

## **MGNREGA: A STEP TOWARDS INCLUSIVE GROWTH**

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### **ABSTRACT**

*After Independence, The central and state governments have adopted number of poverty eradication programmes especially in rural areas. Among these the MGNREGA is pioneer one playing a vital role in providing employment in rural areas. The National Rural Employment Guarantee Act, (NREGA) was notified on September 7, 2005 and came into force on February 2, 2006. The 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. Approximately 70 percent of rural population of the country depends on the agriculture & allied activities. Employment in the agriculture is available in one or two seasons. Remaining seasons, some of people used to migrate to the cities and other countries' for their employment. Most of the people in the rural areas are in the below poverty line and in unemployment, this is the situation before the enactment of MGNREGA in India in 2005. The Act came into force with aim of increasing livelihood security of households in rural areas of the country 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, Generate productive assets through wage employment, Proactively ensure social inclusion and build up Panchayat Raj Institutions. MGNREGA has become as important instrument for inclusive growth in rural India. It has become largest employment provider program in the world. MGNREGA is one of the important programmes for the marginalized groups in all over India giving the social and economic benefit through providing the employment opportunities.*

### **INTRODUCTION**

MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) has become as an act in the 2005. Before the implementation of MGNREGA by government of India in 2006, there were plenty of programs to improve the rural poor's living standard and to alleviate the poverty in the rural areas. Whatever programs existed in the past, but MGNREGA has a special characteristics, it included the all sections of the peoples in the inclusive growth with aim of giving the 100 days of employment every individual household

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every financial year. This program not only gives the employment to the peoples who have job card and also improving the agricultural productivity and ground water level etc. The Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) was adopted in 2005 and first became operational in 200 of the poorest districts in India in February 2006. Within two and a half years it was extended to the rest of the country in April 2008. This Act was a ground-breaking; although there had been similar employment generating programmes before, it was the first time the right to work had been legally recognised.

In India, over 70% of the population lives in villages and the rural economy depends heavily on agriculture. Consequently, there is a major problem of seasonal employment and large numbers among the rural population migrate in search of work to other regions during the slack season. The MNREGA plays a significant role in this regard by providing a legal guarantee of 100 days of employment in every financial year to adult members of all rural households willing to do public work-related unskilled manual work at a minimum wage. According to the provisions of the Act, work needs to be provided to a person who registers for it within fifteen days of the date of demand, failing which they are eligible to receive an unemployment allowance from the state government. Therefore, the Act acts as a social safety net, provides employment to the poorest and aims at inclusive growth and strengthening of the rural economy.

### **MGNREGA and Rural Infrastructure and Employment**

A key focus of the Act is to create durable assets in rural areas and thereby advance the rural economy and encourage sustainable development. Projects related to rural connectivity, irrigation, flood control and drought proofing, land development are taken up to raise agricultural productivity. Apart from this, job creation in rural areas is meant to prevent migration. There are reports that the participation of women is high because they find is a good source of additional income while being able to stay in their own village, while the men migrate to other areas for work. It was also aimed at preventing seasonal migration during the slack season of agriculture with the hope that it will prevent disruption of the education of rural children. However, the guarantee of one 100 days of work a year is often left unfulfilled and therefore MGNREGA has not been completely successful in curbing distress migration.

### **MGNREGA and Its Impact on Wages**

An expected spill over of the scheme has been a significant rise in market wages in rural areas in almost all states. However, critics have held the scheme responsible for the shortages seen in the supply of agricultural labour which has resulted in agriculture becoming unviable and food prices increasing. MGNREGA is one of the important government implemented program in India, it is providing the employment to average 6 crore individuals and 4.6 crores households every year in the country. Before the inception of the MGNREGA wage paid to

the labor was very low. Especially in agriculture big farmers and land lords used the man labor in their field, but they used to pay the low wage. But from the labor side no one used to ask, they used to take whatever amount paid by their superior. MGNREGA has given the minimum wage to the rural labor for their work, it has increased the bargaining power and income and saving level of the rural land less laborers. But on the one hand, agricultural labourers deserve a fair wage and in this regard MGNREGA has paid a positive role; on the other hand, in light of the problems faced by the agricultural sector, some consider this increase in wages a distortion in the labour market that is leading to inefficiencies and increased costs. The labour shortage is forcing farmers to incur added costs to replace the cheap migrant labourers with machines. The increased prices of agricultural goods have a negative impact and affect those living on the margins the most, as they are most vulnerable to price increases. Therefore, some farmers groups have suggested that the 100 days work be provided only during the lean season for agriculture but this has not been implemented yet.

