

## **IMPACT ASSESSMENT OF MGNREGA AT PANCHAYAT LEVEL: A CASE STUDY**

Nityananda Patra<sup>1</sup>, Dr. Arup Kumar Chattopadhyay<sup>2</sup>

<sup>1,2</sup>Department of Economics, Bankura Zilla Saradhamoni Mahila Mahavidyapith, Bankura, West Bengal, India

<sup>2</sup>The University of Burdwan, West Bengal, India

### **ABSTRACT**

In spite of many unfavorable macro factors, West Bengal is among the best performing states in the country in terms of the implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). This article, by taking a case study of Bankura district of West Bengal, tries to understand and review the link, if any, between the financial performance index of MGNREGA and the socio-economic profile of the area under study. A Meta-analysis was also done to critically evaluate the efficacy of the delivery system. Our Panel Data regression analysis reveals that Performance Index of MGNREGS is not at all influenced or determined by any of the select Socio-Economic indicators of the sample village panchayats. Our Meta-analysis shows that besides diversion and defalcation of funds of various kinds, panchayat functionaries even in two different political establishments are not serious enough for their proper implementation rather they function as spending agency resulting into deprivation of proper benefits to the targeted beneficiaries. The lack of capacity to design and implement a large number of meaningful schemes on the part of GPs thus seems to be the major limiting factor in MGNREGS implementation in Bankura. This necessitates greater emphasis on the capacity building of the GPs, especially the backward ones among them.

**Keywords:** Panel data, Man-days, Employment, Unutilized Grants, Village Panchayat.

### **I. INTRODUCTION**

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) is one of the milestone steps towards realization of the right to work and to enhance the livelihood security of the households in the rural areas of the country. The basic objective of MGNREGA is to enhance livelihood security in the rural areas by providing at least 100 man days of guaranteed employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The Act empowers the village people to play an active and participatory

role in the designing and implementation of employment guarantee schemes through *Gram Sabah*, social audits, and participatory planning and other means available under Panchayat Raj Institutions system. Although all the tiers of Panchayati Raj Institutions (PRIs) are involved in different capacities for the planning and execution of work under National Rural Employment Guarantee Act (NREGA), the Gram Panchayat (GP) — the lowest tier of PRIs — is responsible for the identification of beneficiaries, execution and supervision of NREGA. As a result, apart from other factors, the role of the PRIs (especially that of GPs) becomes crucial in the implementation of MGNREGA.

West Bengal is India's fourth most populous state in India with 91 million people, a fifth of who are poor. Although poverty reduction in the state was faster after 2005, pockets of high poverty still persisted within the state (World Bank, 2017) [10]. Recently it achieved the distinction of becoming the best performing State both in terms of allotting jobs and utilizing funds under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). According to statistics recently provided in the Rajya Sabha by the Minister of State for Rural Development Ram Kripal Yadav, West Bengal generated more than 28.21 crore work days under the scheme so far in 2017-18 and spent more than Rs. 7,335.31 crore for it. He also said that Tamil Nadu occupied the second spot with 22.17 crore work days and spent Rs. 5,981.75 crore. Andhra Pradesh was third with 18.16 crore work days, and funds worth Rs.5054.17 crore (The Hindu, March, 2018) [9]. The reasons for this remarkable achievement by the state of West Bengal often cited as a successful case of democratically decentralized participatory governance via strong and effective functioning of the PRIs particularly after the change in political regime in 2011 at the state and in 2013 at the panchayat levels. These oft repeated propagandas as cited by the present dispensation seemed to have valid reasons to believe. Because an important recent study by Das and Yoshifumi (2017) [1] showed that during the second sub-period of 2006-07 to 2014-15 i.e., during the new political dispensation there was rapid growth in rural wage rates of 5.5 per cent per annum for most large States, and across all occupations, agricultural and non-agricultural, and for males and females and thereby generated less demand for work under MGNREGA by rural households. But in reality check we found that West Bengal performed very well on MGNREGA in comparison to other states and this may be due to the change in the political setup for both panchayat and state levels. More specifically, in the second sub-period in the state of West Bengal average annual rate of growth of wage rates for major occupations in rural India in per cent term was 2.8% and the all India figure was 4.1%. But during the first sub-period (1998-99 to 2006-07) i.e., before the Trinamool government takes the charge of the state, the corresponding figures were respectively 1.7% and -0.1% only. But very interestingly recently an important study by Patra and Chattopadhyay (2018) [5] concluded that change in political establishments could not significantly alter performances of this important flagship scheme. On the other hand a study by Mukherjee and Ghosh (2009) [4] in West Bengal in the rural district

