

## **Chapter 7**

### **Summary and Conclusion**

The final chapter is organized in three sections. Section 7.1 summaries the main findings. The conclusions that can be drawn in answer to the questions addressed in the study are formulated in section 7.2. Some policy implications recommendations which emerge from our analysis have been discussed in section 7.3. Section 7.4 deals with the limitations of the study. Finally the scope for future research has been discussed in section 7.5.

#### **7.1. Summary**

We have pointed out the major findings which have been classified into five categories.

##### **7.1.1. Performance of MGNREGA in West Bengal vis-à-vis other States of India**

The entitlement and employment of households decreased over time in most of the states which indicated the inability to provide employment to the people who demanded job under MGNREGA. The average persondays in twenty states remained same over the period. The variability of average persondays across states over time declined gradually. The percentage of household provided at least 100 days employment decrease over time in majority of states. Fund utilisation increased over time in majority of states. The percentage on wage and material expenditure remains more or less same for last five years. The average wage cost is near about triple in 2015-16 from its inception. Percentage of household get job with issued job card is negative and statistically significant. Average persondays of employment per household is negative, but not statistically significant. This means that average persondays more or less remains same across states. On the other hand participation of SC/ST households decreased over

time. MGNREGA average wage cost, percapita expenditure increased and percentage of work completed decreased significantly in first five years in statistical sense. The overall performance is not so good. Only five states are above the average level of performance and West Bengal has achieved 7<sup>th</sup> position in this respect. So we can say that MGNREGA becomes ineffective in terms of performance like previous employment generation programme.

### **7.1.2. Performance of MGNREGA across Districts in West Bengal**

Share of job cards of SCs/STs families are very low for most of the districts of West Bengal. The percentage of households provided employment with issued job card varied widely across districts. But the variation is decreasing over the period. The average persondays in 18 districts increased along the study period. The variation of average persondays across districts over time declined gradually. Less developed districts relative to developed districts performed better in respect of providing at least 100 days employment. The most of the districts among major districts provide 100 days of job below 5 percent of household to total household provided employment. The women participation is increasing over the study period. The percapita expenditure increased steadily in most of the districts except four districts. Percapita expenditure is relatively high in developed districts relative to less developed districts. It is surprising to us that the percentage of fund utilization is above hundred percent which signify that the expenditure is excess of transfer from central government. The number of works under taken and percentage of work completed over total work taken up are the two good parameters to justify the performance of the programme. The number of works under taken increased and percentage of work completed over total work taken up decreased over the period in all districts. Only five districts has secured the value of PI over 0.5 among the 18 districts which indicates a flaw full

implementation of the programme and the indicators of the programme has not perform in satisfactory level.

### **7.1.3. Impact on Labour Market**

The WPRs according to the Usual Status for males and females increased in rural areas in West Bengal during 2007-08. But the WPRs for Usual Status for males and females in India decreased. For the subsequent round WPR decreased for male and increased for female in Bengal. After the introduction of MGNREGA the type of work and composition of work has been changed. The NSS data show that in rural areas in West Bengal, the share of self-employment among males and females have decreased over time, while the share of casual labour increased in the same period. The decline of self-employment and increase in casual labour were relatively higher and lower respectively for females labour than the males labour. The percentage of persons who 'got work' in public works in 68<sup>th</sup> round for both males and females are higher with respect to 62<sup>th</sup> round. The rural male and female migration had reduced in NSS 49<sup>th</sup> round to 55<sup>th</sup> round, which further dropped to 64<sup>th</sup> round. The female migration decreased more than the male counterpart. Real farm wages in India declined and for West Bengal this was more or less remaining same during 1998-99 to 2005-06. There after it was increased in both India and West Bengal. The growth rate of wage rate for casual labour for rural female both in MGNREGA and public works other than MGNREGA are higher against of male labour over the period 2007-08 to 2011-12. So MGNREGA wage rate has the effect to increase female wage rate in private work and reduce the male-female wage gap. Composite Index (CI) and notified real wage rate of MGNREGA (NRW) are positively and significantly related with real wage rate of both male field labour and female field labour for agricultural labourers during post-MGNREGA period. The increase in wage rate for male labour is greater than female labour

with respect to composite index and this indicates that MGNREGA has relatively much impact on male labour than on female labour.

