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**MGNREGS: POLITICAL ECONOMY,  
LOCAL GOVERNANCE AND ASSET  
CREATION IN SOUTH INDIA**

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## **ABSTRACT**

MGNREGS, the premier centrally-sponsored national rural livelihood scheme, is one of the most elaborately designed and implemented public workfare programmes in India. While a large number of studies have analysed the progress of employment creation under the scheme, very few have looked into the equally important issue of rural asset creation under the scheme. The scheme is centrally sponsored and the broad guidelines are centrally designed, yet the interpretation and implementation of the scheme is subject to wide regional variation owing to variations in local level governance capacity, governance structure and regional political economy. Evidences based on a primary survey across the four southern states, viz., Andhra Pradesh (erstwhile), Tamil Nadu, Karnataka and Kerala show that the design of the scheme for asset creation is subject to considerably varied interpretations at the regional and sub-regional levels anchored on the above factors. Further, the type of projects selected and created, extent and nature of expenditure incurred, quality of assets created and maintenance of assets were considerably affected by the structures of local governance, the interaction between the political class and the local governments; and the local manifestations of class-caste dynamics.

**Keywords:** Local Governance, Rural Employment, Political Economy,

**JEL Classificaion:** D 73, P 48, H 53

## **1. Introduction**

The rural economy of India was reeling under a severe agrarian crisis marked by declining agricultural productivity, stagnating real wages and fluctuating prices for agricultural products since late 1990s, which worsened the living conditions of the rural poor. It is in this background that the National Rural Employment Guarantee Act (2005) and the subsequent Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was implemented since 2006. Arguably, the world's largest workfare programme, the scheme aimed at enhancing the livelihood security of the households in rural areas of India.

This scheme in its spirit aims to ameliorate the worsening conditions of living of the rural poor and recharge the rural sector by increasing the purchasing power, and at the same time reverse the trends in rural sector by building assets that would increase productivity in agriculture specifically and upkeep the rural common properties. While a large number of studies have looked into the nature and progress of employment creation under the scheme, there have been very few studies looking into the equally important issue of asset creation under the scheme. This study is an attempt to understand the process of asset creation under the MGNREGS.

The responsibility of implementation of the scheme is vested with the local government bodies, including Gram, Block and District Panchayats. The functioning of these bodies, their approach to the scheme and the influence of the local socio-political forces largely shape the

process of asset creation at the local level. This paper looks into the process of asset creation from within the above said frame work.

This paper is based on a set of field based surveys conducted in the four south Indian states of Andhra Pradesh (erstwhile), Kerala, Karnataka and Tamil Nadu as part of an evaluation of MGNREGS funded by Planning Commission, Government of India. In the four states, fourteen districts were chosen on the basis of regional representativeness within the states; phase wise implementation of MGNREGS; and highest expenditure in MGNREGS within each state.<sup>1</sup> Primary surveys of MGNREGS workers, beneficiaries of assets created, verification of assets, Focus Group Discussions etc were also conducted as part of the field study. The primary survey data collection was done during the period April to October 2013 for the reference year 2011-12.

The first section provided the introduction to the paper. The next section provides a comparative overview of local governance and political economy of the four southern states and contextualizes MGNREGS within this frame. This is followed by an analysis of the processes and outcomes of asset building under the scheme. We look at the aspects of Project Selection and asset creation; on, implementation of the project and expenditure on assets in Sections 3, 4 and 5 respectively. This is followed by analysis of ownership type, asset quality and importance of the assets in Sections 6, 7 and 8. The last section provides the broad conclusions.

## **2. Local Level Governance, Politics and MGNREGS**

The implementation of MGNREGS scheme at the local level is essentially pillared on the Panchayat Raj and it envisages exploiting the various tiers of Panchayat Raj system in administering the programme. The Panchayat Raj institutions (PRI) are involved in both concurrent

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1 For details of the survey please see Report of the Evaluation of the MGNREGS cluster 6, Centre for Development Studies, Thiruvananthapuram.

planning and execution of MGNREG scheme. Given the central role played by PRIs in MGNREGS the execution of the scheme is closely linked to the structure and efficiency of these local bodies.

In preparing annual work plan for impending year the Gram Panchayats undertake the following functions, (a) receive applications for job cards from households; (b) generate the estimate of labour demand for the year; and (c) generate the shelf of projects (assets) to be created for the year to be prepared and prioritized as passed in the Gram Sabha. In executing the scheme, the Gram Panchayats perform the functions, such as: issuing job cards to households after due verification; executing the projects using the labour and materials with the help of the programme officer of MGNREGS; providing worksite facilities and conducting social audit. Work demand and asset demand are generated from the grass roots level through the Gram Panchayat and Gram Sabha meetings. Essentially, this flow is managed and organized by the representatives of people at the Gram Panchayat level. At the Block Panchayat, the demand for assets and its technical specifications and the actual days of works generated are recommended. From this level, the demands, which represent the opinion of the local people, flows to the District Programme Officer, who is also the Collector of the District. The responsibility of implementation of the scheme, after receiving approval from the District Programme Officer goes back to the Gram Panchayat. The execution of the Programme is largely overseen by the Gram Panchayat Secretary, under whom separate MGNREGS staff is appointed to administer the programme implementation.

The above mentioned two aspects, i.e., planning and execution at the local level are affected by the following factors. Firstly, the coordination between the two branches of the local government, the bureaucracy and the elected representatives; Secondly, deepening of the democratic process within the local governments, and thirdly, local social-economic structure that shape the local polity.

In what follows, a discussion of the above three aspects in the four southern states is presented to understand the context under which MGNREGS was implemented in these states.

The three-tier Panchayat Raj system, instituted through the 73<sup>rd</sup> amendment of the Indian constitution, has been in place in all states of the country. Since the amendment in 1993, the South Indian states of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu had undertaken various legislations and had been in the forefront of implementing the scheme. However, the functioning of these local bodies has been guided by the powers devolved to it by the respective State governments, and their relation with traditional local level axes of power. Narayana (2005) had argued that the transformation of the Gram Panchayats from being extensions of the state agencies to fully functional local governments varied widely across the states depending on the willingness to give up power of those who draw power from the existing state structures. Also, the traditional village councils, which are rooted in traditional practices, values and power relations, coexist with the elected gram panchayats acting as parallel structures of governance with their writs running over the elected gram panchayats (Anathpur, 2007). This apart, the elected representatives of the local governments are often local elites and proxy members of the elites, who control the local governments. Their motives and attitudes towards the Gram Panchayats and local community in general could shape the processes and outcomes of the Gram Panchayat. Besley, *et al* (2007) had shown that in South India, politicians in the Gram Sabha were social elites in terms of education, land ownership and with a history of political representation in their households. Furthermore, the political elites participated and benefited more from various social welfare and workfare schemes than the local public.

