. Similarly, the percentage of utilisation of total available fund ranges between 51 in 2008-09 and 81 in 2012-13.

Asset Creation under MGNREGA in Karnataka :
Apart from the primary objective of enhancing

the livelihood security of the rural households, by providing on demand up to 100 days of guaranteed wage employment to every rural household for doing unskilled manual work, creation of durable assets is also an important objective of MGNREGA. The choice of works suggested in the Act addresses causes of chronic poverty like drought, deforestation, soil erosion, water availability etc. so that the process of employment generation is maintained on a sustainable basis and durable assets are created in rural areas by strengthening the natural resource base.

Under MGNREGA, there is a great scope for building social capital on a massive scale. Indeed, MGNREGA gives an ample opportunity to reverse the prolonged neglect of productive and durable rural infrastructure. The community assets created under MGNREGA has both direct and indirect benefits to the villagers. This list of the assets to be undertaken under the scheme clearly indicates that the scheme is expected to enhance the livelihood opportunities in the

mainstream economy in agriculture and allied activities, protect and regenerate environmental resources and improve infrastructure as well as quality of life of people. In short, the scheme is expected to promote sustainable, employment intensive and pro-poor development of the region. Apart from its contribution to households, NREGS is also beneficial to the community and village economy through creation of durable assets (Dreze and Khera 2009).

Table 11: Category-wise Number of Works Started and Completed under MGNREGA During 2006-07 to 2012-13 in Karnataka

S.No.	Category	No. of Works Started	No. of Works Completed	Work Completion Rate (%)
1	Anganwadi	10	0	0
2	Bharat Nirman Rajeev Gandhi Sewa Kendra	1906	507	27
3	Coastal Areas	26	2	8
4	Drought Proofing	135815	106947	79
5	Fisheries	80	16	20
6	Flood Control and Protection	94204	72777	77
7	Micro Irrigation Works	180979	147648	82
8	Other Works	60027	47711	79
9	Playground	50478	37849	75
10	Renovation of Traditional Water Bodies	66	0	0
11	Rural Connectivity	54439	39082	72
12	Rural Drinking Water	115608	89403	77
13	Rural Sanitation	1128	285	25
14	Water Conservation and Water Harvesting	93689	27645	30
15	Works on Individuals Land	161395	124251	77
16	Total	949850	694123	73

Source : Ministry of Rural Development (www.nrega.nic.in).

As per section 16 of MGNREGA, Gram Panchayats in the meetings of Gram Sabha and Ward Sabha are to determine the order of priority of the works to be taken up under the MGNREGA. As per Section 13 of MGNREGA, the Panchayats at district, intermediate and village levels shall be the principal authorities for planning and implementation of the schemes made under this Act. As stated in the Schedule 1 of the MGNREG Act, 'creation of durable assets and strengthening the livelihood resource base of the rural poor shall be an important objective of the Scheme'. MGNREGA is a safety net programme and thus should result in protection from requirement of another safety net programme. The works undertaken under the scheme should result in productive activities and assets for livelihood security.

Table 11 indicates that out of the total 9,49,850 works taken up, 6,94,123 works have been completed during 2006-07 to 2012-13 with the work completion rate of 73 per cent. Even though the work completion rate in Karnataka is higher than all India average of 65 per cent, the performance in terms of number of works taken up in absolute terms is quite low. Out of the total works taken up and completed, the large number of works related to major five categories viz., micro irrigation works, works on individual lands, drought proofing related works, rural drinking water and water conservation and water harvesting related works. These five categories constitute 72 per cent each of the total works taken up and completed.

To achieve the ultimate objective for promoting sustainable rural development through MGNREGA, the delay in completion and poor quality of the work done under MGNREGA should be avoided.