### **MGNREGA and Women's Empowerment**

Various requirements under the MGNREG Act and its Procedures aim to make sure that women have rightful and easy access to work, decent working environments, equal payment of wages and representation on decision-making bodies. For the increase participation of women who has children, arranged the one or two persons to take care the children at work place. Through the MGNREGA women's decision making power has increased. Women's has become the prime earner of income in every family. Wage discrimination between men and women is the common thing in Indian labor market. This wage discrimination has removed in the MGNREGA works, and an equal wage payment has been taking place to the men and women. Women's earning has become important to their families, to improve their economic condition, to save the money. A large percentage of these women expend their money to avoid hunger, repay small debts, paying their child's schooling, etc.

### **MGNREGA and Financial Inclusion and Disbursement through Banks and Post Offices**

Through the MGNREGA the rural poor achieved the financial inclusion in the form of opening of the bank accounts, and postal account. It makes the poor awareness on the money transaction, loans and saving their income in the banks rather than the keep with them. To make sure transparency in wage payments and prevent misuses, the Government of India commanded that all MGNREGA wage payments should be made through banks/ post office accounts opened in the name of the worker. As a result, nearly 10 crore bank and post office accounts of rural people have been opened under MGNREGA and almost 80 per cent of MGNREGA payments are made through this route in all over India.

### **Effect of MGNREGA on Agricultural Productivity**

Mahatma Gandhi national rural employment guarantee act has made significant contribution to the rural agriculture in the form of increase the productivity and improve the soil fertility, increase the ground water. Facility of water is vital for agriculture and ensuring food and water security in rural India. Most of the marginalized groups in the rural areas are small and marginal land holders, their lands were uncultivable. Through the MGNREGA their lands had become the clean and fertile land. This groups now became the producers of the agriculture products, no more be depend on the wage earning. Another end is already who has small and marginal farmers among the all social groups their productivity of crop also increased through the ground water improve techniques and soil conservation works in their fields. Most of the farmers do not have any roads to go their cultivated lands by the tractors and bullock carts. Lack of the ways to the cultivated areas farmers obtained the some loses. Under the MGNREGA new roads has been developed, then after reaping products farmers are now timely bringing their products to the markets.

### **MGNREGA and Renewal of Natural Resource and Sustainable Development**

The works under MGNREGA give priority to undertakings related to water harvesting, groundwater recharge, drought-proofing, and flood protection. If improve the renewal resources that helps to the increase the productivity of lands and also leads to increase the employment of labors with sustainable living. MGNREGA works focused on regenerating the rural ecosystem and creating rural infrastructure that supports sustainable livelihoods.

### **MNREGA and Inclusive Growth**

MNREGA has succeeded in increasing employment better than any previous government scheme. However, the success of MNREGA needs to be measured on various other parameters; apart from generating employment it also aims to achieve other socio-economic goals. For one, being intrinsically self targeting, it promotes the social inclusion and economic empowerment of marginalised groups. MGNREGA has also sought to involve women to a large extent. It not only provides them with the opportunity to be engaged in gainful employment, but also promotes gender equality by setting an equal wage rate for males and females. (MGNREGA) has succeeded to increase the participation of marginalized groups in the programme, which are scheduled caste (SCs), scheduled tribes (STs), and other back word class (OBCs). This programme has become backbone to the marginalized groups generate the employment opportunity. Specially for SCs, STs vulnerable groups, working class and wage labor in the rural areas. This group's employment opportunity was depended on the agriculture performance in the previous. Agriculture in India give the employment opportunity approximately six months for these groups, remaining period in that year these groups used to migrate the neighboring cities and other countries for their employment opportunity. Whenever the MGNREGA incepted in the rural areas, it reduced the migration of the marginalized groups. Works on private lands under the Act, has also significantly

helped the marginalized section which are SCs, STs and disabled. Since 2006–07, inception of the MGNREGA most of the private works has taken in the lands of the marginalized groups which is clearing the bushes, removing the rocks and improve the soil quality.