In *Andhra Pradesh*, the economic reforms initiated by the Telugu Desam Party (TDP) since 1993-94 with funding from the World Bank, DFID and advisory support from the McKinsey embarked on a centralized

technocratic governance structure, which ironically for greater governance efficiency weakened the local bodies<sup>2</sup>. Since 2006, there had been no Panchayat level elections. In fact after 2006, the next election was held only in 2014 after a gap of eight years. The Panchayat elections were not held because of the very volatile political conditions in the wake of the demand for a separate state of Telengana. In the absence of the Panchayat level elections, the Gram Panchayat was virtually non-functional. Though a Gram Panchayat and a Panchayat President did exist, their influence was considerably weakened as their legitimate tenure of five years was over and their local support was weakened. Moreover, the state government had followed its tradition of technocratic governance established during the early 1990s and was successful in reaching governance to the grassroots level, ironically by establishing more centralized technocratic governance bypassing the local bodies at the Gram Panchayat level, thus, considerably weakening the position of local bodies in the governance structure of the state (Kumar, 2009). The MGNREG scheme, as in the case of other development programmes in Andhra Pradesh, was largely administered as a technocratic centralized scheme mostly bypassing the local level government at the Panchayat level in a top-down approach. With a weakened GP system, the bureaucracy along with the technocrats at block and the district level Panchayats became the dominant actors in administering the scheme.

*Karnataka* was one of the first states to experiment with devolution of power to the local level starting in the late 1980s. The strengthening of the local governments by transferring of functions, funds and functionaries were successfully conducted in Karnataka and is widely considered to be a success story of decentralization. However, the influence of the local elites run deep and many Gram Panchayats

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2 It is argued that while TDP ruled the state during 1993 to 2004 the local bodies were largely held by the Congress and hence there was great reluctance for the State to pass on power to the local bodies (Kumar, 2009).

experience parallel systems of traditional governance in the Gram Panchayats. In Karnataka, the co-existence and involvement of such traditional village councils in the elected gram panchayats was documented well by Ananthpur (2007) and Ananthpur and Moore (2010). Manor (2007) had noted that in rural Karnataka, the influence of caste system and other social institutions were on the decline in creating material opportunities, but individuals, who operated through local politics, were becoming more important. With changes in the economic structure of rural Karnataka, which was fast transforming to non-agriculture occupations, the traditional dominant classes had to give way for new emerging individuals who rose as political elites in the emerging political horizon of Karnataka. Local elites who were wealthy and relatively high in the caste hierarchy were also more educated and closer to political power in the GP than the rest of the villagers. Their domination in the village life helped them control the resources and capture programmes and policies that were implemented within the GP. Multiple government schemes were contracted out to these local elites for many years, which encouraged them to invest heavily in this direction.

At the state level, The Congress -JD(S) alliance which won the election in 2004 was toppled in 2006 for a BJP- JD(S) alliance ministry. It was during the tenure of the BJP-JD (S) alliance in the Karnataka state government that the MGNREGS was implemented for the first time in Karnataka. In the next tenure starting from 2008, the BJP had formed the government with support of only six independents. While BJP was ruling the state, it was the lead opposition against the Congress led Central government during the same period. The political will to implement a programme in its full import that was initiated by the Congress was perhaps not forthcoming from the BJP led state government. The lack of political will from the state government along with strong local political elite ensured the dominance of the local elites in development and welfare schemes administered through the Gram Panchayats, including the MGNREGS.

*Kerala* had embarked on decentralization and strengthening of the local governments by institution building and legislative reforms in the early 1990s. The state had been the laboratory of the unique experiment of decentralized people's planning since 1997 (Isaac and Harilal, 1997). The local government in Kerala is relatively autonomous compared to similar bodies in other states. It is not controlled by upper bodies and generates its own revenue and budgets (Narayana, 2005). Given the strong decision and implementing powers of the Gram Panchayat, they have become agents of development and change in Kerala. The autonomy granted to the gram panchayats made these bodies very important in rural governance. Drawing on a large section of the population of the state, the then left dominant LDF government initiated the grass root level planning for the ninth plan under the Kerala State Planning Board. Scholars report that Kerala's decentralised governance is different from the rest of India as it moved ahead of others to devolve powers, responsibilities and funds (Oommen, 2014). The representatives in the Gram Panchayats, continued to be political elites in Kerala as in the case of other states. However, the higher level of political awareness and participation of the people in gram sabhas and Gram Panchayats, as well as the higher level of education among the representatives created a condition wherein though political elite capture was present, programme capture of these elites were minimal (Narayana, 2005, Heller et al 2007).

However, even in Kerala, the dominance of middle level and upper level bureaucracy over the elected representatives was palpable. For instance, Chathukulam and John(2002) had noted that while during the LDF regime the synergies between the elected representatives and bureaucracy was maintained the bureaucracy was not reined into being part of the decentralization process in Kerala. Harilal (2013) had noted that in Kerala planning was becoming an instrument of politics. In this work he lamented that instead of bureaucracy facilitating participation, it was discouraging participation by introducing labyrinthine

bureaucratic rules and regulations in local level planning. He stated that in Kerala the local level governance is experiencing ‘bureaucratic capture’. Oommen (2014) had noted that the decentralized planning which held much promise in its early stages in Kerala has now become a routine exercise at the local level, bereft of the spirit of inclusion. It is not anymore a shield against issues of vital concern such as “...endemic vested interests, communalism, clientelism, alcoholism and several other negative factors that envelop Kerala society today” (Oommen, 2014 p. 45). A committee appointed by the Government of Kerala to evaluate the progress of the decentralized planning and development (GoK, 2009) had observed that the Beneficiary Committee system, to counter clientilistic behaviour and elite capture of programmes were not successful. In fact many project mode programmes, aimed at individual households, were being used as tools of vote bank politics by the elected members of the local bodies. In case of MGNREGS too, it was observed in our study that while elite capture and corruption of the programme was minimal in Kerala, vote bank politics seemed to play an important role in the running of the programme at the Gram Panchayat level.

In *Tamil Nadu* the Panchayat Raj Act was passed in 1994. Tamil Nadu, which had a long history of traditional village councils administering the villages, however had a weak institutional setup for the implementation of the Act in its spirit. Narayana (2005, p 2822) notes that “the government was reluctant to give powers to local bodies as it issues executive orders instead of notifications on the 29 subjects mentioned in the Tamil Nadu Panchayats Act, 1994. As executive orders do not have legal validity that notifications have, the bureaucracy ignores them and local bodies remain mere agents of the government”. Kumar (2009) remarks that probably this poor devolution of powers to the local governments stem from the fact that regional parties like DMK and AIADMK hold sway at the State level politics. Regional parties see local governments as a dilution of their powers and would like to guard their interests at the State level. Regional parties often view

decentralization as a means of the Central government to bypass their powers to reach the grass root levels. Yet, despite poor devolution of powers to the local bodies, various centrally sponsored and state sponsored welfare and development programmes had been successfully implemented in the state, mainly due to the direct role of the bureaucracy supported by newer technologies based on Information Technology.