Issues and Challenges in the Implementation of MGNREGA

Issues in the Implementation : From the preceding sections, it has been observed that the performance under MGNREGA in Karnataka

is not inconsonance with the rate of poverty and unemployment in the State. The low performance in Karnataka in MGNREGA compared to many better performing States have been attributed to various programmatic and implementation issues. The following are the major programmatic and institutional issues:

Weak IEC: As per the Act and operational guidelines of Government of India, IEC activities have to be undertaken to popularise the scheme and to bring awareness among the rural households and general public to know about the objectives of the scheme and their basic entitlements wherever the low ground awareness is noticed. The poor and the potential beneficiaries in the State do not have adequate knowledge about the MGNREGS. This is largely because of the poor dissemination of the scheme.

Social Audit: Across Karnataka, social audits are not held regularly, further, but their very purpose is defeated by the extremely low levels of popular interest. Further, the social audit is not conducted as per norms which resulted in shortfall. Lack of adequate publicity at the people's level-ward and panchayat level-is the prime reason for this.

Labour Budgeting: A trend analysis of Labour Budget (LB) projection and achievement during the last few years indicates that the State has not been able to make a realistic LB estimate. During 2011-12, against a projected LB of 1155.88 lakh persondays, only 700.76 lakh persondays (61 per cent) of employment could be generated. Similarly, during the FY 2012-13, against the projection of 890.42 lakh persondays, only 70 per cent could be generated. This large gap between the projections and achievement of LB indicates that the processes (as mandated under Section 13 to 16 of MGNREG Act 2005) viz. identification and planning of works, consolidation of plans, preparation of appropriate shelf of projects, implementation of these projects through PRIs and their regular monitoring have not been fully adhered to.

The wide gap between the projections and achievement results in sub-optimal deployment of funds, as on the one hand, funds lie unutilised at several places and on the other, State and implementing agencies find it difficult to meet their fund requirements.

March Rush: Over the years, there have been huge liabilities carried forward to next financial year. Carrying forward of liabilities results in inordinate delay in payments of wages and clearing of material bills. This clearly indicates that transfer of funds to panchayats is not being managed efficiently. The need to withdraw money from panchayats that do not need funds and redeploy these in others is required. However, with the introduction of eFMS this could be avoided to a greater extent.

Trend in expenditure and persondays generation as per MIS since FY 2009-10 shows that there has been huge expenditure booking in the last quarter of financial year especially during the month of March. One of the main reasons for this may be treatment of MGNREGA as an allocation based scheme and trying to utilise the available fund or reach the labour budget target. This may give scope for misappropriation of funds.

Grievance Redressal Mechanism: The various forms of grievance redressal mechanism available in the State are Ombudsman, Lokayukta and Helpline, social audit and third party inspection of works done under MGNREGA. But due to lack of adequate publicity, particularly among the wage-seekers and the poor, these mechanisms are not accessed. To make the scheme more transparent, effective use of these mechanisms is required.

Delay in Payments: A major reason cited for the delay in payments across region is the measurement of work done. Among others, one of the main reasons for this has been paucity of technical hands; therefore, the measurements and billing was practically getting lumped. Further, there is no proper measurement of

quantum of works undertaken by the Technical Assistants and Junior Engineers regularly. Irrespective of the quantum of work, all the workers get full wage rate. It is also recommended that an easily accessible mechanism should be set up to provide compensation for delays in payment.

Further, the C&AG in the Report on Performance Audit of Implementation of MGNREGA in Karnataka during 2009-10 to 2011-12 inter alia has made several observations viz. (i) lack of coordination among the functionaries in the field (ii) delay in preparation of Annual Plan/Development Plan at G.P level, Block level, District level and delay in preparation of Labour Budget (iii) shortfall in execution of works in annual plans (iv) shortage of technical assistants (v) non-formulation of Information, Education and Communication Plans (vi) expenditure on inadmissible items and diversion of funds (vii) non-conduct of door to door survey for job cards (viii) non-maintenance or poor maintenance of records (ix) undue delay in completion of works rendered the expenditure unfruitful (x) use of machinery in execution of works (xi) absence of convergence activities and (xii) lack of monitoring of the implementation of the scheme.