of Birbhum revealed that in spite of favorable factors like, low agricultural wage rate, higher rural poverty ratio, highest percentage of rural households 'not having enough food every day in some months etc., higher demand for work under NREGS by rural households' was actually not generated in the rural areas and quite naturally the state's performance in general and especially for this district in the implementation of NREGS as compared to many other states during 2006-2009 was unsatisfactory. There were studies which showed that social awareness mainly in terms of literacy rate of the state played an important role in the performance of the MGNREGA scheme (Singh, 2017) [7]. Another relevant study by Singh and Dutta (2016) [8] made an attempt to measure the impact assessment on MGNREGA in terms of various development indicators such as employment generation, livelihood security, and creation of productive community assets to enhance the standard of living. (Rengasamy and Kumar (2011) [6] opined that in a continental country with vast variations in the availability of natural resources and agro climatic conditions there was a need to understand the local, regional and state level dynamics, and the social and economic relevance of the MNREGA amongst the rural households.

Actually the success of MGNREGA depends on the performance of individual states. What can be a reasonable standard for assessing how well the states are doing? One intuitive way can be to see how well individual states have done in utilizing their allotted funds, no of man-days generated under the scheme, the issue of late payments etc. to generate the given scheme outcomes. Another equivalent way could be to see how well individual states have produced the scheme outcomes corresponding to the allotted funds. Thus, from the above diverse literature survey about the impact assessment of MGNREGA it is clear that there are valid reasons to study the performance of MGNREGA by the socio-economic indicators of the study area and this paper makes an endeavor in this direction. The paper is divided into five sections. Section II briefly discusses the objectives of the study. Section III indicates the source of data and methodology followed to compute Financial Performance index of MGNREGA. Section IV takes up Bankura district as a case study and tries to understand and review the links, if any, between MGNREGA performance index and socio-economic indicators through Panel data regression analysis and also a Meta-analysis is done to critically evaluate the effectiveness of the scheme to deliver the desirable results using both secondary and primary data. The final Section VI is about conclusion and policy implication of the study.

## **II OBJECTIVE**

In this backdrop, the present article makes an attempt to (1) review the link, if any, between the Financial Performance index of MGNREGS and a few selected socio-economic factors of the area under study through Panel data regression analysis and (2) evaluate the performances of the

Flagship scheme through tabular representation, by taking a backward district of West Bengal, viz., Bankura, as a case study.

### **III CONCEPTUAL FRAMEWORK AND DATA SOURCES**

Since the success of MGNREGA is expected to be crucially dependent on the basic structure of the local economy as well as on the capacity of the local governments, a study attempting to understand the factors affecting the performance of NREGA needs to take into account the important socio-economic indicators of the area under study. In order to facilitate a better understanding of the various local and micro level factors at play in implementation of the MGNREGA, we have adopted a case study approach besides undertaking an analysis of the available macro data. The Bankura district of West Bengal, with special emphasis on twelve GPs in the district, has been selected for the case study. Bankura is one of the backward districts of West Bengal in terms of human development indicators, rate of urbanization, concentration of the marginalized population, and the share of agriculture in the district economy (Human Development Report, Bankura, February, 2018) [2]. This part is divided in the following subsections.

#### **IIIA Selection of Sample Size and Data Sources**

Bankura district has 23 blocks and total 190 gram panchayats. We have selected sample using multi-stage random sampling method. Out of 23 blocks, we have randomly chosen six blocks among which two blocks Bankura-1 and Bankura-2 are close to district town Bankura (Bankura Sadar), other two selected blocks, namely, Hirbandh and Khatra belong to Jangalmahal (Khatra Sub-division), and the remaining blocs, are Indpur (Khatra Sub-division) and Gangajalghati (Bankura Sadar) respectively. Among six blocks, 15 village panchayats were randomly selected for collecting data. The randomly selected Village Panchayats under different blocks are: (a) Three Village Panchayats from Bankura-I, (b) one from Bankura-II, (c) two from Gangajalghati, (d) six Village Panchayats from Khatra, (e) one from Hirbandh, and (f) two from Indpur.