While implementation of development programmes in a top-down manner had been by and large successful in Tamil Nadu, there has been growing resentment amongst the landlords and industrialists against such initiatives, mainly due to their losing control over labour. Harris et al. (2010) in a village study notes that while the traditional village councils have weakened and is probably non-existent, the landlord's power and reach have persisted to the present times. With the increasing levels of education among the agricultural workers, implementation of the schemes like the 'One rupee rice scheme' and 'NREGA' tensions between the landlord and the farm workers have escalated. The sharp caste divisions in land holding groups and agricultural workers have led to polarization and political identity formations around caste groups. De Neve and Carswell (2011) have argued that this rising tensions have led to protests among the landed and landless, leading to the formation of new political parties with considerable influence. In the recent past, a number of exclusively caste based parties and new dalit parties have sprung across Tamil Nadu, such as PMK, the Dalit Panthers, PuthiyaTamizhagam, KNMK etc. De Neve and Carswell (2011) finds that the involvement of local parties and politics is entrenched in MGNREGS and the local elected representatives use the scheme for strengthening patron-client relationships.

From the above discussion, for the sake of analytical abstraction, one could contrast the four states as having the following features of local governance. Andhra Pradesh is marked by the dominance of the techno-bureaucratic administration and weak people's representation

at the local level. Karnataka is marked by dominance of local level institutions of decentralization over the bureaucracy; however the local level institutions have been captured by traditional social and political elites. Kerala too is marked by the dominance of local level institutions. Though role of traditional elites had declined in Kerala, vote bank politics and bureaucratic capture had invaded these institutions. Tamil Nadu is again marked by dominance of the techno-bureaucratic administration at the local level and weak institutional arrangement for local governance. Additionally, the emergence of identity based politics at the village level has a strong impact on local level programme implementation.

From the above premise of the local polity and governance structure, now we embark on the question of asset creation under the MGNREGS scheme. The endeavor here is to argue the case that the type of asset creation, methods of asset creation and maintenance, and benefits accrued by the local people is largely influenced by the local polity, local governance structure and democratic practices at the local level.

### **3. Project Selection and Asset Creation under MGNREGS**

The MGNREGS guidelines provides for construction of various types of assets under the scheme<sup>3</sup>. Within these various asset types the MGNREGS mission of the respective state governments prioritize the asset types based on demand for assets and local requirements. Finally, Gram Sabha of each Gram Panchayat in their meetings puts forward the yearly demand for construction of various assets from the list of asset types provided by the national guidelines and prioritized by the State governments.

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3 See Table 1 for the type of assets that is taken up under MGNREGS.

All these assets are aimed at improving the rural livelihoods, particularly improving rural infrastructure, and improving agricultural performance by enhancing the quality of land and increasing availability of water through water management methods. It can be noted that the importance given to the type of asset created reflects the local economic needs of the region (Table 1). For instance, in Tamil Nadu, where many traditional water bodies have disappeared and have caused deleterious consequences on agriculture, the restoration of these bodies received the maximum attention, while in Kerala which is affected by incessant rains, flood control and flood protection have been one of the most important asset type created. Similarly the semi-arid regions of Karnataka and Andhra Pradesh opted for drought proofing and water conservation as important type of assets created.

During the initial phase of the programme land development and water conservation were the two most important types of assets constructed in south India accounting for more than 70 percent of the assets created in the year 2006-07 (Table 1). Though water conservation still continues to be an important type of asset being built in the recent years also, the prominence of land development has declined substantially and its place has been taken up by works on Micro Irrigations. This is mainly because of the decline in the land development assets created in Andhra Pradesh which declined from 47 percent in 2007-08 to just 0.5 percent in 2011-12 (Table 1). While in Kerala and Karnataka Land Development<sup>4</sup> continue to be an important type of asset. In Tamil Nadu, but Land Development works were hardly taken up.

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4 Unlike in Andhra Pradesh, where one of the prominent assets to be developed was 'Investing on Scheduled Caste / Scheduled Tribe lands for irrigation and land development duly fulfilling Special Component Plan / Tribal Sub-Plan norms in each Mandal' this item was conspicuous by its absence in Karnataka. [http://karnregs.kar.nic.in/Resource/KREGS\\_Scheme\\_Eng.pdf](http://karnregs.kar.nic.in/Resource/KREGS_Scheme_Eng.pdf) accessed on January 3, 2015.

Though the state governments provide priority lists, the actual works done could vary according to the demands rising from the Gram Sabha. It can be inferred that the state priority ranking and ranking of actual works done will have greater congruence if the priority list have a more dominant role in deciding the actual works being done than the works demand generated by the local level bodies and vice versa. A simple rank correlation done between the state priority ranking and the ranking of actual works done for the period 2006-07 to 2011-12 in Andhra Pradesh shows moderately high degree of correlation (0.57) while in the other three states the rank correlation was small and not significant. This probably signals that in Andhra Pradesh the directions from the MGNREGS mission at the state level are implemented at the grass root level to a considerable extent without being interfered at the local level, while in other states this is not the case<sup>5</sup>. It also points that probably the weak local level bodies in Andhra Pradesh have made it easier for a bureaucratic implementation of the directions of the State mission from top.

In Tamil Nadu, while apparently the choice of assets are aimed at reviving agriculture sector, the prioritization of certain assets and exclusion of certain assets seemed to be aimed at keeping the local power relations in balance. Among the various asset types, in Tamil Nadu the share of assets under Restoration of Traditional Water Bodies (RTWB) was the highest, accounting for nearly 50 percent of all assets completed throughout the period 2006-07 to 2011-12. During the same period however, asset types that benefited the SC/STs, i.e., provision for irrigation for SC/ST land, were the least important. Assets created under land development, which also benefits SC/ST land, and small and marginal land holdings were also almost completely absent. The priority list of assets notified by the Tamil Nadu NREGS mission also gives highest priority to RTWB while the irrigation provision for SC/ST, and

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5 In Tamil Nadu the priority list does not match directly with the MGNREGS guidelines, so the exercise is limited to the other three states.

Land Development do not appear in the priority list<sup>6</sup>. The choice of assets ensured that options of self employment for the poor would not open up through the scheme.

Within RTWB, tanks and ponds built for irrigation purposes are the most important. Studies show that irrigation tanks were traditionally managed by the upper caste dominant landlords in local collectivities in rural Tamil Nadu (Sivasubramaniam, 2006). Tanks form the second most important source of irrigation after wells and Tube wells in Tamil Nadu. Tanks were not private properties, but the gains from the usage of the tanks had a large class component. The importance of these tanks in irrigation, agriculture and thereby to the local landlords is self evident. The prioritization of assets and the completion of assets under the scheme thus seem to maintain the power relations between the landless agricultural workers, majority of them being scheduled castes, and the landlords.