Initiatives by the State Government of Karnataka: For the successful implementation of MGNREGA, the government of Karnataka has taken many initiatives which are as under:

- i. 100 per cent works of MGNREGS are implemented by GPs.
- ii. From 2009 onwards the online data entry in MIS is being carried out at GP level.
- iii. Electronic Fund Management System (eFMS) has been launched in all 30 districts of the State for both unskilled wages and material payments. In this regard Karnataka is disbursing 100 per cent wages electronically directly into accounts of the labourers. Therefore,

- highest standards of transparency and rigorous method of labour payment have been introduced.
- iv. Independent Directorate of Social Audit has been established in the State.
 - v. Ombudsmen are working in all the districts. Separate software is under development of monitoring the working system of the Ombudsman.
 - vi. Task of preparation of model perspective plan for five years in selected Gram Panchayats of different regions has been entrusted to ASTRA, Mangalore.
 - vii. Quality Monitoring cum Third Party independent checks have been done across the State to ensure quality of work and maintenance of transparency.
 - viii. *Kayaka Sangha* (Labour Group of 20-25 persons) headed by *Mate (Kayaka Bandhu)* who mobilises the workers and manages worksite facilities.
 - ix. Nine line departments viz., Forest, Agriculture, Horticulture, Fisheries, Sericulture, Watershed (*Jalanayana Abivruddi*), Minor Irrigation, Animal Husbandary & Panchayati Raj Engineering for Elimination of Rural Poverty (SERP) and Panchayati Raj Engineering Departments have been declared as implementing agencies for execution of works viz., Horticulture plantation, Forest plantation, execution of works in ITDA areas, Sustainable Dryland Agriculture, Rural Connectivity and Rajiv Gandhi Bharat Nirman Seva Kendras, respectively by these departments.
 - x. Karnataka has also initiated the innovative measure in which physically challenged persons working under MGNREGS are provided 25 per cent relaxation on the work turn and 10 per cent extra.

- xi. Software named "JANMITRA" is developed under RD&PR Department, to address grievance and redressal mechanism.

Suggestions and Conclusion

It is important that the MGNREGA is treated as an exercise in empowering the poor economically and politically to help them get out of poverty and share the benefits of development. Successful implementation of the MGNREG Act ultimately depends on the commitment of the government to the goals of the Act. In order to take advantage of the processes of MGNREG Act 2005, the following major programmatic and institutional implementation issues under MGNREGA need to be urgently addressed by the State Government:

- i. A quality awareness campaign (IEC) with a focus on details of the provisions and entitlement of the scheme should be undertaken to popularise the scheme and to bring awareness among the rural households and general public to know about the objectives of the scheme and their basic entitlements wherever the low ground awareness is noticed. Literature on the programme, success stories and other relevant material need to be documented and disseminated for creating awareness.
- ii. Realistic estimation of labour demand through household survey of job card holders, appropriate planning of works and their execution to ensure adequate worker participation rate in MGNREGA is very much essential as the performance of Karnataka has been declining since 2009-10. The Planning exercise should be made more scientific by identifying works that bring sustainable benefits to the community and beneficiaries. Further, the State Government should initiate measures to ensure adequate participation of villagers and wage-