For the purpose of this study, the following sources were tapped to collect data relevant to our study. The annual and periodical reports of the Examiner of Local Audit Report, State Finance Commission's Reports of the State, Central Finance Commission Reports, Annual Administrative Reports, Panchayat and Rural Development, Government of West Bengal, Annual Technical Inspection Report on Local Bodies in the State were used.

#### **IIIB Methodology**

The study takes into consideration in general all the three constituents of the PRIs at a time in the context of fifteen selected village panchayats in the district of Bankura over a period of more

than 10 years after personally going through the original records and financial documents at the disaggregated level. Financial Performance Index (PI) for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and its underlying relation, if any, with the Socio-Economic Profile of fifteen select panchayats.

Panel data regression analysis is applied to identify the determinants of Performance Index of the select Village Panchayats in respect of one important Flagship Scheme targeting the security of livelihood of the rural people. Financial performance index is formulated for MGNREGS by taking into considerations the amount of unutilized grants and the total amount of money paid by each Panchayat over the study period after the expiry of stipulated 14 days' period (i.e., late payment). The total amount of unutilized grants and the total amount of late payment are distributed among 10 points (1 for least performance, and 10 for best performance) and 7 points scales (1 for least performance and 7 for best performance) respectively. Here, the explained variable, Financial Performance Index for each sample Panchayat for every year is computed as follows:

The two components of financial performance of Panchayats are (i) proper utilization of grants and (ii) timely payment of funds under MGNREG Scheme. These two components are actually considered in reverse forms, i.e., in the forms of unutilized grants and amount of late payment which are respectively classified in ten point and seven point scales. More specifically, the classifications of amount (in Rs. lakh) of unutilized grants being the representative of financial irregularities are: up to 0.49, 0.50 to 0.99, 1.0 to 1.99, 2.0 to 2.99, 3.0 to 3.99, 4.0 to 4.99, 5.0 to 9.99, 10.0 to 14.99, 15.0 to 19.99, and 20 and above. Likewise, the amounts of late payment (in Rs. Lakh) are classified as: up to 0.99, 1 to 5.99, 6 to 10.99, 11 to 20.99, 21 to 50.99, 51 to 75.99, and 76 and above. When the amount of unutilized grant is least the value of scale is taken as 10; on the other hand, when the amount of unutilized grant is highest the allotted scale value is 1. Similarly, 1 is assigned for highest value of late payment and 7 is assigned for least amount of late payment. Thus as scale value increases, financial performance improves.

For each sample Panchayat in every year assigned two scale values (for unutilized grants and late payments) are added and then divided by total scale value 17, and expressed in percentage form. Thus the performance index varies from 0 to 100; 0 for the worst financial performance and 100 for the best (the details of which are presented in Appendix A).

This financial performance index is used here as explained variable for panel data regression analysis where the selected explanatory variables, i.e., the determinants of explained variable, financial performance index are mentioned below:

- The per cent of SC and ST population, which is an indicator of the concentration of poor families. A negative association with the Performance Index is expected.
- Population density introduced as a control variable. We expect a positive role with the Performance Index, because higher population may put pressure to perform well.
- Sex Ratio expected to have a positive effect on the level of Performance Index, because it can be hypothesized that if sex ratio is favourable female persons being an indicator of an advanced society leads to a better performance of panchayats.
- Percentage of BPL household expected to have a negative impact on the level of Performance Index, because higher concentration of BPL households implies less economic power to exert for better performances of panchayats.
- Percentage of female elected representatives expected to have positive influence of the Performance Index, when female persons being, in general honest, can put hindrance to financial mismanagement.
- Change in State Government represented by the Dummy Variable (Left Rule = 0, TMC Rule = 1). This might capture if there is any change in program administration, and financial management due to change in governance.

### **III Model Selection**

In Panel data regression analysis, the first problem is to select the appropriate model. There are three types of Panel data regression model, Fixed Effect Model (FEM), Pooled regression OLS Model and Random Effect Model (REM).

#### **1. Pooled Regression Model:**

Here we pool all available observations together and run the OLS regression, neglecting the cross section and time series nature of data. The major problem with this model is that it does not distinguish among various fifteen select panchayats we have. In other words, by combining fifteen select panchayats, i.e., by pooling, over time we deny the heterogeneity or individuality that may exist among these panchayats. In the pooled regression model, we have pooled all the observations in OLS regression meaning that implicitly we assume that the coefficients (including the intercepts) are the same for all the individuals.