The sample survey conducted by us also corroborates the above arguments. As can be seen from Table 2, while in all other states, an overwhelming majority stated that the choice of projects were as per local people's needs, in Andhra Pradesh 12.5 % of the beneficiaries stated that there was no specific way to choose and another 12.3 % stated that they did not know how the choice was made. Only 66 percent of the sample responded that the choice of projects was according to the need of the local people. In Kerala and Karnataka nearly 90 percent of the sample claimed that the choice was according to the needs of the local people. It may be noted here that these are the two states that have fairly well developed local government institutions, as mentioned earlier. It is probably the influence of these institutions in project decision

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6 Priority of works for Tamil Nadu is as follows a) Formation of new ponds. b) Renovation of existing Ponds, Kuttais, Kulams, Oorannies, Temple tanks etc. c) Desilting of channels. d) Desilting and strengthening of bunds of irrigation tanks. e) Formation of new roads. f) Other water conservation/soil conservation measures/flood protection measures; <http://www.tnrd.gov.in/schemes/nrega.html> accessed on January 3, 2015.

**Table 1: Distribution of Number of Assets Completed- 2006-07 to 2011-12 (in percent)**

Type of Asset	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Andhra Pradesh</b>						
Rural Connectivity	0.2	1.0	4.2	2.9	7.1	1.6
Flood Control and Protection	0.0	1.9	0.7	0.8	0.6	3.5
Water Conservation	47.9	29.8	30.6	35.2	36.1	57.0
Drought Proofing	10.4	3.7	4.1	4.0	1.9	4.8
Micro Irrigation	4.2	7.2	10.6	14.1	15.3	30.3
Provision of Irrigation to SC/ST	0.2	3.6	12.7	9.2	10.1	0.7
RTWB	6.2	5.5	6.0	6.6	11.0	1.6
Land Development	30.9	47.2	30.9	27.1	17.9	0.5
Any Other activity	0.0	0.0	0.0	0.0	0.0	0.0
Bharat Nirman RGSK	0.0	0.0	0.0	0.0	0.0	0.0
Total	100	100	100	100	100	100.0
<b>Karnataka</b>						
Rural Connectivity	26.2	16.3	12.2	8.0	11.7	12.6
Flood Control and Protection	6.2	5.9	10.0	6.0	10.4	11.5
Water Conservation	34.7	29.4	28.0	17.1	10.4	16.1
Drought Proofing	6.1	19.0	13.7	11.9	17.4	13.3
Micro Irrigation	3.6	2.5	4.9	7.4	4.2	5.2
Provision of Irrigation to SC/ST	7.3	9.4	9.1	18.9	17.8	12.1
RTWB	5.1	6.1	11.6	4.8	4.4	4.6
Land Development	2.1	11.4	10.4	20.9	20.6	19.4
Any Other activity	8.8	0.0	0.1	5.1	3.2	5.2
Bharat Nirman RGSK	0	0.0	0.0	0.0	0.0	0.1
Total	100	100.0	100.0	100.0	100.0	100.0

Kerala						
Rural Connectivity	0	6.5	2.8	3.4	3.2	2.8
Flood Control and Protection	0	27.4	42.8	36.5	26.6	21.0
Water Conservation	0	22.5	10.0	8.8	13.2	15.6
Drought Proofing	0	1.6	2.3	4.0	3.3	2.8
Micro Irrigation	0	13.4	13.8	12.2	8.5	8.0
Provision of Irrigation to SC/ST	0	0.9	1.1	3.9	4.2	3.9
RTWB	0	12.3	16.3	16.5	14.1	10.5
Land Development	0	15.3	10.9	13.8	26.4	34.9
Any Other activity	0	0.1	0.0	0.9	0.4	0.6
Bharat Nirman RGSK.	0	0.0	0.0	0.0	0.0	0.0
Total	0	100.0	100.0	100.0	100.0	100.0
Tamil Nadu						
Rural Connectivity	12.2	11.9	19.9	23.1	24.8	27.8
Flood Control and Protection	0.3	0.6	0.7	0.7	1.5	0.5
Water Conservation	27.3	20.4	14.9	12.4	14.0	17.8
Drought Proofing	0.3	0.0	0.0	0.0	0.0	0.0
Micro Irrigation	16.7	20.3	19.0	18.6	13.0	13.4
Provision of Irrigation to SC/ST	0.0	0.0	0.0	0.0	0.0	0.0
RTWB	43.1	46.9	45.5	45.1	46.7	40.2
Land Development	0.0	0.0	0.0	0.1	0.0	0.2
Any Other activity	0.0	0.0	0.0	0.0	0.0	0.0
Bharat Nirman RGSK	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
All Southern States						
Rural Connectivity	5.3	3.0	5.2	4.4	7.6	5.5
Flood Control and Protection	1.2	3.6	8.3	5.3	3.9	7.6
Water Conservation	45.0	29.0	26.3	28.8	31.1	40.4

Cont'd.....

Drought Proofing	9.4	4.7	4.3	5.2	3.3	5.6
Micro Irrigation	4.4	7.6	11.1	12.9	13.7	21.1
Provision of Irrigation	1.5	3.8	10.0	10.1	9.9	3.2
RTWB	6.8	7.5	9.9	8.4	11.7	6.2
Land Development	24.9	40.8	24.8	24.0	18.4	9.5
Any Other activity	1.6	0.0	0.0	1.0	0.3	1.0
Bharat Nirman RGSK	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

*Source:* MIS, MGNREGS website.

making that have led to selection of assets that represented the local needs. Studies do show that the quality of assets created which are selected with local participation perform better<sup>7</sup>. In Tamil Nadu, project selection was influenced to an extent by the local leadership. About 20 percent of the beneficiaries stated that project selection was as per the need of the leader. Another 10 percent responded as either not knowing the method of selection or having no particular method of selection. Studies in other states also show a similar, but much higher role of the local leader, sarpanch, in project selection (Himanshu, et al, 2015).

Similar evidences that support the above arguments are visible on the role of Gram Sabha in asset choice. Majority of the respondents (85%) from all the states reported that all MGNREGS works are being approved in Gram Sabha (Table3). In Tamil Nadu and Andhra Pradesh, about 18% and 10% of the respondents respectively stated that the works were not being approved in Gram Sabha. Whereas, in Kerala and Karnataka, more than 95% respondents stated that the works were passed in the Gram Sabha.

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7 Student surveys taken up by International water management institute report that MGNREGS assets performed best where they were most required and the decision to undertake the works was taken by the village communities, rather than by the Sarpanch or the MGNREGA administration [http://www.iwmi.cgiar.org/iwmi-tata/PDFs/2012\\_Highlight-42.pdf](http://www.iwmi.cgiar.org/iwmi-tata/PDFs/2012_Highlight-42.pdf)

**Table 2: How Projects are selected: State wise**

		AP (n=440)	KL (347)	KN (528)	TN (440)	Total (1755)
As per need of local people	Percent	65.68	89.91	78.6	69.32	75.27
As per need of leader	Percent	9.32	2.02	11.55	20.45	11.34
No specific Way to choose	Percent	12.5	0.58	0.57	7.05	5.19
Don't Know	Percent	12.27	2.88	8.33	2.27	6.72
Others	Percent	0.23	4.61	0.95	0.91	1.48
Total	Percent	100	100	100	100	100

Source: Primary Survey of Asset Beneficiaries, 2013.