#### **7.1.4. Impact of MGNREGA on the Livelihood**

There was a widespread variation in the effectiveness of implementation of MGNREGA among different studied villages. The agricultural labour and farmer are the major participants in MGNREGA. The women participation in Dwaripara and Ramchandrapur Ditiyakhanda is significantly lower than the men. Estimation states that households size (HHS) is significantly and positively related to poverty and caste categories are negatively related with poverty implies that SC households are relatively better than other types of households. Though it seems to be unlike, but in our study villages SC households are predominant and most of the resources are concentrated to them. MGNREGA has affected with the question of poverty reduction significantly. Household's level of education and percapita land holding are also negatively related with poverty and statistically significant.

#### **7.1.5. Multiplier Effects on the Village Economy**

The multiplier analysis has shown that, the output and employment of the study villages have been increased. The aggregate output multiplier for open economy in Dwaripara village is highest followed by Manikpur village. The difference in the values of multipliers arises from the output and income structures in the village economy. The closed economy village multiplier is less than the open economy Multiplier. In case of Dwaripara and Manikpur all kind of open economy Multiplier was higher relative to Bajesukdebpur and Ramchandrapur Ditiykhanda. The above analysis further supports the statement of lower overall growth in a large production base. The increase in household income is smaller than that in output because all output does not go to

income. The highest increase in income has gone to agricultural labour and farmers in most of the villages. The multipliers of the non-agriculture sectors are higher than those of the agricultural producing sectors (such as rice) in most of the study villages. Indirect employments generated because of MGNREGA interventions have been increased. It is interesting to note that the increase in direct employment under MGNREGA is less for women than for men in most of the study villages. This indicates the tiny share of women in mainstream employment in the village; they are willing to work much more. If there is full utilization of the resources, there is no possibility of income and employment generation in the economy and the multiplier will be ineffective. Along with low level of allocation, about 30 percent fund is used to non-productive assets and this kind of investment was only in view of distributional aspect which will not increase production and multiplier effect will be less effective.

## **7.2 Concluding Remarks:**

The percentage of employed household with issued job card decreased over time in most of the states in India and districts in West Bengal. The states of India and districts of West Bengal provided 100 days employment to below five percent households. The participation of SCs/STs had been decreased over time for both states in India and districts of West Bengal. Again it had been failed to provide assured employment percentage for the women. On the basis of indicators relating to MGNREGA the Performance Index (PI) derived across states in India and districts in West Bengal has shown that most of the districts in West Bengal and states in India have performed below the target level. The fluctuation of parameters under MGNREGA has reduced the effectiveness of programme both in states and in districts. The Working Participation Rate (WPR)s as per Usual Status for male and female increased in rural West Bengal. The rural male and female migration had decreased and the decrease in female migration was more than the

male. Again, MGNREGA programme has influenced the real wage rate of both male and female rural field labourers. The increase in wage rate for male labour is greater than that of female labour. Henceforth MGNREGA has a positive impact on rural livelihood in the studied villages. This is revealed by Probit analysis using primary data. Along with the performance of MGNREGA programme, level of education of household and percapita land holding are also negatively related with poverty and statistically significant. However, this improvement in livelihood through MGNREGA participation will be broad based and permanent only when rural productivity rises and market demand for labour increases. Multiplier results derived from Social Accounting Matrix (SAM) has shown the positive impact of MGNREGA on output and employment in the studied villages. Among the studied villages the magnitude of multiplier are different. The difference in the values of multiplier arises from the output and income structures in the village economy. The highest increase in income has gone to agricultural labour and farmers. The multipliers of the non-agricultural sectors are higher than those of the agricultural sectors.

Finally we can conclude that the performance of MGNREGA varied across states in India and across districts in West Bengal, the effect of MGNREGA in generation of employment and increase in wage rate is significant in our study. The MGNREGA has a significant effect on rural livelihood in the study villages through the multiplier effect in the village economy with respect to income and employment via the increase in demand and production.

### **7.3 Policy Implications**

The present work deals with the analytical study at aggregate regional level as well as micro level. The policy suggests those emanate from the aggregate regional level and from the micro level findings are referred as specific policy.