#### **2. Fixed Effect Model OR LSDV Model:**

It allows for heterogeneity or individuality among fifteen select panchayats by allowing heterogeneity in their intercept values. The term fixed effect is due to the fact that though the intercept may vary across fifteen select panchayats, but intercept does not vary over time, that is, it is time invariant. In panel data where longitudinal observations exist for the same subject, fixed effect represents the subject-specific mean. In panel data analysis the term fixed effect estimator (also known as the within estimator) is used to refer to an estimator for the coefficients in the regression model including those fixed effects (one time-invariant intercept for each subject).

### **3. Random Effect Model:**

In this model our fifteen select panchayats will have common mean value for the intercepts. The random effects assumption (made in a random effects model) is that the individual-specific effects are uncorrelated with the independent variables. If the random effects assumption holds, the random effects model is more efficient than the fixed effects model. However, if this assumption does not hold, the random effects model is not consistent. The classical representation of this model is the following:

$$Y_{it} = X_{it} \beta + \alpha_i + u_{it} \text{ for } t = 1, \dots, T \text{ and } i = 1, \dots, N$$

Where

- $Y_{it}$  is the dependent variable observed for individual  $i$  at time  $t$
- $X_{it}$  is the time variant  $1 \times k$  (the number of independent variables) regressor matrix.
- $B$  is the  $k \times 1$  matrix of parameters.
- $\alpha_i$  is the unobserved time invariant individual effect.
- $U_{it}$  is the error term.

Unlike  $X_{it}$ ,  $\alpha_i$  cannot be directly observed.

In a random effects model the unobserved  $\alpha_i$  is independent of  $X_{it}$  for all  $t = 1, \dots, T$  but the fixed effects model allows  $\alpha_i$  to be correlated with the regressor matrix  $X_{it}$ . Strict heterogeneity with respect to the idiosyncratic error term  $U_{it}$ , however, is still required.

For selection of model we have applied two popular tests, namely Breusch-Pagan (BP) and Hausman test. Under BP test if the null hypothesis is accepted the OLS pooled model gives better result. But if the null hypothesis is rejected Random Effect model is considered as better than

pooled OLS [Greene (2002), pp-298-299] [3]. Similarly, the Hausman test is applied to make choice between FEM and REM. Under Hausman test if null hypothesis is rejected one may select Fixed Effect Model (FEM) over the Random Effect Model (REM). On the other hand, if null hypothesis is accepted, one may go for REM than FEM. It is to be noted here that, as per usual practice, we have selected FEM for Panel data regression analysis when we get contradictory results from above two tests, i.e., REM from BP test and FEM from Hausman test. Actual model selection under different situations is charted below:

	<b>Breusch-Pagan Test</b>	<b>Hausman Test</b>		<b>Model to be chosen</b>
<b>(i)</b>	H <sub>0</sub> is rejected (REM)	H <sub>0</sub> is rejected (FEM)	⇒	FEM
<b>(ii)</b>	H <sub>0</sub> is rejected (REM)	H <sub>0</sub> is accepted (REM)	⇒	REM
<b>(iii)</b>	H <sub>0</sub> is accepted (Pooled)	H <sub>0</sub> is accepted (REM)	⇒	Pooled
<b>(iv)</b>	H <sub>0</sub> is accepted (Polled)	H <sub>0</sub> is rejected (FEM)	⇒	FEM

### **IIIC Study Period**

As most of the explanatory variables are pertaining to census data, we have considered only two time points, viz. 2005-06 (taking 2001 census data) and 2015-16 (taking 2011 census data) for the panel data regression analysis. But in case of MGNREGA Scheme as data series starts with 2006-07 and ends with 2015-16 so, for this case we have taken two different time periods, namely, 2006-07 and 2015-16 only. All these data are collected for 15 sample panchayats. Thus in the panel data regression analysis, we have 30 sets of observations (i=1, 2, 15 and t=1, 2).