Note: AP corresponds to Andhra Pradesh, KN –Karnataka, KL- Kerala and TN-Tamil Nadu.

**Table 3: Whether the NREGA Works are being approved in Gram Sabha: State wise**

		AP (N=459)	KL (345)	KN (560)	TN (414)	Total (1,778)
Yes	Percent	85.84	97.39	94.64	75.12	88.36
No	Percent	9.8	2.32	4.82	18.12	8.72
Gram Sabha Does Not Exist	Percent	4.36	0.29	0.54	6.76	2.92
Total	Percent	100	100	100	100	100

Source: Primary Survey, 2013.

#### 4. Project Implementation

The interaction between the elected bodies and the bureaucratic-executive body reduces at the implementation stage. The implementation is done by the executive body at the Panchayat level with the Panchayat Secretary playing an active role taking additional charge as the NREGS Programme officer at the Panchayat level. The

scheme design does not require the participation of the elected bodies in implementation of the same. Some members of the GP, but at times, oversaw the worksites and enquired the welfare of the workers. In general however involvement of elected members of Gram Panchayat was limited to expressing their views on the programme, often critically.

In Andhra Pradesh, at this stage, the implementation is directly from the Mandals (Blocks) and below which there are field assistants and mates and hence, there was hardly any interference of the elected bodies at the implementation stage. On the contrary, in Tamil Nadu, some of the elected members of the Panchayat took interest in the implementation of the scheme in their personal and political interests<sup>8</sup>. In Kerala though the NREGS mission was responsible for implementation of the scheme, the GP members also took active interest in this. However, they were also critical of the scheme in many instances.

In Karnataka, also there is very active involvement of the GP elected members in the scheme. However their involvement in the scheme is due to the peculiar way the scheme was interpreted at the local level. In many parts of Karnataka, the scheme lost one of its most important characteristics, namely, self targeting of beneficiaries. In many parts of Karnataka the scheme was interpreted as a targeted asset building scheme. The GP members were informally entrusted with targets to achieve through the scheme. Moreover, the GP members often represented, or themselves were the local elites, caste leaders or landlords.

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8 For instance in a GP in Tanjavur District of Tamil Nadu we came across a very industrious GP president who, along with all the elected members of the GP and his supporters regularly featured in the worksites as MGNREGS workers. They also worked and gave directions at worksites and ensured that along with the workers the GP also gained by building some useful assets. This interaction and active involvement of the GP leadership in the scheme made the scheme hugely popular in the GP and was successfully used as an asset building as well as rural livelihood scheme. But in other GPs the elected members, were wary that the scheme was depriving the agriculturists of their labour and making agriculture unviable.

Locally dominant elite weakened the powers of the local level bureaucracy considerably while the needs of the elite were addressed in the implementation of the MGNREGS projects. The dominance of the local elites in the Gram Panchayats led to considerable amount of elite capture of the programme in parts of Karnataka. Table 4 shows that 25 percent of the workers claimed that there were contractors involved in the MGNREGS works in Karnataka. This is the response received to a direct query on contractors' involvement in the scheme. The actual figures could be much higher. During the field visit, it became evident that in some parts of Karnataka, there were local elites owning machineries like Road Rollers, JCB excavators, etc., whose only utility was to be rented out to run various government schemes. Many members in these families are trained to enter the system, through education. For instance, we met a household who had three of their kins including children being civil engineers with contract license from the state government. They were involved in running many government schemes including asset building under the MGNREGS within the GP. They were also among the richest in the GP and the household head was the virtual Gram Panchayat President, his wife being the titular president.

**Table 4: Who are Carrying out the NREGA Work in the GP: State wise**

		AP (n=454)	KL (355)	KN (539)	TN (444)	Total (1,792)
Contract	Percent	2.64	7.04	25.05	2.25	10.16
Gram Panchayat	Percent	94.71	69.3	67.72	97.3	82.2
Others	Percent	2.64	23.66	7.24	0.45	7.65
Total	Percent	100	100	100	100	100

*Source:* Primary Survey of MGNREGS Workers, 2013.

Though in general Karnataka had a high share of contract involvement, there were exceptions such as Bilagi Block in Bagalkote (See Table 5). As can be noticed, Contractors are not completely absent

in any of the districts, and in all cases are higher than the state averages of all other states. But there is a greater presence of such contractors in Belgaum and Mysore<sup>9</sup>.

**Table 5: Percentage Share of Workers Response to who are Carrying out the NREGA Work in the GP- District wise Distribution in Karnataka**

District	Contract	Gram Panchayat	Others	Total
Bagalkote	13.21	84.28	2.52	100.0
Belgaum	43.97	43.97	12.07	100.0
Chitradurga	11.49	79.05	9.46	100.0
Mysore	39.66	54.31	6.03	100.0
Total	25.05	67.72	7.24	100.0

*Source:* Primary Survey of MGNREGS Workers, 2013.

For the programme to be run on target based contractor-driven mode, the assets that were prioritized under the guidelines were probably not sufficiently attractive. The modus operandi was to re-interpret the asset types and build large assets that could utilize large machinery. For instance construction of temple walls, school walls and market walls was common across different districts, yet they would appear in the MIS as flood control, flood protection, land development etc. Re-interpretation of asset types was not unique to Karnataka. Kerala is another state that had involved in interpreting asset types, but that was under the completely different premise of interpretation of the labor cost-material cost ratio in asset creation.

The MGNREGS guidelines stipulate that the ratio of labour cost to material cost cannot be below a ratio of 60:40; implying that at least 60 percent of the spending on asset creation should be on labour cost.

<sup>9</sup> However, it may be noted that at the GP level, there were claims of contractor involvements even in States with aggregate low levels of contractor interference. Byson Valley GP in Kerala, for instance had 40% respondents claiming there was contract involvement.

This stipulation was essentially aimed at keeping the works as much as possible labour intensive and also to reduce involvement of contractors and middlemen. This ratio should be applied preferably at the Gram Panchayat, Block and District levels. While the 60: 40 ratio was maintained in all the states, where it differed was the unit at which this ratio was maintained. In Andhra Pradesh and Karnataka the labour material ratio was interpreted as the share of the total budget at the District level. In Tamil Nadu it was interpreted as the ratio to be followed for each project. In Kerala too this was essentially the interpretation. In Kerala, additionally, all works involving materials were discouraged so much that there were hardly any projects that included material involvement. From the field visits, interviews and Focus Group discussions, it was repeatedly heard that complete avoidance of material costs in Kerala essentially led to a situation where the shelf of activities that could be taken up under the scheme was very limited. This, along with other factors, led to interpretation of asset types in Kerala. For instance, a channel clearance near a road would be termed as flood protection, while the same activity may appear as water conservation with cosmetic changes in another region. This though will not affect the overarching goal of employment provisioning, led to very similar type of assets/activities being taken up under different names in Kerala.

