

# Impact of MGNREGA on Rural Livelihood in India

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## **Abstract**

*The National Rural Employment Guarantee Act, 2005 (NREGA) guarantees 100 days of wage employment in a financial year to any rural household whose adult members are willing to participate in unskilled manual work. The Act is an important step towards realization of the right to work and aims at arresting out-migration of rural households in search of employment simultaneously enhancing people's livelihood on a sustained basis, by developing the economic and social infrastructure in rural areas. The present study on evaluation of the MGNREGA Scheme is intended to assess the impact of this scheme on the overall quality of life of people by gauging different parameters associated with the improvement of overall quality of life of people such as impact on income – earning levels of each household, expenditure on food and non-food items, household and cultivable assets creation by the beneficiaries.*

*The first objective of this paper is thus to evaluate whether MGNREGA has engendered changes in gross irrigated area, wages in agriculture, cropping patterns and crop yields. We view the first two of these, namely, gross irrigated area and agricultural wages, as potential channels through which the scheme may ultimately affect cropping patterns and crop yields. In particular, the paper examines whether farmers are shifting to crops with lower labour and/or higher water requirements, and also whether crop yields have improved as a consequence of the MGNREGA.*

**Keywords:** MGNREGA, Household, Quality of Work Life, Wage, Employment.

## **1. Introduction**

The National Rural Employment Guarantee Act is a “People’s Act” in several senses. The Act was prepared through a wide range of consultation with people’s organizations. Second, the Act addresses itself chiefly to working people and their fundamental right to life with dignity. Third, the Act empowers ordinary people to play an active role in the implementation of employment guarantee schemes through Gram Sabhas, social audits, participatory planning and other means. More than any other law, NREGA

is an Act of the people, by the people and for the people.

MGNREGA calls for the formulation of a Rural Employment Guarantee Scheme (REGS) by each State Governments within six months of the date of commencement of the Act. The purpose of the Scheme is to give effect to the legal guarantee of work, by providing at least 100 days of guaranteed employment to every rural household whose adult members volunteer to do unskilled manual work subject to the conditions of this Act. Each Rural Employment Guarantee Scheme is required to have the minimum features.

MGNREGA also provides that until such a Scheme is notified by the State Government, the Annual or Perspective Plan of the Sampoorna Grameen Rozgar Yojana (SGRY) or the National Food for Work Programme (NFFWP), whichever is in force in that area, shall be deemed to be the action plan for the Scheme for the purposes of the Act. These Guidelines have been formulated to facilitate the design and implementation of Rural Employment Guarantee Schemes.

The basic objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. This work guarantee can also serve other objectives: generating productive assets, protecting the environment, empowering rural women, reducing rural urban migration and fostering social equity, among others.

## 2. Review of Literature

Tiwari et al. (2011) study irrigation and land development assets created under MGNREGA in Chitradurga district of Karnataka. They report a significant improvement in ground water level in three out of the six study villages, and an increase in total cropped area where land development works were undertaken through MGNREGA.

Khasnabis (2005) has observed that incidence of poverty has increased in post-reform period. With declining employment opportunities, particularly in rural India, it is likely that the percentage of the BPL population has increased during 1990s

Anandharaja. R, et al. (2010), in their article entitled 'Rural Road Development in India through NREGA' depicted that a

well- developed infrastructure is a prerequisite for capital formation and for the economic development.

Chand, et. al. (2007) on the basis of secondary data found that the economic reforms initiated in India in the 1990s have put Indian economy on a higher growth trajectory.

Sharma (2010) on the basis of secondary data observed that in many countries in the world, unemployment is an ongoing challenge, where markets are unable to create employment at the scale required. Public employment programmes (PEP) are able to complement employment creation by the private sector, and offer an additional policy instrument with which to tackle the problem of unemployment and underemployment, as part of wider employment and social protection policies. Shukla et al. (2011) on the basis of secondary data explored that India's economic resilience during the period of financial crisis and its subsequent emergence as one of the fastest growing economies in the world has placed India in a unique position in the evolving global economic order.

Venkata Naidu. G, et al. (2010), in their article entitled 'Impact of MGNREGA on the living condition of rural poor' pointed-out that, NREGA came in to effect to enhance the livelihood security of people in rural areas by generating wage employment.

Mukherjee and Ghosh (2009) examined the possible factors operating at the Panchayat level, which could contribute to the successful implementation of MGNREGA.

Planning Commission of India (2013) highlighted that there has been eightfold increase in employment in public works

after MGNREGA and there is significant positive impact on rural wage earnings and poverty, which has been much larger than all previous rural employment schemes.

Akella and Kidambi (2007) observed that provision of mandatory biannual social audit of the MGNREGA has potential to make delivery of the programme most effective. They also argued that implementation of social audit process in Andhra Pradesh shows the way how it is possible to ensure transparent implementation of scheme by means of social audit.

### **3. The NREGA act-a brief overview**

NREGA is a flagship programme of the United Progressive Alliance (UPA)-led coalition government which came to power after the 2004 General Elections in India. As per the guidelines of the NREGA, 2005 the Act legally guarantees 100 days of employment in a financial year to any rural household whose adult members are willing to do unskilled manual work at the statutory minimum wage rate notified for agricultural labour prescribed in the State or else an unemployment allowance. The MGNREGA Scheme is also an important strategy in the economic context. Fiscal policy that provides more income directly to unskilled workers in the rural areas is likely to be much more effective in increasing aggregate incomes than other forms of public spending. The NREGS offers hundred days of work to unemployed families in rural areas.

