

A Study on Socio Economic Impact of Mgnrega in Indian Economy

Dr.A.Gnanavelan

Assistant Professor

Department of Economics

Tagore College of Arts and Science

Chrompet, Chennai-600 044

gnavanelaneco@gmail.com

9444487399

ABSTRACT

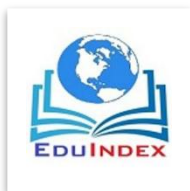
The Mahatma Gandhi National Rural Employment Guarantee act or (MGNREGA) was notified in India on September 2005 with a mandate to provide at least hundred days of guaranteed wage employment in a financial year to every rural household whose members above the age of eighteen years volunteer to do unskilled manual work. The main focus of the act is to facilitate the social protection for the people living in rural India by providing employment opportunities and therefore contributing towards the overall development of the local people. Mandate to provide at least hundred days of guaranteed wage employment in a financial year to every rural household whose members above the age of eighteen years volunteer to do unskilled manual work. The main focus of the act is to facilitate the social protection for the people living in rural India by providing employment opportunities and therefore contributing towards the overall development of the local people

The present study was attempted to figure out the impact of MGNREGA on overall economic and social development of Indian Economy.

Keywords: Poverty, Economy, Development, Infrastructure, Employment.

INTRODUCTION

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is the most inclusive and helpful employment generation process in rural areas since the independence. In



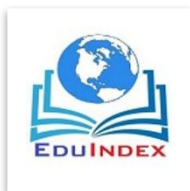
the year 2005 Indian Government introduced this act and opened up a new work prospect for rural people. As per the Act 'to provide for the improvement of livelihood security of the households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled work. Now, this scheme has been covered 262,569 Gram panchayats from 6,865 Blocks (685 districts) Indeed it creates enormous job opportunity all over rural India.

This legislation enables a certain job for every poorest household in the rural area and ascertains a minimum income for all. MGNREGA not only widens the employment opportunity but it seems to be a working tool for poverty alleviation in remote India. MGNREGA increases the income and the purchasing power of the member works at MGNREG project. After participating into MGNREG programme villagers are in a position to satisfy their minimum livelihood need. Pre and post MGNREGA joining status comparison of the villagers states that it enhances their socio-economic condition and provides a better standard of living.

REVIEW OF LITERATURE

There is no lack of literature for the understanding of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and also the implementation process of it in rural India. We found, there are many empirical as well as theoretical studies in India on different districts, blocks and gram panchayets for evaluating the emergence of MGNREGA in a view of a poverty alleviation scheme.

ARORA, V. et.al, (2013) aimed to analyze the relevance of MGNREGA project for women empowerment. They have surveyed 250 respondents of Rohtak district of Haryana through designed semi structure questionnaire in the year 2012. They applied stratified random sampling technique for analyzing the data. Their study reveals that through MGNREGA participation a significant change has been made in the life of the rural women regarding the employment opportunity and income generation.



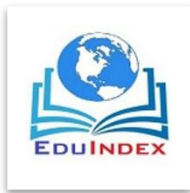
ADEPPA, D. (2014) the main objective of the study was to examine the impact and implementation of said project on sample beneficiaries and evaluate the success and failure. He has taken sample of ninety respondents from three gram panchayets through random sampling method. The findings of the study were the number of household under the project remains constant during the six years of implementation and the percentage of working households never crossed 46.89 percent in the district under study. The study also shows that after MGNREGA implementation migration of rural labour has declined and wage rate in agricultural and allied sector has been increased but it fails in creation of durable assets.

XAVIER, G. AND MARI, G. (2014) worked on impact of MGNREGA on socio-economic Empowerment of women and the various risk associated with the women during the MGNREGA working time in Kalakkanmoipanchayet in Sivgangai district of Tamilnadu. They have used both primary and secondary data for exploring their study and analyzed the data through SPSS statistical package and origin software. The study reveals that inclusion in the scheme increases the income and purchasing power of the households and it significantly enhances the financial freedom and social and economical decision making power of the rural women.

DUTTA, S. (2015) focused on the accountability of the MGNREGA programmes in the two states of India, Andhra Pradesh (AP) and Uttar Pradesh (UP). He argues that most of the development programmes have failed due to inefficiency, absenteeism, incompetence and corruptions, so MGNREGA, how far is it accountable for the ordinary people and civil society? His empirical results indicate that implementation of said programme is to some extent well in AP but lagged in UP.

METHODOLOGY

Secondary data have been collected from different books, research papers, reports, journals, news papers and online data base. The paper is based on descriptive arguments and incorporation of various qualitative and quantitative elements, related to MGNREGA activities in rural India.



Various statistics and charts of the MGNREGA in India have been extracted from different published reports and internet.

OBJECTIVES OF THE STUDY

- To study the role of MGNREGA in economic development of rural India.
- To study the impact of MGNREGA in employment generation of rural India
- To study the role of MGNREGA in asset creation and infrastructural development of rural India.