### **IV RESULT AND ANALYSIS**

The whole analysis is done under the following two sub-sections

*IVA Meta-analysis of Mahatma Gandhi National Rural Employment Guarantee Scheme through Tabular presentation*

*IVB Panel Data regression analysis of the financial performance of MGNREGA and its Socio-Economic indicators of the area under study*

#### **IVA. Mahatma Gandhi National Rural Employment Guarantee Scheme**



Government of West Bengal notified West Bengal Rural Employment Guarantee Scheme (WB REGS), 2006 in February, 2006. The scheme was implemented as a centrally sponsored scheme on a cost-sharing basis between the centre and the state. The central government met 100% wage cost of unskilled manual labour and 75% of the material cost and the wages of skilled and semi-skilled workers. The state government bore rest 25% of the material cost and the wages of skilled and semi-skilled workers.

Delayed payment of wages, failure to provide at least 100 days of guaranteed employment in a financial year, absence of photographs on job cards, failure to create durable assets, non-transfer of *Sampoorna Grameen Rozgar Yojana* (SGRY) funds to MGNREGS accounts, wasteful expenditure on social forestry, failure to conduct social audit, non-maintenance of appropriation, Advance, Employment and Works Registers, accumulation of advances due to improper monitoring, non-adjustment within stipulated period, release of subsequent advances without adjustment of previous advances etc. were the most common deviations reported by the Local Audit Reports in almost all sample village Panchayats. Further there was almost non-existence of *Unnayan Samiti* or Beneficiaries' authorized to supervise, monitor and verify the authenticity of work. Lack of monitoring of utilization of funds and timely sending of utilization certificates (UCs) to fund sanctioning authorities are almost the common problems for most of the Panchayats. Among the above mentioned common deviations some of the major as noted by the unpublished Local Audit Reports are summarized and presented below:

### **1. Distribution of unutilized grants across sample village Panchayats**

Tables 1, 2 present the above issues in details. From Table 1 it was found that out of 15 sample Gram Panchayats majority of them (93.33%) had unutilized grants during the period of the Left Front Rule. However, this percentage became 73.33% during the Trinamool Congress (TMC) Rule. The significant change that we could notice in FY 2014-15 was that out of 15 select Panchayats only 5 (33.3%) Panchayats had some amount of unutilized funds.

**Table 1: Distribution of unutilized grants under MGNREGS by financial Year (FY) and political rule (in percentage term) of sample village Panchayats**

Political party	Financial year	Unutilized grants		Total
		Yes	No	
Left front rule	2006-07	86.67	13.33	100.00
	2007-08	86.67	13.33	100.00
	2008-09	93.33	6.67	100.00
	2009-10	100.00	0.00	100.00
	2010-11	100.00	0.00	100.00
Till 2011		93.33	6.67	100.00
TMC rule	2011-12	100.00	0.00	100.00
	2012-13	86.67	13.33	100.00
	2013-14	80.00	20.00	100.00
	2014-15	33.33	66.67	100.00
	2015-16	66.67	33.33	100.00
Till 2016		73.33	26.67	100.00

It was also revealed from the Table 1 and 2 that not only the number of village Panchayats having unutilized funds were reduced during the TMC ruled government but also the amount of unutilized funds had reduced drastically during this period. During the TMC Rule 75.92% of sample Panchayats were having unutilized grants up to Rs.0.49 lakh only under various heads of MGNREGS while during the Left Front Rule under this lowest category of unutilized funds there was only 9.52% of sample Panchayats. Further it was to be noted from Table 2 that during the Left Front Rule the percentage of sample Panchayats having unutilized funds within the range of Rs. 5.0 lakh and above were 49.15% but during the TMC Rule this percentage figure in terms of number of sample Panchayats had reduced to only 1.67%. This may be due to change in political power in the year 2013 Panchayat election, which may had led to strict supervisory role on the implementation of the scheme at the block as well as at the district level resulting in expeditious utilization of the earmarked amount of funds sanctioned for the scheme.