The two conditions for the adults of a household to apply are:

1. They must be living in a rural area
2. They must be willing to undertake unskilled manual labour for which they would receive the minimum wage.

### **Social audits:**

Social audits or the process of cross- verification of government records with realities on the ground completes the feedback loop in the accountability chain. It creates a platform for the poorest and most disempowered to participate in governance. Section 17 of the NREGA mandates that regular social audits be conducted in the Gram Sabhas at least once every six months. The NREGA guidelines dedicate an entire chapter to the social audits process. It identifies 11 stages of the program where an individual or group can intervene to ensure public vigilance. The last stage is the mandatory six monthly social audit forum, where the gram sabha comes together to assess and verify progress.

### **Implementing agencies**

The Gram Panchayat is the single most important agency for executing works as the Act mandates earmarking a minimum of 50 per cent of the works in terms of costs to be executed by the Gram Panchayat. This statutory minimum, upto hundred percent of the work may be allotted to the Gram Panchayat (GP) in the annual Self of Projects (SoP).

The other Implementing Agencies can be Intermediate and District Panchayats, line departments of the Government, Public Sector Undertakings of the Central and State Governments, Cooperative Societies with a majority shareholding by the Central and State Governments, and reputed NGOs having a proven track record of performance. Self-Help Groups may also be considered as possible Implementing Agencies.

### **4. Role of the women in MGNREGA**

MGNREGA represents action on both these counts. The act stipulates that wages will be equal for men and women. It is also committed to ensuring that at least 33% of the workers shall be women. By generating employment for women at fair wages in the village, MGNREGA can play a substantial role in economically empowering women and laying the basis for greater independence and self-esteem. By putting cash incomes into their hands, MGNREGA is beginning to create a greater degree of economic independence among women implying empowerment and financial inclusion. As mentioned, this was one of MGNREGA's main aims and with the increased participation of women in household income generation a positive contribution to gender relations can be made. Both qualitative and quantitative social impact assessments suggest that women workers are more confident about their roles as contributors to family expenditure and their work decisions, and that they are also becoming more assertive about their space in the public sphere. More than half of the respondents felt that the MGNREGA has brought a significant change in their villages as well as in their own lives. This is because employment is being provided within their village, generating community assets and enhancing their spending capacity.

#### **5. MGNREGA and Women employment**

Women participation in the workforce has surpassed the statutory minimum requirement of 33 percent to protect the women justice and rights for their sustainability and employment. MGNREGA provides support for child care and convenience to households. The guidelines mention the need for a crèche

facilities at the worksite, for the works to be convenient for families, which ensures that single women can be recognized as a 'household' to access with a national participation rate of 47 per cent, evidence suggests that women are participating in the Scheme more actively than in other works. Research also indicates that MGNREGA is an important work opportunity for women who would have otherwise remained unemployed or underemployed.

#### **6. Initiatives taken to strengthen MGNREGA**

The government of India at, on regular basis, keeps on monitoring, analyzing and reviewing the implantation of MGNREGA scheme. The government, at many instances, also provided some measures to rectify the issues in implementation. Some of the key initiatives to strengthen the scheme are discussed below.

#### **7. Goals of MGNREGA:**

Long-term objectives of the Act include: 1. Enhancement of livelihood security in rural areas by guaranteeing 100 days of wage employment in a financial year to every registered household. 2. Creating productive assets. 3. Protecting the environment. 4. Reducing migration. 5. Empowering rural women and the poor through the provision of a right-based law. 6. Fostering social equity. 7. To create strong social safety net for the vulnerable groups by providing employment source, when other alternative are inadequate. Thus MGNREGA has 3 distinct goals: 1. Protective, 2. Preventive, 3. Promotive. It protects the rural poor from vulnerabilities by providing them demand based employment. It prevents risk associated with agricultural investment and forced migration of rural poor. It brings

prosperity in rural economy via increased consumption demand. Thus MGNREGA can be considered as a growth engine.

### 8. Conclusion

MGNREGA is not a gender program. But given the growth and development orientation of the program and gender being the rather 'inevitable push factor' for growth and alleviation of poverty, the latter's (i.e. gender's) entry into it was rather an automatic choice. MGNREGA being a right based employment program should have been in a position to provide job on demand, which has not been happening in the state. There are other road blocks, which are seen as putting a spoke to women's easy entry to MGNREGA jobs, which include inadequate worksite facilities as emphasized in the guidelines, inefficient implementing machinery, low level of awareness and other situational issues. But this apart, MGNREGA has emerged as a very powerful tool for addressing gender issues. It was found that the program has indeed a positive impact on women empowerment, in so far as it has addressed a number of practical gender needs. It is important to note that the Act is still in its infancy and it takes years to put in place the tools and instruments needed to actualise the right to employment through a scheme, even in the best of circumstances. MGNREGA is one of the land mark legislations in the field of rural development in India. As the largest flagship programme of the Government of India it provides a major macroeconomic weapon to ensure socio-economic transformation of rural India by means of alleviating rural unemployment problem and poverty and also reducing out

migration of rural masses for maintaining their livelihood.

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