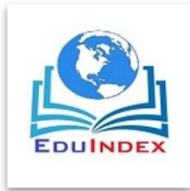
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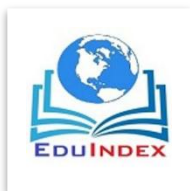
DISCUSSION

The Role of MGNREGA in Economic Development of Rural India:-

- The economy of India is the sixth largest in the world measured by nominal GDP and the third largest by purchasing power parity (PPP). The country is classified as a newly industrialized country, and one of the G-20 major economics, with an average growth rate of approximately 7% over the last two decades.
- India is also known as an agricultural country, as most of the population of villages depends on agriculture. Agriculture forms the backbone of the country's economy.
- The agricultural sector contributes most to the overall economic development of the country and therefore the need of development programmes in rural India is substantial.



- The government of India initiated many employment generating programmes to address development in rural area. Mahatma Gandhi national rural employment guarantee scheme one the of major flagship initiative which enhances the rural development and employment opportunity at rural area, Mahatma Gandhi national rural employment guarantee act aims at 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 scheme was promoted by **Shri Man Mohan Singh** government now continued in NDA under **Shri Narandar Modi**. Budget 2017 allocated Rs. 48000 Cr. Rural Development has different aspect covering long term and short term aspects. Certain activities like sanitation, agriculture, road, electricity, health facility, skill development, market linkage, awareness about basic facilities, digital inclusion etc. Rural population gets wages if drought like situation erupts so it should be continued to stop migration to cities and for rural mass uplift it is necessary. Labor-intensive tasks like creating infrastructure for water harvesting, drought relief and flood control are preferred in MGNREGA which helps the economic development in rural areas.
- The MGNREGA provides wages to rural employees against work done for the development of rural areas the various works for the economic development of rural areas are done through **MGNREGA** are as follows.
1. Water Conservation and water harvesting.
 2. Drought proofing, including afforestation and tree plantation.
 3. Irrigation canals including micro and minor irrigation works.
 4. Irrigation facilities for landowners by households belonging to SC/ST or to land of beneficiaries of the INDIRA AWAAS YOJANA.
 5. Renovation of traditional water bodies, including desitting of tanks.
 6. Land development
 7. Flood control and protection of works, including drainage of water-logged areas.

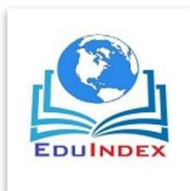


8. Rural connectivity to provide all weather roads.

9. Any other work, which may be notified by the Central government in consultation with the state governments. By these development works the MGNREGA has provide main role in infrastructure development in rural areas of India. There is a visible change in development in rural areas of India by MGNREGA like the development of roads, development of irrigation canals, development of housing in rural areas etc.

The impact of MGNREGA on employment generation in rural India.

- Our country has completed more than sixty years of independence but poverty in rural India continues increase day by day. The country cannot achieve its goal of reach the goal of economic development unless and until these two problems are completely eradicated. Therefore, since independence, employment generation programmes in India have been continuously redesigned to generate productive employment and additional income. In the seventies, the policy makers of India used the approach of rural development and rural employment programme to remove the rural poverty. In the last phase of nineteen seventies, Government had created three major antipoverty programmes namely Integrated Rural Development Programme (IRDP), Rural Landless Employment Guarantee Programme (RLEGP)), and National Rural Employment Programme (NREP). Moreover, the Indian Government had made different types of schemes under different names and purposes to give partial employment to the rural India to support their family economy like
- Food for Work, Ensured Employment Scheme , JawaharRojgarYojana, ,SampoornaGraminRojgarYojana, RashtriyaSramVikashYojana etc. But these programmes have not proved so much successful. due to their because the main reason behind that is inability to provide sufficient employment as per the demand and at the minimum wages. The limitations of these employment programmes created the need for making some other sort of employment model with the potential to provide employment and to reduce household

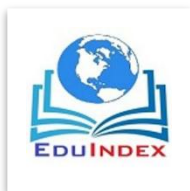


poverty in rural India. In order to achieve this objective the government of India introduced The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2006. Through MGNREGA, the Government was committed to providing employment to every rural family which demands such work and whose adult members volunteer to do such work, such work was to be provided at the minimum wage rate and, as far as possible, with a radius of five kilometre of the village where the applicant resided. Failure to provide such wage employment within 15 days of the receipt of the application entitled the applicant to receive unemployment allowance. Starting with 200 districts across the country in Phase-1 during 2006-2007 MGNREGA was extended to an additional 130 districts in Phase-2 during 2007-2008. From 1 April 2008 onwards MGNREGA covered the whole of rural India. MGNREGA was the main plank of the Eleventh Five Year Plan of poverty eradication. The graph below correlates the state rural poverty figures (2009-2010) with the average number of households provided employment (during 2009-10, 2010-11, 2011-12). At an aggregate level there appeared to be a correlation between the number of rural poor in a state and the number of households given employment under MGNREGA. There were, however, some notable exceptions to this. States like Andhra Pradesh, Chhattisgarh, Rajasthan, Tamil Nadu and West Bengal seem to have made greater utilisation of MGNREGA as compared to the poverty levels in these states. At the same time states like Bihar, Maharashtra, Odisha, and Uttar Pradesh seem to be relative laggards in utilization of MGNREGA funds when compared to their poverty levels.