- seekers in Gram Sabha meetings for planning of MGNREGA works, so that the 'bottom-up' approach to planning is effectively implemented.
- iii. Strengthening of demand registration processes so that all those who wish to apply for work under MGNREGA are facilitated and unmet needs for wage employment are fully addressed.
- iv. The works on the land of marginalised sections viz., SC, ST households should be given more priority and special efforts should be made to provide full 100 days of employment to these households.
- v. Adequate steps towards timely work completion should be ensured.
- vi. For the poor households in the rural areas, wage is the main source of income. Therefore, timely payment of wages to workers as mandated in the Act should be ensured. The Unemployment Allowance payable as per provisions of the Act for non-provision of works within 15 days of registering of demand for work also needs to be made operational.
- vii. Social audits have to be conducted effectively and regularly and findings of it have to be put up in the public domain. The action plans for the successful conduct of social audits in the State include (i) training and sensitisation of the middle level officials and social audit coordinators about the need and importance of social audits (ii) identification and training a pool of volunteers of social audits including the volunteers identified from the wage seeker committees and (iii) wide publicity to the follow-up action so as to generate maximum impact on the stakeholders involved in the programme.
- viii. Focus should be given for the productivity and durability of the works to avoid unproductive expenditure. Therefore, establishment of a robust quality management system by recruiting independent quality monitors to ensure quality of durable assets created under MGNREGA is essential. Quality monitoring systems consisting of State level quality monitors and district level monitors shall be standardised so that every work taken up under MGNREGA shall be verified with reference to the expected outcomes.
- ix. Through convergence of MGNREGA with other programmes/schemes, we will be able to attain more effectively the objective of creation of durable assets and strengthening the livelihood resource base of the rural poor. The convergence efforts will enable planned and coordinated public investments in rural areas and more employment opportunities. Creating awareness among the poorest of the poor, apart from other stakeholders, about MGNREGS and convergence with other patterning departments should be done on a campaign mode.
- x. Provision of adequate human resources at all levels of programme implementation holds the key to success of MGNREGA. The PRIs need functionaries, especially at Gram Panchayats to perform to their fullest potential. Lack of staff results in delays in work provision, payments, and shoddy record keeping. Further, all who are involved with the planning and implementation under the Act need some kind of capacity building. Some of them need information and education, some need awareness and organisation, while others need training in the different skills and capabilities. As mandated in Section 18 of the MGNREGA, 2005 the State Governments should provide necessary staff and technical support as may be necessary for effective implementation of the scheme.

- xi. Involvement of local organisations and local people in the planning and implementation is essential for the effective implementation of MGNREGA. Further, labourers should be facilitated to meaningfully participate in gram sabhas, preparation of work plans, to go out and demand work, maintain their own muster rolls through their chosen leader(s), and to train them to measure work and calculate payments.
- xii. To ensure more women participation in MGNREGA, (i) worksite facilities such as crèches, drinking water, shade etc., should be provided (ii) encourage participation of women groups, including Self-Help Groups (Sthree Shakti) in awareness generation, capturing of demand, planning, implementation, monitoring and maintenance of works.

Thus, poverty and unemployment are the two major issues in Karnataka in general and rural areas in particular. Majority of the poor people are living in rural areas. Agriculture wage earners, small and marginal farmers and casual workers engaged in non-agriculture activities constitute the bulk of the rural poor. The high incidence of poverty is directly related to prevalence of under-employment and unemployment on large scale. The rural workforce continues to suffer due to excessive seasonality of employment, lack of wage

employment opportunities and low wage rates. Migration of labour, discrimination between wages paid to men and women, distressed child labour etc., are therefore, common features of rural areas. The problems of low wage rate, seasonality of agriculture employment, informal nature of work are some of the causes for the prevalence of large scale unemployment in Karnataka.

In continuation to the earlier wage employment programmes, MGNREGA has been implemented in the State since 2006 to eradicate poverty and unemployment by providing legally guaranteed 100 days of employment to each rural household. However, by analysing the physical and financial performance, it has been observed that the performance of Karnataka is far from satisfactory in providing supplementary employment to the rural people considering the rate of rural poverty and unemployment in the State. The success of MGNREGA depends on enabling workers in rural areas to receive their entitlements under the Act as well as to leverage resources provided under the Scheme to access development opportunities through other programmes, for transiting from wage employment to sustainable livelihood. However, successful implementation of the Act is a big challenge to the State. With a view to ensuring effective execution and to fulfill the desired objectives of MGNREGA, the State should address to the various programmatic and institutional issues mentioned above.

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