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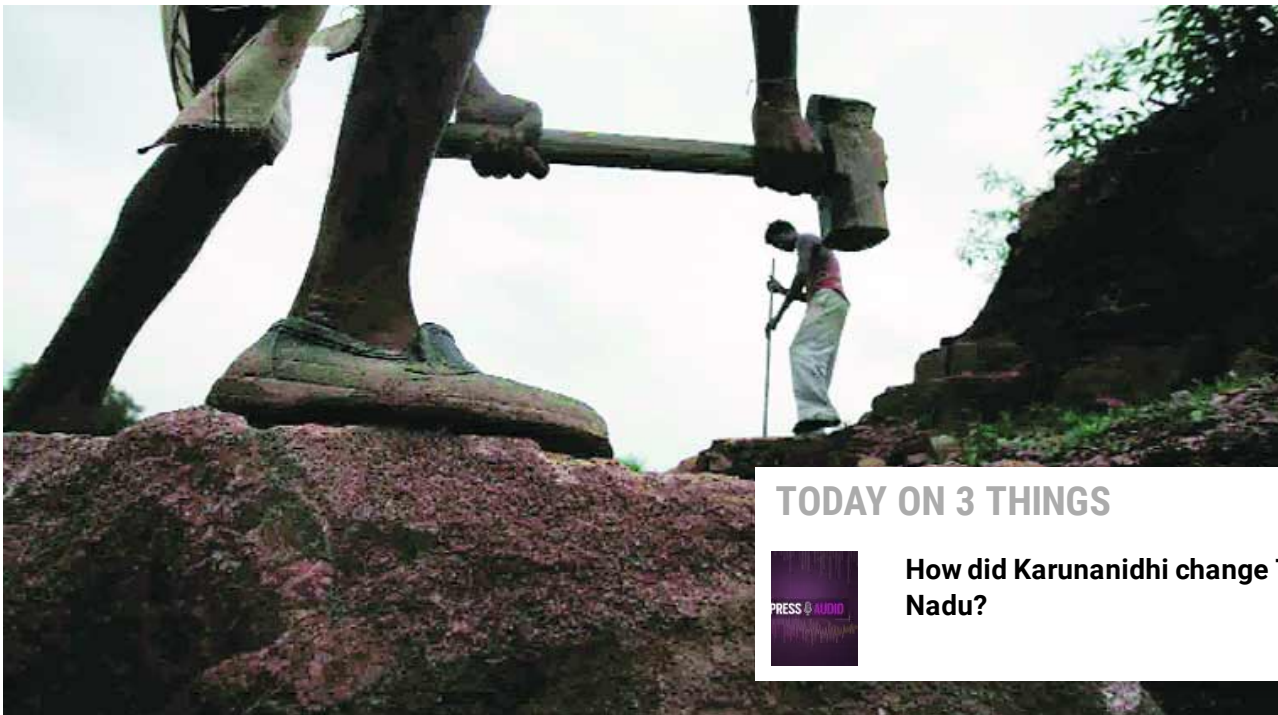
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# The digging-holes myth

The view of MGNREGA as a makeshift work programme is far off the mark.

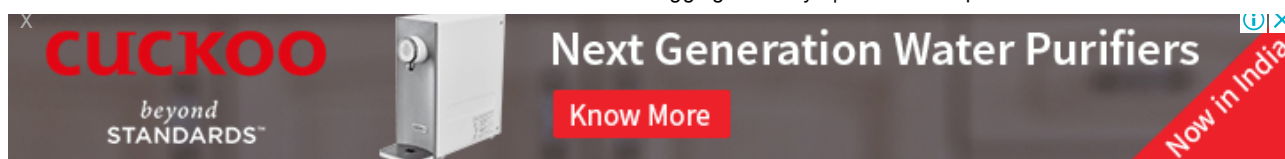
Written by **Jean Dreze** | Updated: July 1, 2015 3:40:29 pm



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Recent research suggests that the Centre has a misguided view of how MGNREGA works can be made more productive.

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Few social programmes in India are more resented by the corporate sector than the [Mahatma Gandhi](#) National Rural Employment Guarantee Act (MGNREGA). This is easy to understand, considering that one of the primary aims of the MGNREGA is to empower workers and reduce their dependence on private employers. Naturally, employers see this as a threat to the availability of cheap and docile labour. This resentment tends to generate a steady stream of criticism. Going by these reports, one would think that public works initiated under the MGNREGA are wholly useless. As a recent editorial put it, “...in most places across the country, this [MGNREGA] meant digging up trenches for no purpose whatsoever and then filling them up”. No evidence was provided for this sweeping statement.

