

MGNREGA: Impact on Village Economy

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Abstract: *This paper also highlights the impact of MGNREGA on the improvement of overall quality of life of people such as impact on health, income earning levels of household, employment opportunities, expenditure on food and non food items, expenditure on education, impact on social life, women empowerment and impact on labour migration. It also contains some suggestions, which if implemented at ground level will help to enhance the quality of life.*

Keywords: *Employment, Opportunities, Empowerment, Expenditure.*

1. INTRODUCTION

Ever since India became independence, one of the major challenges before successive governments has been provision of adequate remunerative employment to the vast majority of rural workers who have been unemployed, or mostly underemployed, in meagre subsistence livelihood activities. The serious problem of unemployment is not confined to any particular class, segment or society as massive unemployment prevails among the educated, well-trained and skilled people as well as among the semi-skilled and unskilled laborers, landless laborers, small and marginal farmers etc. Unemployment or under-employment is a very complex problem mainly in the rural areas when compared to urban areas, which poses a great challenge to planners, economists, politicians, industrialists, as well as educationists. There has been an increase in unemployment, underemployment in India as India is the second largest country after China in terms of population, and labor, much of the little growth witnessed has been in the informal sector bearing with formal public sector employment showing a declining trend. These developments have evoked considerable public concern in India and the 'right to work' surfaced as an important political agenda. The Common Minimum Programme of the UPA government (2004) placed right to work as top priority. The National Rural employment Guarantee Act 2005 (NREGA) is a landmark initiative in the history of poverty reduction strategies in India. It provides unskilled poor work to address the worst form

2. ISSUES OF MGNREGA

This paper is based on group discussion held among the ten villages that were surveyed in each state. Our study carried

out-group discussion at the village level among the Panchayat members and other learned people in the village at the time of field survey during the reference year 2009. Our selected sample was five districts in each state and two villages from each district. In this way, we had group discussion in 10 villages in each state where study was carried out. The results are present for 16 states and 160 villages. The issues discussed in the group discussion were especially focused on the infrastructure available within the selected villages; the implementation issues of MGNREGA; how MGNREGA has affected the village economy; MGNREGA affect on agricultural wages and cost of production etc.

3. INFRASTRUCTURE AVAILABLE WITHIN THE VILLAGE

Among the villages surveyed, most of the villages were connected with the city or nearby town by a puce/metal road, except the case of Bihar where 3 out of the 10 villages were not connected by pucca road. The villages that were not connected with pucca road their average distance of un-metal road was around 3 kilometers. About the railway connectivity, only 9 per cent of the selected villages or less than one out of the ten villages had railway connectivity. Only in Kerala, 5 out of 10 villages had railway connectivity. The average distance of selected villages to the nearest railway connectivity was around 31 kilometers. The distance for the railway connectivity was higher among the hilly terrain states like Himachal Pradesh and Sikkim and it was higher for Chhattisgarh among the other selected states. More than 90 per cent of the villages had telephone access while only 50 per cent of them had access to post office within the village. The average distance to the post office in those selected villages where the facility was not available within the village, it was available at an average distance of 4 kilometers. Only in Kerala, all the villages where group discussion was held had post office facility within the village.

About access to institutional credit, around one-half of the villages surveyed had cooperative credit society within the village and another 15 per cent had commercial or regional rural banks (RRB) within the village. Others who did not have bank access within the village had to travel 5 to 8 kilometers for the same. Only Sikkim and Kerala were the two states

where all the selected villages had cooperative society within the village. In Madhya Pradesh, there was no village having the post office facility while only 20 per cent of the villages in Bihar, Andhra Pradesh, Madhya Pradesh, and West Bengal had cooperative society existing within the village periphery. The APMC or agricultural produce market was available within an average distance of 11 kilometers at the aggregate while in Himachal Pradesh its distance was found up to 36 kilometers and in Sikkim, it was available within a distance of 22 kilometers. Majority of the villages had some self-help group (SHG) within the village. Similarly, almost all the villages had access to primary or secondary school within the village or in the nearby periphery. Primary health centre was accessible either within the village or within the range of 4 kilometers while proper hospital was available within 8 kilometers. Gram Panchayat Office (GPO) and Fair Price Shop (FPS) were mostly available within the village or in the nearby periphery. In all the above infrastructure indicators, Kerala was at the top, while Bihar, Madhya Pradesh, and Chhattisgarh were at the bottom.

