

Economics Seminar, Indian Statistical Institute, New Delhi.

SPEAKER: Kanika Mahajan, ISI, Delhi..

TITLE: **Impact of Indian Employment Guarantee program on casual wages: Are the existing estimates causal?.**

TIME: 11:30 AM - 01:00 PM

DAY & DATE: Friday , 8th February, 2013

PLACE: Seminar Room 2

Abstract:

The National Rural Employment Guarantee Act in India (NREGA) has generated a lot of interest among the researchers to measure its impact on labor market outcomes. A few papers in this literature use the differences-in-differences (DID) strategy exploiting the phase wise implementation of the program across districts in India to identify its impact on private sector casual wages. This identification strategy rests on the assumption that all districts across India had similar time trends in the absence of the program. We argue that this assumption may not be true due to non-random allocation of districts to phases. We extend the existing literature in two ways. First, we consider cultivation and non-cultivation private sector wage and employment separately. Secondly, we allow for state-time-trends to capture the differences in growth trajectories across districts due to parent-state changing characteristics over time. The results, contrary to the existing studies, do not find support for a significant positive effect of NREGA on private casual wages due to crowding out of private sector employment.

Key words: Difference-In-Difference, NREGA, Wage

JEL Codes: I38, J22, J38

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