**Table 2: Financial distribution of unutilized grants under MGNREGS by FY and Political Rule (in percentage term) of sample village Panchayats**

Political Party	Financial Year (FY)	Amount of Unutilized Grants (Rs. in lakh)										
		Up to 0.49	0.50 to 0.99	1.0 - 1.99	2.0 - 2.99	3.0 - 3.99	4.0 - 4.99	5.0 - 9.99	10.0 - 14.99	15.0 - 19.99	20 & Above	Total
Left Front Rule	2006-07	0.00	0.00	14.29	21.43	0.00	21.43	35.71	7.14	0.00	0.00	100.00
	2007-08	14.29	7.14	14.29	0.00	7.14	14.29	21.43	7.14	7.14	7.14	100.00
	2008-09	6.67	0.00	6.67	13.33	0.00	26.67	26.67	20.00	0.00	0.00	100.00
	2009-10	6.67	0.00	0.00	13.33	13.33	0.00	26.67	6.67	26.67	6.67	100.00
	2010-11	20.00	6.67	6.67	6.67	0.00	13.33	20.00	6.67	13.33	6.67	100.00
	Total till 2011	9.52	2.76	8.38	10.95	4.10	15.14	26.10	9.52	9.43	4.10	100.00
TMC Rule	2011-12	60.00	20.00	13.33	0.00	6.67	0.00	0.00	0.00	0.00	0.00	100.00
	2012-13	84.62	7.69	0.00	7.69	0.00	0.00	0.00	0.00	0.00	0.00	100.00
	2013-14	75.00	16.67	0.00	0.00	0.00	0.00	8.33	0.00	0.00	0.00	100.00
	2014-15	80.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
	2015-16	80.00	0.00	0.00	10.00	10.00	0.00	0.00	0.00	0.00	0.00	100.00
	Total till 2016	75.92	12.87	2.67	3.54	3.33	0.00	1.67	0.00	0.00	0.00	100.00

**2. Failure to provide at least 100 man-days of guaranteed employment in a financial year**

The scheme guidelines stipulated that every deserving household in the rural area should be provided not less than one hundred days of guaranteed employment in any financial year. But from Table 3 it became clear that during the Left Front Rule not a single village Panchayat could fulfill this minimum criterion and the situation during the TMC Rule did not improve rather deteriorates. More specifically, during the TMC rule nearly 84% of village Panchayats could provide less than 40 man-days of work to the households and the corresponding figure during the Left Front Rule was 67 %.

**Table 3. Distribution of non-Man-Days out of 100 Man-Days under MGNREGS by financial year and political rule (in percentage term) of sample village Panchayats**

Political party	Financial Year	No. of Non Man-Days of sample Village Panchayats (GPs) out of 100 Man-Days (in percentage term)									
		<10	10-20	20-30	30-40	40-50	50-60	60-70	70-80	80-90	Total
Left front rule	2006-07	0.00	0.00	27.27	0.00	0.00	27.27	18.18	9.09	18.18	100.00
	2007-08	0.00	14.29	0.00	7.14	7.14	7.14	42.86	21.43	0.00	100.00
	2008-09	0.00	7.14	7.14	7.14	7.14	0.00	35.71	28.57	7.14	100.00
	2009-10	0.00	7.69	7.69	7.69	0.00	30.77	23.08	15.38	7.69	100.00
	2010-11	0.00	0.00	23.08	23.08	7.69	15.38	15.38	15.38	0.00	100.00
	Till 2011	0.00	5.82	13.04	9.01	4.40	16.11	27.04	17.97	6.60	100.00
TMC rule	2011-12	0.00	7.14	0.00	7.14	0.00	28.57	28.57	0.00	28.57	100.00
	2012-13	7.14	0.00	14.29	7.14	7.14	28.57	35.71	0.00	0.00	100.00
	2013-14	0.00	0.00	7.69	0.00	7.69	15.38	23.08	30.77	15.38	100.00
	2014-15	0.00	0.00	0.00	0.00	0.00	0.00	14.29	35.71	50.00	100.00
	2015-16	0.00	0.00	0.00	0.00	15.38	15.38	38.46	23.08	7.69	100.00
	Till 2016	1.43	1.43	4.40	2.86	6.04	17.58	28.02	17.91	20.33	100.00

### 3. Delayed payment of wages beyond the stipulated period

A Para 22 of WB REGS guideline stipulates that wages should be paid to labourers on a weekly basis or in any case not later than a fortnight after the date on which the work was done. In case of failure the labourers are entitled to receive compensation. Delays of 15 to 90 days in disbursement of wages were noted in the Local Audit Report and no compensation was paid for that. Tables 4 and 5 present the issues related to delayed payment in details. From Table 4, it was found that during the Left Front Rule, on an average, 22.67% of village Panchayats was having the problem of ‘Late Payment’ issue and the corresponding figure during the TMC Rule became more than double (57.33%). Thus, we could say that this problem of ‘Late Payment’ issue had worsened over time.