## **5. Assessment of Expenditure Incurred on Assets**

To assess the appropriateness of the expenditure on the assets data was collected on the actual expenditure on assets and an assessment made by a competent person (usually an engineer) on the expenditure that could have incurred on the asset. The cost of asset is assessed in terms of both material expenditure and total expenditure. Table 6 shows the average ratio of actual material expenditure to that of the material expenditure that the engineer had estimated to be ideal. A ratio of above one suggests that there is over expenditure and a ratio of less than one would mean that there is under expenditure. This query was responded

from very few assets only. Here we have analyzed the data for all the assets for which we got responses. In Andhra Pradesh the actual expenditure on materials was more or less the same as assessed by the engineer, while in Kerala there was severe under expenditure on materials. In Kerala material expenses were completely discouraged, hence it can be expected that there was under expenditure. In Karnataka on the other hand there was an overshoot of material expenditure by 50 percent more than the expenditure that the engineer estimated to be ideal. This again is explainable as the involvement of informal contractors and skilled workers could have led to scaling up of material use in asset building. We were not able to get any data on Tamil Nadu hence cannot comment about Tamil Nadu on this.

**Table 6: Estimates of Expenditure on Material for the Project by Engineer Ideally Versus Actual Material Expenses in Rupees**

State	Mean	Std. Dev.	Freq.
Andhra Pradesh	1.02	0.05	11
Kerala	0.55	0.13	6
Karnataka	1.55	2.28	16
Tamilnadu	NA	NA	NA
<b>Total</b>	<b>1.19</b>	<b>1.61</b>	<b>33</b>

*Source:* Primary Survey of MGNREGS, 2013.

The Table 7 shows the average ratio of actual total expenditure to that of the total expenditure that the engineer had estimated to be ideal. This shows the divergence between actual and ideals. It may be noted that overall the actual and ideal was nearly the same. But in Andhra Pradesh, there was considerable under expenditure while in Kerala, there was some marginal over expenditure. In Tamil Nadu and Karnataka, the overall expenditure was more or less equal to the ideal expenditure as estimated by the engineer. Thus, it may be stated that in general there was no large cost overruns, and the actual expenditure was more or less close to the ideal expenditure.

**Table 7: Ratio of Estimates of Total Expenditure for the Project by Engineer Ideally Versus Actual Expenses**

State	Mean	Std. Dev.	Freq.
Andhra Pradesh	0.62	0.51	101
Kerala	1.18	1.58	59
Karnataka	0.83	0.41	40
Tamilnadu	0.99	1.21	60
<b>Total</b>	<b>0.87</b>	<b>1.04</b>	<b>260</b>

*Source:* Primary Survey of MGNREGS, 2013.

However the above two tables may be interpreted only with caution, as , it can be seen, a large share of the asset survey respondents chose not to answer these questions relating to actual and ideal spending.

## 6. Ownership Type of Assets

The MGNREGS scheme accommodates the creation of both public and private assets. Public assets are those, whose benefits are not derived by any exclusive individual or group specifically; rather the benefits are drawn by the local community in general. Though MGNREGS is a public funded programme it does allow for private asset creation in some cases such as works on the land owned by SC/ST or works on small and marginal farmers. In our study we define private assets as those assets whose major beneficiaries are private individuals or an exclusive group. To arrive at the ownership nature of the asset if there was claim of ownership over the land or the benefits of the assets by an individual or a group then it was identified as private asset, or else it was classified as public assets.

From our sample, in Tamil Nadu (100%) and Karnataka (90%) most works done were public in nature where the asset became a common village property (See Table 8). In Kerala nearly 65% of the assets were public in nature while in Andhra Pradesh; more than 86% of the assets created were private in nature. Private assets were created in Andhra

Pradesh as most of the activities conducted were in private lands as land development activities<sup>10</sup>. In Kerala too, a large share of works (35%) were done in private lands. This was especially true in case of Idukki district where most works were private in nature<sup>11</sup>. In Kerala and Andhra Pradesh, land development activities were taken up in large scale and land development activities were aimed at rejuvenating agriculture in these regions. Most land development activities in Andhra was related to Jhuliflora clearance and putting fresh soil. In Kerala, most land development activities were related to clearance of unused land and preparation for agriculture. In Karnataka and Tamil Nadu such activities were not encouraged. Activities which had a clear public nature were only taken up in these states.

**Table 8: Type of Asset Created: State wise**

	Andhra Pradesh	Kerala	Karnataka	Tamilnadu
Public	14.18	64.47	89.6	99.77
Private	85.82	35.53	10.4	0.23
Total	100	100	100	100

*Source:* Primary Survey of MGNREGS, 2013.

Andhra Pradesh was able to utilize the provision of land development and irrigation works for the private individuals through the prioritization of the scheme and provisioning it to SC/ST and small

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10 Though most works done in Andhra Pradesh were private in nature, two GPs in Ibrahimpatnam block of Krishna District and the three GPs in Vidapanakkal Block of Anantapur had about 30 to 40% respondents claiming that assets were public.

11 In Kerala there were specific GPs that did complete private works, while some had a mix of both private and public; and some had only public works. In Idukki district, Kanchiyar and Kattapana were two GPs that had very high share of private works, in all other GPs private works was not the majority of the works. In both these GPs KC (M) were ruling in coalition with the Congress, while in other panchayats their role was in the opposition or marginal.

land holders. But in Kerala, the provisioning for private assets was largely specific to the hill district of Idukki, while in Thiruvananthapuram district, there were hardly any private assets being created. Idukki district has a plantation crop based agricultural economy. Though the district has a plantation economy, large share of these plantations are small and marginal land holdings. There is a large presence of scheduled tribes and castes but they are largely landless population in the region. Christian migrants from the mid-Travancore region, which form the major vote bank for the Kerala Congress (M), a local regional party with considerable power in the state level multiparty coalition of the Congress led UDF, are the dominant small and marginal farmers in the region. In this region most MGNREGS works taken up were in private lands, such as preparation of land for next agricultural season or doing the initial works for the next crop, mainly Cardamom and other spices cultivation. From the field interviews, it was clear that the groups formed for MGNREGS were essentially 'exchange labour groups'<sup>12</sup> that were already prevalent in the region. These MGNREGS groups were essentially working in their own farms or neighborhood farms and thus were benefitting a wage subsidy through MGNREGS on the farm work. The scheme probably would not have achieved same level of success in Idukki, had it been designed as total public works programme. The attraction of the programme in Idukki, despite lower MGNREGS wages than private wage works, is the associated private gains in asset creation.

In Tamil Nadu, private works were discouraged completely, even when the MGNREGS provisions allowed this, probably, as argued earlier, i.e., to maintain the power relations within the local economy. In

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12 Exchange labour system is a traditional system of labour sharing, wherein the small farmers pool their labour together and work in each other's farms. This practice, which was waning earlier, had resurged in the recent past due to rising wages of wage labour and unavailability of unskilled labour in the local labour markets in Idukki.

Karnataka too, private works were discouraged as private works empower the SC/ST and the small and marginal farmers. Moreover, within the present arrangement, wherein there was elite capture of the programme, public works provided better gains to the elites, while private works which benefitted only the poor and marginalized was unwelcome.