### **Hindrances in the way of Implementation of the MGNREGA**

One of the major hurdles is the lack of cooperation between the state governments and the centre. Enthusiasm among the states has been inconsistent and the poorest states of Bihar, Orissa and Jharkhand have not implemented it effectively. State governments have employment guarantee schemes and need to co-ordinate with the central government. The absence of such a co-operation adversely affects the functioning of the scheme. Another problem is the lack of suitable staff; a people-centred programme such as the MGNREGA requires a dedicated human resource staff. However, there is too much bureaucratic control and shortage of technical staff such as engineers leading to the construction of inefficient projects. Further, the national average for 2008-2009 was 48 days of employment per household as opposed to the guarantee of 100 days. No state has effectively implemented the unemployment benefit mechanism and those that are not being given their 100 days of work are not being paid any allowance.

### **Corruption and Delays**

A common complaint is that of delays at every stage- a person who registers for employment is supposed to be provided with a job within 15 days failing which he/she should be able to claim an unemployment allowance. Further, the Act makes provisions requiring wages to be paid within 15 days of employment. However, there are constant delays in payments and workers often wait for months to receive their wages. Delayed wages warrant compensation under the Payment of Wages Act. However, due to an ineffective grievance mechanism the problem has not been addressed. Another problem faced in execution is that of corruption and leakages of funds. Although the Act emphasises transparency, some areas still witness high levels of corruption. For instance, public works in Orissa, Bihar, Jharkhand and Bengal still follow the PC system where contractors, engineers and other officials demand a fixed percentage of the outlay.

In an attempt to reduce corruption the wages are to be paid through bank accounts and post office deposits to ensure that the entire amount goes to the labourers. However, the sudden shift caused problems of its own. The banking system is finding it difficult to handle the volume of transactions which is leading to delays in wage payments. It is also creating hardship for the labourers that live in remote areas and have to travel long distances to access banks. Nevertheless it is a move in the positive direction and will play a role in improving the penetration of the banking system in rural India. To reduce corruption under the contractor system which involved contractors siphoning a percentage of the total project costs was the



requirement under the Act that 60% of the total outlay for a project needs to go to the labourers. However, a downside of this constraint is that it often results in the creation of assets that do not last for long, such as temporary mud roads, and therefore do not aid in rural development effectively. However, since the implementation of MNREGA, corruption has started coming down. Social audits are conducted to monitor the working of the scheme, many of the muster rolls are available online, and the people are gradually becoming more aware and are therefore able to monitor the system and ensure payment. The Act mentions a variety of transparency safeguards; attempts must be made to enforce them and punish those that indulge in corrupt practices.

### **Concluding Observations**

MGNREGA is a wonderful programme forever in India, it achieving the inclusive growth through the giving the employment opportunity to the rural poor, and also different social groups, women's in the work programme. It achieved the equality in the division of work and wage payments among the social groups and genders group. In the drought and lack of employment situations, MGNREGA is the main source of income to the rural poor, educated unemployed persons. It is not only giving the employment opportunity to the men, and also improving the land, water and agriculture related matters such as soil fertility, productivity, construction of small dams, ground water level and sustainable development. It has reduced the poverty in rural areas some level. The Mahatma Gandhi National Rural Employment Guarantee Act was the first attempt to codify development rights in a legal context. Although it is not the key to the rejuvenation of rural areas or the end of poverty in India, it is a chance for the rural poor that live on the margins to stake a small claim in the development process. India has over 260 million people living below poverty line; MNREGA, although not flawless, could prove to be their chance to rise out of absolute poverty and begin to reap the fruits of development the rest of the country is enjoying. On the other hand the World Bank in its World Development Report 2009 criticised MNREGA due to its negative impact on economic growth by discouraging rural-urban migration. According to the report development requires urbanisation and the government should not fight the tendency of economic activity being concentrated in a few regions. However, the massive population of India and the existing high population density in the large cities makes it very difficult for the physical and social infrastructure to accommodate the volume of migrants that come in. Consequently, although labourers may receive higher wages than in the villages, they often have to endure terrible living and working conditions in the cities. With this in mind, although urban centres are important for development, without adequate infrastructure rural-urban migration in large numbers proves to be a burden and therefore the creation of jobs in rural areas is required. In such a case, creation of infrastructure such as roads and electricity can create jobs in rural areas and aid the transformation of villages into towns.

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