From Table 5, it was also found that during the Left Front Rule, on an average, 53.13% of village Panchayats was having ‘Late Payment’ issue only for the total amount of less than Rupees One lakh and the corresponding average percentage figure during the TMC Rule became much lower (6.22%). But, on an average, 44.36% of village Panchayats suffered the ‘Late Payment’ issue for

the total amount in the range of Rs. 21-50.99 lakh when during the Left Front Rule for the same range of late payment the percentage figure was 28.13%. Thus, we could infer that 'Late Payment' in MGNREGS became a problematic issue as time passes on.

**Table 4: Distribution of late payment issue under MGNREGS by FY and political rule (in percentage term) of sample village Panchayats**

Political party	Financial year	Late payment		
		Yes	No	Total
Left front rule	2006-07	0	100	100
	2007-08	13.3	86.7	100
	2008-09	40	60	100
	2009-10	6.7	93.3	100
	2010-11	53.3	46.7	100
	Total till 2011	22.67	77.33	100
TMC rule	2011-12	33.3	66.7	100
	2012-13	26.7	73.3	100
	2013-14	86.7	13.3	100
	2014-15	60	40	100
	2015-16	80	20	100
	Total till 2016	57.33	42.67	100

Reasons for late payment as cited by the Local Audit Reports from records were late submission of muster rolls by supervisors, delay in receipt of funds, late disbursement of wages by banks and post offices etc. The labourers were thus, deprived of getting their dues in time and they were also not compensated as per the provisions of the guideline for delayed payment.

**Table 5: Financial distribution of late payments under MGNREGS by FY and political rule (in percentage term) of sample village Panchayats**

Political party	Financial year	Amount of Late Payments (Rs. in lakh)							Total
		<1.00	1.00-5.99	6.00-10.99	11.00-20.99	21.00-50.99	51.00-75.99	76.00-100.99	
Left front rule	2007-08	100.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
	2008-09	100.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
	2009-10	0.00	0.00	0.00	0.00	100.00	0.00	0.00	100.00
	2010-11	12.50	62.50	12.50	0.00	12.50	0.00	0.00	100.00
	Total till 2011	53.13	15.63	3.13	0.00	28.13	0.00	0.00	100.00
TMC rule	2011-12	20.00	40.00	20.00	0.00	20.00	0.00	0.00	100.00
	2012-13	0.00	0.00	25.00	25.00	50.00	0.00	0.00	100.00
	2013-14	0.00	0.00	7.70	23.10	46.20	15.40	7.60	100.00
	2014-15	11.10	0.00	0.00	11.10	55.60	22.20	0.00	100.00
	2015-16	0.00	0.00	8.30	0.00	50.00	41.70	0.00	100.00
	Total till 2016	6.22	8.00	12.20	11.84	44.36	15.86	1.52	100.00

*Source: Compiled from the unpublished local audit reports for 1 to 5*

Panel Data regression Analysis is undertaken in order to (a) explore whether Performance Index of MGNREGS (Employment Generation Scheme) is significantly influenced by the Socio-economic profile indicators of the area under study, which helps reveal the important determinants for improving the efficacy of the delivery system as well as the amount of allocations received for the most important Poverty Alleviation Scheme prevailing in rural area.

Performance Index on MGNREGS for each village panchayat for every year is computed on the basis of two indicators, namely (a) % of unutilized grants (classified in 10 point scale) and (b) amount of late payment (classified in 7 point scale). This performance Index (Table 3.2.3.1) is used as an explained variable for the panel data regression analysis where the explanatory variables are the socio-economic indicators of village panchayats for different periods. For selection of appropriate model of panel data regression analysis we have applied two types of test, namely, Bruesch-Pagan Test and Hausman Test.