Thus, surveyed villages had mixed picture with some villages having perfect infrastructure like road, post office, bank, SHG, school, primary health centre, FPS etc., while others had to travel some distance to approach the same.

4. DISCUSSION

There has been a lot of outcry on shortage of labor force in the agricultural sector because of the implementation of MGNREGA programme. In the group discussion, we especially discussed this point with the villagers. Out of the 160 villages, where group discussion was held in more than 90 villages (around 57 per cent of the villages) we found that there was truly shortage of labor in agriculture during few months of the reference year. The shortage has further increased after the implementation of MGNREGA as around more than 100 villages constituting around 63 per cent of all the villages where group discussion was held indicated shortage of agricultural labor has increased after the implementation of MGNREGA. In majority of the villages, the shortage of labor was observed during the sowing and harvesting months of kharif and rabi seasons especially in the months of July, August and September and March and April. This was more so after the implementation of MGNREGA.

The shortage of labor was expressed in all the states while out of ten villages where group discussion was held in each state shortage of agriculture labor was found in more than five villages, in the states of Karnataka, Uttar Pradesh, Sikkim, Andhra Pradesh, Kerala, Madhya Pradesh, Chhattisgarh, Punjab, Maharashtra, Himachal Pradesh, Gujarat and West Bengal in the post MGNREGA period.

Discussion was held, shortage of labor was found less severe only in Bihar, Assam, Haryana, and Rajasthan where less than five villages expressed shortage of labor after the implementation of MGNREGA.

The majority of villagers were of the view that after MGNREGA implementation cost of production in agriculture has increased by 10 to 20 per cent because of scarcity of labor. Around 63 per cent villages expressed increase in cost in the agriculture sector by 10 to 20 per cent in the post implementation of MGNREGA Programme. The villages where participants in the discussion expressed cost increase by 20 to 50 per cent constituted only 20 per cent of the all villages where group discussion was held while cost increase by more than 50 per cent was expressed by 8 per cent of the villages. Among the selected states, only in Rajasthan, Kerala and Uttar Pradesh more than 20 per cent of the villages participating in discussion indicated increase in agricultural wages by more than 50 per cent after the implementation of MGNREGA. To our question on how the wage rate of casual labor has changed during the last five years after implementation of MGNREGA, around 84 per cent of the discussants pointed out that rate of change in wages have increased and another 13 per cent indicated that rate of change in wages after implementation of MGNREGA have remained constant while only 3 per cent were of the view that the rate of change in wages have come down.

Discussion was held on labor migration issues. On the question, whether workers who earlier migrated out of the village to work in city are now coming back to work in MGNREGA, only 24 per cent discussant agreed that it was true while same percentage of participants expressed the opposite view that in the post MGNREGA period the exodus of labor to the cities is continuing or the trend has increased because the wage rate in the city is much higher than that existing under MGNREGA. The trend of villagers returning back to the village to work in MGNREGA was found more prevalent in Andhra Pradesh, Himachal Pradesh, West Bengal, Bihar and Karnataka while reverse was the case in Gujarat and Kerala. Around 20 per cent of the villages indicated that the migration is happening both the ways, some people are retuning back to the village to work under MGNREGA but some others are migrating to the cities or town because of wage difference in MGNREGA and manual work in the city/town. Against all the above trends around 41 per cent of the participating villages in the discussion indicated that MGNREGA has not made any significant changes in the migration pattern in the village. The states in which no change in migration trends came up predominantly were Madhya Pradesh, Chhattisgarh, Punjab, Gujarat, and Sikkim.

Another point of debate was how the MGNREGA has affected living standards of villagers, a clear majority indicated that MGNREGA has not been successful in raising their living

standards or their consumption level and the reasons was quoted that the programme has not provided enough numbers of days of work to make a significant dent on the poverty level, although a minority of them were of the view that MGNREGA has been successful in doing so, to some extent. The latter ones indicated that MGNREGA has improved living standards by providing work within the village and by ensuring same wage rate to female as equal to that of male.

