



# India Human Development Policy Brief

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## Will limiting rural employment guarantees to the 200 poorest districts improve targeting? Probably not

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a universal program providing 100 days of employment to any rural household that seeks work. As of this writing, the government remains committed to a universal program. But public debate centers on reducing spending while improving efficiency. Some suggest that targeting the 200 poorest districts would be more efficient since it could provide a safety net to the most vulnerable households while reducing administrative costs and leakages.

Results from the India Human Development Survey suggest that targeting districts is likely to be ineffective—and that it may be better to target households.

Why? Because a greater proportion of nation's vulnerable population lives outside the 200 poorest districts. So targeting districts is not feasible without drastically altering the intent and social contract behind the program.

## Myths about geographic targeting

**Myth:** People in the 200 poorest districts are far more disadvantaged than those in other districts.

**Fact:** While households in the poorest districts are somewhat more disadvantaged than those in the rest of the country, many households in the rest of the country are also highly vulnerable.

**Myth:** A focus on the poorest districts can target marginalised groups.

**Fact:** Of those in marginal groups, 71% are spread around the country, about the same as the 74% in the 200 poorest districts.

**Myth:** Most of the poor live in the poorest districts.

**Fact:** 69% of the poor live outside the poorest districts.

**Myth:** Employment guarantees are not crucial to those living outside the poorest rural districts where other work is available.

**Fact:** While 28.4% of households in the poorest districts participate in MGNREGA, 22.8% of those in other districts also benefit, and program earnings add slightly more to their household income.

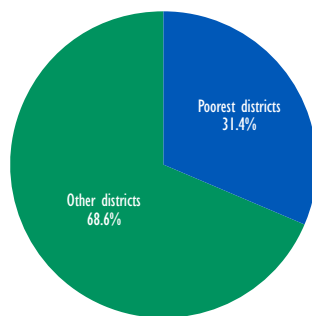
## In the other districts, 23% of adults have no education

Highest education for adult household members	Poorest districts	Other districts	All
None	30	23	25
Standard 1–4	9	7	7
Standard 5	8	9	9

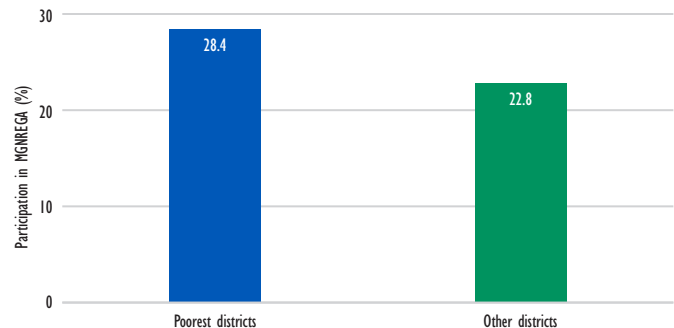
## Marginalised groups are spread around the country (%)

Caste/religion category	Poorest districts	Other districts	All
Forward Caste	15.0	17.1	16.5
OBC	36.2	39.0	38.2
Dalit	26.1	23.5	24.2
Adivasi	11.7	9.6	10.2
Muslim	10.8	8.7	9.3
Christian, Sikh, Jain	0.3	2.2	1.6
Total	100.0	100.0	100.0

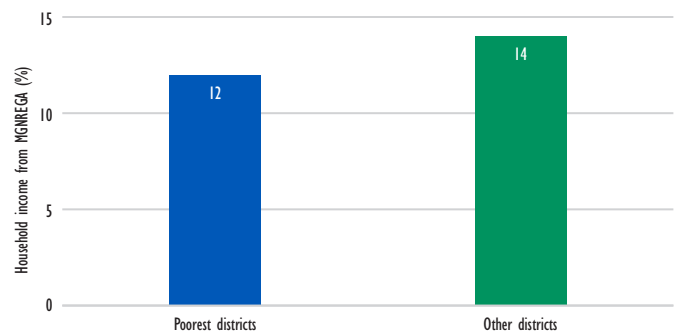
## Most of the poor live outside the poorest districts



## Outside the poorest districts, 1 in 5 households participates in MGNREGA



## For households that participate, 12% of household income stems from MGNREGA for the 200 poorest districts, compared with 14% for the other districts



## Data

Results in this policy brief are based on the India Human Development Surveys of 2004–05 and 2011–12 conducted by the National Council of Applied Economic Research and University of Maryland. They are based on 27,505 rural households spread across 33 states and union territories. These households were surveyed in both 2004–05 and 2011–12. Since MGNREGA participation increases household income, we compare household economic status in 2004–05 before initiation of MGNREGA in the districts. Of the 200 phase 1 districts (identified as being the poorest districts), 87 were included in this survey, while 229 of the phase 2 and 3 districts were included in the survey.