The estimated value of the Breusch-Pagan test statistics is 0.01 which is found to be statistically insignificant. So from Breusch-Pagan test it can be concluded that the suitable model for Panel data regression analysis is Pooled Model. Further we have carried out the Hausman test whose estimated value of the test statistic is 17.15, which is found to be statistically significant at 1% level. But on the basis of Hausman test we see that the Fixed Effect Model is appropriate. Therefore, combining these two tests the chosen model for this case will be Fixed Effect Model and the estimated results of Fixed Effect Model are given below:

$$Y_{it} = 293.960 - 0.082X_{1it} - 0.559X_{2it} + 1.1603X_{3it} - 0.368X_{4it} + 0.475X_{5it} + 5.454X_{6it}$$

(0.80)    (-1.34)    (-0.81)    (1.51)    (-0.80)    (1.30)    (0.66)

Note: [t values are given in the parentheses]

Where  $Y_{it}$  is the Performance Index on MGNREGS for the  $i$ -th individual village panchayat ( $i$  can take value from 1 to 15) and  $t$  is for the two time periods 2006-07 and 2015-2016,

$X_{1it}$  = Population Density,

$X_{2it}$  = Sex Ratio,

$X_{3it}$  = % of SC and ST Population,

$X_{4it}$  = % of Below Poverty Line Households,

$X_{5it}$  = % of Elected Family Members,

$X_{6it}$  = Dummy for Political Regimes (which is 0 for the Left Front Rule and 1 otherwise),

As all the estimated coefficients of select explanatory variables related to Performance Index on MGNREGS are found to be statistically insignificant, we can infer that Performance Index of MGNREGS is not at all influenced or determined by any of the select Socio-Economic indicators of the sample village panchayats. More specifically we it was found that even the change in political establishments did not have any significant impact on the Performance Index in MGNREGA which again supports the recent study conducted by Patra and Chattopadhyay (2018). Thus our result contradicts the common belief on panchayat financing. Therefore, there may be other important determinants like, participatory approach in the selection of beneficiaries, proper designing and implementation of the scheme via *Gram Sabha* and strict supervision on the part of the higher authorities could play important roles for proper functioning of MGNREGA scheme for achieving desirable results at the village panchayats.

## **V. CONCLUSION AND POLICY RECOMMENDATIONS**

From the above analysis we could conclude that though the state of West Bengal as a whole declared as the best performing state but the reality check at the disaggregated level particularly at the backward district of Bankura and its twelve select village Panchayats did not support the view rather it showed different results. Our Panel Data regression analysis revealed that Performance Index of MGNREGS is not at all influenced or determined by any of the select Socio-Economic indicators of the sample village panchayats. A comparative tabular analysis was made in regards to the issues of physical (in percentage terms) and financial Distribution of unutilized grants, physical (percentage terms) and financial Distribution of non-Man-Days out of 100 Man-Days, physical (in percentage terms) and financial distribution of late payments etc. on the implementation of the important flagship scheme under two different political rules. The study found that the number of employment days provided in the scheme is much lower than the guaranteed 100 days and did not sufficiently meet their basic livelihood. The rural people believe that increased number of employment days and creation of rural asset can be effective to improve their standard of living Our analysis showed that besides diversion and defalcation of funds of various kinds as noted above, panchayat functionaries even in two different political establishments were not serious enough for their proper implementation rather they functioned as spending agency resulting into deprivation of proper benefits to the targeted beneficiaries.

The lack of capacity to design and implement a large number of meaningful schemes on the part of GPs thus seems to be the major limiting factor in MGNREGS implementation in Bankura. This necessitates greater emphasis on the capacity building of the GPs, especially the backward ones among them. Therefore, the objective of promoting inclusive growth through this important flagship scheme via participatory approach in the selection of beneficiaries via *Gram Sabha* in the rural milieu remained elusive. Indeed, the main concern in the case of Bankura as in the case of the state was the limited capacity of this flagship scheme to ensure security of livelihood by generating 100 man-days of guaranteed employment.

This mega scheme needs local fixes and innovations to become more efficient and effective. This points out the aspects of implementation lacking in various States and gives an idea about where to look to make implementation successful. Further provision should be made under MGNREGA that wages are paid on daily basis instead of prevailing system of making payment within 15 days period. This practice be mandatorily made an important benchmark for evaluating whether or not MGNREGA serves any meaningful purpose towards serving the rural poor who can hardly afford to wait for wages because at the end of the day this is the only means of survival for their day to life to move on. This will also ensure to stop leakages and various malpractices as evident in our study. Stressing , as in the case of Bankura or elsewhere, only on excavation



and re-excavation of ponds, expenditure on social forestry, temporary repairing or even unmindful construction of rural roads for MGNREGA and providing financial helps in an open and unashamed manner to the selected few ultimately to serve their own vested interests violating the basic ideology of the scheme was unlikely to usher in the dawn of development of useful rural infrastructure or sustain job creation in this economically disadvantaged district.

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