(Source: Govt. web site MGNREGA. for employment data.)

The role of MGNREGA in asset creation and infrastructural development of rural India.

The two basic objectives of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) are to provide 100 days of wage employment to every household in need of it and to create durable assets to strengthen the livelihood resource base of the rural poor. In this

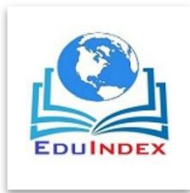


context, the act and the operational guidelines prescribe a number of conditions for the works to be taken up:

- The ratio of wage to material costs should not be less than 60:40 (paragraph 9 schedule 1 of the Act.
- The list of priority-wise permissible works which can be taken up under MGNREGA should be as indicated in the Act (Paragraph 1B of the schedule 1 of the act)
- Use of contractors and machinery are not allowed (Paragraph 11 and 12 of the schedule 1 of the act)
- Allotment of at least 50 percent of the works to GPs for the execution (section 16(5) of the act)
- Administrative and technical sanction for all works to be obtained in advance, by December of the previous year (Para 6.4.1 of the operational guidelines -nrega act)

According to Para 6.1.3 of the operational guidelines, the maintenance of assets created under the scheme including protection of afforested land was to be considered as permissible works under MGNREGA. Test check of records revealed that 56916 plantation works amounting to Rupees 25.19 crore in 202 GPs, one block and five districts in nine states of Andhra Pradesh, Bihar Gujarat, Jharkhand , Kerala, Manipur, Mizoram, Rajasthan, and Uttar Pradesh were rendered wasteful due to nonmaintenance of plants. The Physical inspection of plantation works corroborated the audit findings. The ministry stated (November 2012) that it had circulated to all the states 'muzaffarpur model of roadside plantation' for implementation under MGNREGA vide an advisory dated 10 September 2012 in the said model, aged, widowed, handicapped and women job card holders of adjoining village who acted as Van Poshaks, were employed in raising and looking after the roadside plantations under MGNREGA. This gave the villagers a sense of belonging and ownership and where was no need of physical fencing around the plants.

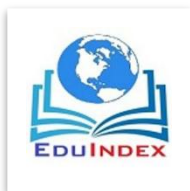
The survival rate of these plantations was also high. Further the states were asked to find out the reasons for non-complete works and to take required measures to ensure their



completion. The creation of durable assets was an important objective of the scheme as listed in the act. Further operational guidelines also provide for maintenance of assets created under the scheme. However, it was seen that assets created for 3,91,951 works amounting to 6,547.35 crore in 148 GPs in two states and one UT of Mizoram, West Bengal and Pondicherry and all test check units in three states, Gujarat. Kerala and Tamil Nadu were not of durable nature. The works included construction of boribandhs, earthen roads, etc. The ministry stated November 2012 that the durability and quality monitoring of assets created under MGNREGA were emphasized in the new draft operational guidelines. Further, the ministry had asked the states to effect convergence of MGNREGA with other programmes to enhance the durability of assets. States were asked to deploy independent state quality monitors to assess the quality of assets to ensure their durability. These SQMs would comprise retired chief engineers and executive engineers. (Source: Union Government (civil) Ministry of Rural Development)

CONCLUSION

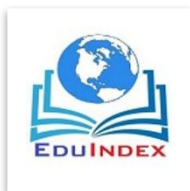
The above evidence and observations unambiguously indicate that the role of the MGNREGA on overall poverty reduction and development of rural India is visible. The act and the operational guidelines require the states and the panchayati raj institutions to monitor the implementation of the scheme in a variety of ways Gaps in the envisaged monitoring mechanisms were noticed in a large number of states. There were significant shortages in verification of works by state officials. Quality monitors and vigilance and ineffective to large extent as social audit units had not been established. There were deficiencies in the approval and release of funds by the ministry. The ministry needs to take decisive steps to ensure proper implementation of the scheme. It needs to focus on developing intensive monitoring and evolution systems. An analysis of releases made to states for the period under review and poverty data showed that three states Bihar, Maharashtra and Uttar Pradesh had 46 percent of the rural poor in India, but accounted for only about 20 % of the total funds released under the scheme.



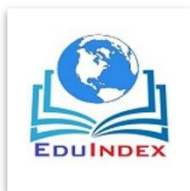
This would indicate that the poorest of poor were not fully able to exercise their rights under MGNREGA.

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