5. FINDINGS

Total employment generated and their socio economic characteristics

In the three phases of MGNREGA implementation in India from 2006-07 to 2013-14 (up to October) 81 crores households were issued job cards at the country as a whole out of which around 34 crores households were provided employment averaging around 4.5 crores households working in MGNREGA per annum that constitutes roughly around 30 per cent of the rural households in the country as a whole. Andhra Pradesh, Uttar Pradesh, and Rajasthan each employed more than three crores households during this period. A total number of 1.5 thousand crores person-days of employment were generated by MGNREGA during the above-mentioned time. The share of Scheduled Castes and Scheduled Tribes in the total person days generated was 26.9 and 22.0 per cent, respectively while share of women in the total employment was 48.0 per cent.

At the aggregate, a total number of 45 person days of employment was provided by MGNREGA whereas the target set under the programme is 100 days of employment per household. Highest number of 54 days of employment that is slightly above 50 per cent of the target was achieved only in the year 2009-10. Among the states, highest numbers of days of employment (60 to 70 days) was provided by the northeastern states of Mizoram, Nagaland, Tripura, Sikkim, and Manipur. Rajasthan, Madhya Pradesh, and Andhra Pradesh provided between 50 to 60 days of employment. The other states like Chhattisgarh, Himachal Pradesh, Tamil Nadu, Karnataka, Maharashtra, Uttar Pradesh, Jharkhand, and Odisha provided 40 to 50 days of employment while Haryana, Jammu & Kashmir, Uttarakhand, Gujarat, Kerala, and Assam provided 30 to 40 days of employment. The states that lied at the bottom included Bihar (31 days), Arunachal Pradesh, West Bengal and Punjab (28 days, each) and Goa only 25 days of employment.

Out of the total 34 crores households working in MGNREGA during its full tenure, only 2.9 crores households completed 100 days of employment. Around 25 per cent households working in MGNREGA completed 100 days in Mizoram, 20 per cent in Tripura, 18 per cent in Sikkim and Nagaland each, 16 percent in Rajasthan and 14 per cent in Manipur. Tamil

Nadu and Andhra Pradesh were the other states where around 10 to 13 per cent households completed hundred days of employment. Goa, Punjab, and West Bengal were at the bottom where only less than 2 per cent households completed hundred days of employment. At the all India aggregate, only 8.4 per cent households completed hundred days of employment during the entire period of MGNREGA in operation up Until October 2013.

6. CONCLUSION

The analysis in this chapter points that participant households were much more vulnerable compared to non-participant households. Whereas, participant households owned assets less than half that of non-participant households, there borrowing level was almost double that of non-participant households. Not only was the loan amount higher for the participants, their proportion of non-institutional loan was also much higher. On the qualitative questions, a majority of the households indicated that they did not have to pay any bribe to get a job card issued. Around 80 per cent of the household were given employment in response to their application for work. All households who did not get work within 15 days indicated that they did not get any unemployment allowances. On the system of payment of wages almost all participating households agreed that wage rate for male and female was same. The payment system was both daily-wage basis and piece rate/task wage basis. It is interesting to note that majority of the participants obtained their wages through bank or post office. On the monitoring of the MGNREGA functioning more than 80 per cent participants indicated that the work was being monitored through some authority but majority of them did not know whether any auditing of the accounts take place or not. Around 90 per cent of the participated households pointed out that, the work done was useful to the villagers. Some incidents of migration out of the village as well as migration back to the village (to work under MGNREGA) were cited, but the extent of the same was only miniscule, not leading to the conclusion that MGNREGA had any conclusive evidence of affecting labor migration into any particular direction. Regarding the question of villagers' awareness to the programme, they were hardly aware about the provision of unemployment allowance under MGNREGA.

On the efficacy of MGNREGA in providing food security, removing poverty and providing safeguards, the participants agreed that MGNREGA has been successful in helping the poor on all these aspects, but they were of the view that MGNREGA could have done far better if it could ensure hundred days of work to every participant and could provide the minimum stipulated wage rate to all those who worked in MGNREGA programme. The major suggestions given by the households to improve MGNREGA functioning included, increased number of working days and wage rate; improved implementation through local bodies; quick payment after

work; hundred days mandatory work for all; provision of concessional loans; and food facility at the work place.

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