## **7. Asset Quality and Durability**

For creating durable and good quality assets each State follows a protocol manual that describes the technical specifications of the assets to be created. This protocol manual usually is drawn from either the Central Public Works Department or the Local Public Works Department. To ensure the quality of assets at the field level, Engineers or technically competent supervisors are appointed at the Block level or Gram Panchayat level who conducts feasibility studies prior to the work. There are also monitoring and evaluation bodies at different levels of bureaucracy that visits the assets routinely.

From the field visits it was evident that despite the clear guidelines laid down for asset creation, the quality of assets created varied vastly across various projects and states. From the asset level survey we conducted, nearly 70% of all assets were constructed as per the specification of the CPWD or local PWD manual (See Table 9). In Kerala 81 % of the assets were created as per the specifications laid out. In Andhra Pradesh and Karnataka also the provisions of the CPWD specifications were followed in case of 77% of the assets. From the field interviews, the asset beneficiaries in Andhra Pradesh and Kerala also perceived that the quality of assets created under MGNREGA was as per specifications. In Tamil Nadu however, only 60% of the assets were built as per specifications.

**Table 9: Specification of Work as per of C.P.W.D or Local P.W.D Manual: State wise**

		AP (n=100)	KL (62)	KN (55)	TN (68)	Total (285)
Followed CPWD Specification of work	Percent	75.00	79.03	94.55	33.82	69.82
Not followed	Percent	24.00	8.06	3.64	63.24	25.96
To Some Extent	Percent	1.00	12.90	1.82	2.94	4.21
Total	Percent	100	100	100	100	100

*Source:* Primary Survey of MGNREGS, 2013.

Note: AP: Andhra Pradesh; KL: Kerala; KN: Karnataka, TN: Tamil Nadu

The relatively higher level of following the specification in Andhra Pradesh and Kerala could be due to the fact that many of these were private works. In such cases probably there is greater incentive for the private owner to encourage and ensure that the work is done in good quality. The low performance in Tamil Nadu where the public works were the maximum also supports this argument. Mishra, S.K (2011) remarks similarly in case of Madhya Pradesh. The author finds that in private land the quality as well as maintenance is not an issue but in community assets this turns out to be a serious aspect. Narayanan et al. (2014) too remarks similarly about the relatively better performance of private asset creation and maintenance compared to public assets in Maharashtra. But Karnataka, which also did mostly public works, had performed well on this respect, unlike Tamil Nadu. From our field verification visits also we had noted that some of the better assets among the four states that we surveyed were constructed in Karnataka.

But it is also the fact that Andhra Pradesh had introduced Global Positioning System (GPS) based work measurement and wage payment system. This essentially ensured that the works were completed as per the technical specification and there was no space for human manipulations or errors. In none of the other states, GPS based

measurement system was followed except in parts of Tamil Nadu. While a technological solution ensured specifications in Andhra Pradesh, it was the vigilant and active Gram Panchayat that enabled the creation of a strong social audit process that ensured the specification of assets in Kerala. At the time of survey in 2013, Kerala had a very vibrant local social audit mechanism established at the Gram Panchayat level, with members drawn from different walks of life in the social audit team. In Tamil Nadu, an independent social audit mechanism at the village level did not exist in the early years of implementation, and it was only in 2012-13 that a permanent social audit mechanism was structured and audit was conducted only in two blocks in Tamil Nadu<sup>13</sup>. In Karnataka, social audit mechanism was in place early but it had been subject to elite capture, like the rest of the programme (Rajasekhar *et al.*, 2013).

This apart, there was a politics of the quality of asset building in southern states. Quality of asset was linked to following the stipulated specification of the assets. And specification of assets were to be measured by the competent authority, based on which the wages were to be paid. MGNREGS allows discretion to follow either piece rate or time rate wages. In case of piece rate wages, completion of work as per specification is the norm for wage payment and in case of daily wages, a daily productivity norm, determined by the implementing agency is the basis for wage payment. The wage payment system followed in different states varied, for instance, while Tamil Nadu and Andhra Pradesh followed the piece rate method, Kerala and Karnataka followed the daily wage method. In both cases, however, measurements of the completed assets were to be carried out to ensure fulfillment of the specification.

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13 Minutes of the meeting of the Empowered Committee to scrutinize and discuss Anticipated Labour Demand of Tamil Nadu for 2013-14, 15th February, 2013', [http://nrega.nic.in/Netnrega/WriteReaddata/Circulars/Minute\\_TN\\_meeting15Feb13.pdf](http://nrega.nic.in/Netnrega/WriteReaddata/Circulars/Minute_TN_meeting15Feb13.pdf), accessed on 7th January, 2015.

In Andhra Pradesh and Tamil Nadu, where the practice of piece rate was followed, the average daily wages was in general less than the minimum wages declared by the state to be paid for MGNREGS works. In Andhra Pradesh, the GPS based measurement yielded many works that were not completed to specification, leading to under payment of wages, but in Tamil Nadu, which had more severe under payment compared to Andhra Pradesh, but did not have GPS based measurement of wages was accomplished through manual measurement. The manual measurement of wages was implemented by local supervisors or overseers who were temporary appointees under the scheme. The measurement of assets created was strictly imposed owing to the pressures from the local landlords. In many places in Tamil Nadu, it was stated in interviews with the workers, that local landlords were enthusiastic about measurement of assets and payment being made accordingly. This probably was a tactic to keep the MGNREGS wages lower than the agricultural wages thus dis-incentivising participation in MGNREGS.

In Kerala, where daily wage payment was followed, measurement of assets was opposed by workers collectives in many parts. Any attempt to impose measurement based wages was opposed by the workers collectives and was supported by the local political leadership, such that in our survey, there were hardly any worker who received wages less than the minimum wages stipulated. In many parts of Karnataka, though daily wage system was followed, there was no conflict between the local elites, workers and the implementing agencies as the assets created were as per the specifications, while, the works were done by skilled workers using machinery. The agricultural workers who cooperated with the arrangement and doubled up as MGNREGS workers got an additional small sum of money as payment for the arrangement. Thus, while the scheme got captured and its main objective of providing rural livelihood opportunities got diluted, Karnataka was able to build assets that were according to specifications and also that were durable.

Though overall, the assets created were claimed to be as per specifications, many of these assets were not durable. Durability of these assets were dependent on multiple factors including implementing the technical asset specifications, durable materials used in asset creation, weather conditions and most importantly periodic maintenance of these assets.

Since in Kerala and Tamil Nadu use of material components were completely discouraged, most of the assets created were used with non-durable materials and the nature of the work themselves being non-durable. Given the climatic conditions of Kerala which has very heavy rainfall, these assets almost completely disappear after a cycle of rains. Also, many of the private works taken up in the agriculture land were seasonal works which would not sustain to the next cycle of crops. Interviews with the stakeholders show that in Tamil Nadu also, the works done were not of permanent nature, though they were relatively more durable. Most of the works done were pond cleaning or road cleaning, which were not asset creations, but doing maintenance works of assets already existing, through MGNREGS.