During the last few years, I have seen hundreds of MGNREGA works, and I do not remember a single case that resembled digging trenches and filling them up. Sure, I have seen some useless MGNREGA works (like a pond being built at the top of a hill in Sonbhadra district, Uttar Pradesh), but I have also seen many useful ones. Given the lack of careful studies on the productive value of MGNREGA works, the larger picture is not very clear. But some recent studies suggest that the view of MGNREGA as a makeshift work programme is far off the mark.

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Among them is a pioneering study by Sudha Narayanan and her colleagues at the [Indira Gandhi](#) Institute of Development Research, who examined 4,100 MGNREGA assets scattered over 100 villages of Maharashtra. Among the sample

works, 87 per cent were functional and 75 per cent contributed directly or indirectly to better agriculture. An overwhelming majority (90 per cent) of the users of these MGNREGA works considered them “very useful” or “somewhat useful”. As the principal author notes, MGNREGA workers in Maharashtra have “replaced scrublands with forests, built earthen structures for impounding water and preventing soil erosion, cleared lands and levelled them to make them cultivable”, among other activities (available at [arccg.is/1QYdt8y](http://arccg.is/1QYdt8y)). This is hardly “playing with mud”, to quote another colourful description of MGNREGA work from the mainstream media.

While the Maharashtra study focuses mainly on people’s perceptions, another recent study (by Anjor Bhaskar and Pankaj Yadav at the Institute for Human Development) looks at the objective measures of economic returns on MGNREGA works in Jharkhand. This study inspected nearly 1,000 randomly selected dug wells constructed under the MGNREGA in the last few years. Interestingly, the proportion of completed wells in the sample (70 to 80 per cent depending on whether one insists on the construction of a parapet) was not too different from official estimates for the same gram panchayats. Further, most of the completed structures were very well used, especially to grow vegetables and other high-value crops, but also to bathe, water domestic animals and even grow fish, among other possible uses. Looking just at the impact on agricultural productivity, the authors estimate (from a sub-sample of about 100 randomly selected wells) that MGNREGA wells have a financial rate of return of 6 per cent or so in real terms. This is a very respectable rate of return, on par with many industrial projects. And please note, this estimate focuses on plain financial returns, not social rates of return — the latter would be higher, if only because the social opportunity cost of a day’s labour is typically lower than the MGNREGA wage. Despite considerable hassle at the construction stage, sometimes even leading them to sell some property, almost all well-owners were glad that they had built a well.

The study also sheds some useful light on the reasons for non-completion of a significant minority of MGNREGA wells in Jharkhand. In some cases, technical problems (for example, stony ground) were to blame, but more often, the well had collapsed during the monsoon because of delays in the reimbursement of

material expenses. From these and other lessons, there are possibilities of ensuring even more productive projects in the future.

The findings cited are consistent with those of other recent studies in the same vein, notably by the Indian Institute of Science, the International Water Management Institute and the University of Allahabad. More evidence is certainly needed to form a clear view of the productive value of MGNREGA works in general, but as things stand, there is no reason for despondency.

Finally, recent research suggests that the Central government has a misguided view of how MGNREGA works can be made more productive. The basic assumption tends to be that the best way to enhance the productivity of MGNREGA works is to raise the material-labour ratio. In fact, there is no evidence that material-intensive works (for instance, building pucca structures) are generally more productive than labour-intensive works (for example, land-levelling or contour-bunding). Most states today have an average material-labour ratio below the stipulated maximum of 40:60, and there is no obvious reason why this upper limit should be raised. A more effective step would be to improve technical support and supervision for all MGNREGA works, irrespective of the material-labour ratio. This would also be a good opportunity to enhance the skill-building role of the MGNREGA.

It is often said that the MGNREGA should be reoriented towards skill formation instead of casual labour. This overlooks the fact that the MGNREGA is already one the largest skill-building programmes of the Central government. Lakhs of women and men are learning technical, administrative and social skills as gram rozgar sevaks, programme officers, worksite mates, barefoot engineers, data entry operators and social auditors under the programme. Since MGNREGA functionaries are mainly contractual workers, many of them eventually move on and make use of these skills in the private sector. Building up these skill-formation activities as an integral component of the MGNREGA would be an excellent way of taking the entire programme forward, instead of planning for its quiet burial.

*The writer is visiting professor, department of economics, Ranchi University.*