- ❖ **Registration for demanding work:** The applications of demand for work are not received properly and acknowledged which discourages people from applying. We can avoid these problems using Kiosks, telephones, IVRS etc. and also the sources like anganwadi workers, school teachers, SHGs, village level revenue functionaries, Common Service Centres (CSCs), MGNREGA labour group, GP office, Gram Rozgar Sewaks (GRSs) in the prescribed application form and employment register for the registration of work demand by the workers. Some days of a week and definite official hours have to be designated to smooth the progress of registration.
- ❖ **Wage material ratio:** As per MGNREGA guide line the ratio of labour to material is 60:40 and it is quite impossible to create good quality asset without adequate spending on material used in creation of assets. So our strong recommendation is that for creation of quality & sustainable assets, the percentage of material have to be increase to 60 percent from 40 percent.
- ❖ **More focus on Individual Beneficiaries:** The core objective of the programme is to improve the marginalized section of the society. The district administration needs to take positive measures to insure such plans are prepared which given priority to asset creation on the lands of tribal and SC and open a separate window within this program to monitor the progress. The special efforts should be made to provide full 100 days of employment

to SC/ST households. Some social scientist are also recommending at least 150 days of employment in the forest and drought prone area.

- ❖ **Women Participation:** Women participation will improve the life of women in terms of livelihood, nutrition, health and additional income on their hand which give the power to take decision in household level. So, special initiatives have to be taken to ensure more women participation. Destitute women, deserted women and Widowed women who qualify as a household under the Act, have to be trace out and they have to give priority to make sure that they are provided Job Cards and are given 100 days of work. To empower the women, it is essential for them to open individual bank/post office accounts for their wage transaction during the MGNREGA participation. As observed during the field survey, lack of worksite facilities is one of the major factors for low participation of women. The implementing bodies should assure that there have to be provision of drinking water, shade and crèches etc.
- ❖ **Employment Generation:** In none of the states in India and districts in West Bengal, the MGNREGA programme is able to provide at least 100 days employment to a household. The average persondays is below fifty. So to make the programme as a last resort of employment, the provision of employment per households should be at least 150 persondays. It must be extended to 200 persondays for the tribal dominated, less developed and backward region.
- ❖ **Asset Creation:** We should ensure the quality of assets created under MGNREGA programme. Along the quality our prime objective is to select such type of assets which

have multiple uses in the economy. The most of the assets created under MGNREGA are not maintained for next years. The programme stresses on new assets creation. So after two to three years most of the assets turn to useless. To make the assets more sustainable, at least fifteen percent fund should be allocated for the maintenance of previous assets.

❖ **MGNREGA for poorest districts/regions/area:** The fund allocation under MGNREGA should depend on backwardness of the area. Relatively poorest and backward region should receive more funds. After identifying some of the most backward regions/districts/blocks and villages, Central and State Governments should rework on revamping the programme so that more funds are made available there. We should identify the developed areas where MGNREGA is not necessary due to other employment opportunities and the higher wage rate relative to MGNREGA wage rate. This surplus fund can be channelized into the needy areas of the country/state. Along with this, the type of assets permissible under MGNREGA should be more flexibility in the backward regions.

❖ **Employees of MGNREGA:** Employees of MGNREGA- from GP to state level- have been recruited on contractual basis in provision of renewal every year and the honorarium is consolidated. So there is lack of hundred percent commitment and transparency in their work. The employees should be taken on a permanent basis with full salary.

#### **7.4 Limitations of the Study:**

A well planned research methodology also may not be free from limitations. Hence, the present methodology adopted for the research and analysis have its own limitations. Some of which are listed below:

1. The investigation has been conducted for only one year, i.e., 2016-17 to construct Social Account Matrix. Hence it ignores the temporal variation in data and we have developed a static SAM. Therefore, the study is limited to analyse the change of labour productivity, growth rate of employment etc.
2. We have assumed that the marginal propensity to consume is remaining same. The model is based on Keynesian assumption that there is no supply constrain of the resources. SAM is an extension of Input-Output model. So it also assumes the Leontief production function. But these assumptions may not hold in real world.
3. Member of respondent households were found hesitating in disclosing the information about various sources of income and their personal information. Hence, the information given by the members of respondent households were not free from a certain margin of error.

#### **7.5 Scope for Future Research**

1. To explore the dynamic Social Accounting Matrix on the basis of detailed information in several years that help us to analyse the change of labour productivity, growth rate of employment etc.
2. To collect and analyses the detailed information of the consumption with frequent time interval will over come the problem of constant MPCE.

3. To construct the appropriate production function across different sectors to explore the appropriate production relationship between the output and input.