While asset creation was designed within the MGNREGS scheme, there was no provision for maintenance of the assets created. Lack of maintenance of the assets was an important concern raised by all stakeholders alike, including workers, asset beneficiaries and the Panchayat officials in almost all GPs of the states. The nature of the works taken up under MGNREGS is such that for sustenance of the assets large maintenance cost needs to be incurred or else assets would deteriorate in a short time.

Though a large majority of the assets require maintenance as seen above, only 33% of the assets were being maintained regularly (Table 10). More than 67% of the assets were not having any maintenance. In Tamil Nadu, more than 78% of the assets were not receiving any

maintenance. While in Kerala, nearly 69 % were not receiving any maintenance.

**Table 10: Aspects on Maintenance of Assets: State wise**

	AP	KL	KN	TN	Total
Regular Maintenance carried out (%)	41.79	37.29	28.85	7.41	32.68
Proper maintenance done(%)	79.01	66.57	44.3	2.05	46.54
Local people helping to protect and maintain the assets (%)	90.62	50.15	65.18	3.67	53.15

*Source:* Primary Survey of MGNREGS, 2013.

During interviews with workers, it was revealed that MGNREGA helped to create good quality assets, and it has been maintained well. But some felt that quality of assets created is very poor and maintenance of assets is not addressed well. In Tamil Nadu, more than 79% of the workers opined that the assets were not maintained properly. While in Andhra Pradesh 79% stated that assets were maintained properly. In Kerala too nearly 67% claimed that the assets were maintained properly. This divergence between Tamil Nadu on the one side and Kerala and Andhra Pradesh on the other is probably due to the incentive problem. In Tamil Nadu, as noted earlier, most works were public in nature, and since there were no funds allotted for maintenance, maintenance was not done. While in Andhra Pradesh and Kerala, many of the works were private in nature, thus incentivizing private maintenance, even if there were no funds available for it.

This private versus public assets dimension can be seen in case of involvement of local people in maintenance as well. As can be seen from Table 10 in Andhra Pradesh, more than 90% of workers stated that local people were involved in maintenance, which is due to the involvement

of the owners of the private assets themselves. In Kerala too where there was a large share of private assets the involvement of local people was substantial in maintenance, while in Tamil Nadu where the assets were public in nature, more than 96% of the workers stated that local people were not involved in the maintenance of the assets. This distinction in asset maintenance between privately owned and publicly owned assets finds place in other studies as well.<sup>14</sup>

### **8. Importance of the Asset Constructed for the Locality**

In Tamil Nadu, 58 % of the asset beneficiaries claimed that the asset that constructed in the locality was very important (See Table 11). In Kerala, 48% stated that the asset was very important for the locality. While in Andhra Pradesh, only 22.5% considered it to be very important and in Karnataka only 7% considered it to be very important. In none of the States the assets built were considered to be unimportant. In Andhra Pradesh and Karnataka, the largest share of respondents considered these assets to be important. Thus it can be concluded that the assets created were necessary for the locality to most regions of the various states. But Kerala and Tamil Nadu were able to identify assets that were most important for the regions. This probably has to do with better functioning of the Panchayat Raj system in these states. In Andhra Pradesh, due to the lack of elections at the GP level during the last five years, people's representation in asset selection might have been weak. In Karnataka, since the scheme was interpreted and implemented differently from the objectives and plan of the scheme, it might have led to poor selection of assets as compared to other regions. Since contractors could get involved in asset building, many of the assets chosen would be of the nature that there could be greater use of material, skilled workers and machinery and hence, some of the local necessary assets at grass roots level may have got sidelined.

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14 Verma and Shah, 2012 in their review highlight a few instances of this nature across Kerala, Gujarat and Rajasthan.

**Table 11: Importance of the Selected Asset in the Locality: State wise Response of Beneficiaries (in percent share)**

		AP (n= 440)	KL (346)	KN (514)	TN (439)	Total (1739)
Not Important	Percent	1.82	6.36	6.42	2.51	4.26
Important	Percent	75.68	45.66	86.19	39.86	63.77
Very Important	Percent	22.50	47.98	7.39	57.63	31.97
Total	Percent	100	100	100	100	100

## 9. Concluding Observations

Though the MGNREGS was a centrally sponsored scheme, with clear guidelines on implementation at each level of governance there were considerable variations across states in planning and implementation of asset creation. Depending on the local economic, political and social structure, planning and implementation of asset creation under the scheme was redesigned, re-interpreted and implemented to accommodate the interests of the various interest groups. To generalize, if there were a strong and functioning Gram Panchayat and Gram Sabha system at the village level, then there was greater representation in demand generated for work and assets at the local level. But if functioning of the GP system is compromised, then it is possible that at this stage, either a dominant bureaucratic-executive branch could make the decisions, which may not be representative of the people, or dominant local political lobbies could exploit the programme for political clientelism, or dominant elites could capture the programme for economic gains, which may represent only the needs of the elites in the society. Technocratic solutions to corruption did yield outcomes that were largely uncaptured by various interest groups, but the top-down approach of such technocratic planning also left the scheme without participation in choice of assets, and local level ownership in planning and implementation at the grass root level. Central to the efficient functioning of such public programmes is the bottom up planning and implementation of projects. It is the active

local representative bodies that voice the grass roots that can engage such public programmes into transformational agents in development.

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**Governance Types and Asset Creation Under MGNREGS**

States=>	Andhra Pradesh	Karnataka	Kerala	Tamil Nadu
<b>Governance Type</b>	Technocratic with weak local participation	Strong local participation but elite capture of programmes	Strong local participation but Bureaucratic capture; patron-client relations	Bureaucratic domination with weak local participation; strong caste based local politics
<b>1.Project Selection</b>	Weak local participation in selection; Top down decision making	Strong local participation in decision making;	Strong local participation in decision making;	Agrarian and caste relations mars type of project selection
<b>2.Project implementation</b>	Heavy dependence on high technology and bureaucracy, little gap between planning and implementation	Local Elite capture in implementation; programme	Bureaucratic capture of programme	Agrarian and caste relations mars type of project implementation
<b>3. Assessment of Expenditure</b>	Largely Balanced	Over expenditure on materials	Underexpenditure owing to bureaucratic capture	Largely balanced
<b>4. Ownership type of assets</b>	Largely private	Largely public; Local elites use this as opportunities for programme capture	Largely private; patron-client relations are exercised	Largely Public Use of assets is private and mimic agrarian relations
<b>5. Wage payment</b>	Measurement Based	Daily Wages (but corrupt practices)	Daily Wages	Measurement Based
<b>6. Asset Quality and Durability</b>	Good Quality ; Durable	Good Quality ; Durable	Non durable	Poor quality
<b>7.Importance of asset locally</b>	Not local priority	Not local priority	Local priority	Local priority

ASPECTS OF MGNREGS ASSET CREATION

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