

Mahatma Gandhi National Rural Employment Generation Act in Kerala

Dr. Divya Joseph*¹

Asst. Professor, Department of Management Studies

St Joseph's College For Women (A), Visakhapatnam

E.mail:divyajoseph27@gmail.com

Abstract

Mahatma Gandhi National Rural Employment Guarantee ACT was a revolutionary intervention established on rights-based approach to employment. Over the course of last 13 years, MNREGA has generated innumerable jobs across the country and various researches have corroborated the magnanimous change it brought about in the rural employment scenario. Although the spillover effect of the implementation of this scheme on the labor market outside MNREGS market has been significant, it has received very little attention and has scantily been studied or highlighted in any body of literature. This paper makes an attempt to analyze the impact of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) on the labor market outside MGNREGS, with reference to the Taluka of Iritty, Kannur in the state of Kerala in India. Findings project that the MGNREGS has positively benefited the labors but has had an adverse impact on the labor market in terms of Labor Unavailability, Demand for Higher Wages, Socio-economic perception towards Work and hence Labor Unwillingness. Hence it is suggested that the Government studies the pros and cons of different propositions claimed to benefit the public, keeping in mind different cultural set-ups, socio-economic perspectives and the interplay of these factors which affect different geographical locations differently. Preliminary studies should have been robust enough to predict changes in labor market outcomes following implementation of the scheme in different states of the country and the government should have prepared and proceeded in a way to minimize or mitigate any adverse impact created in the labor market dynamics, without causing any adverse impact on any other section of the society.

Key Words: Labor Dynamics, Labor Migration, Kerala Economy, Unskilled Workers in Kerala, Subjective perception.

Introduction

Mahatma Gandhi National Rural Employment Guarantee ACT was a revolutionary intervention established on rights-based approach to employment. Over the course of last 13 years, MGNREGA has generated innumerable jobs across the country and various researches have corroborated the magnanimous change it brought about in the rural employment scenario. MGNREGA fortified equity among workers with work being seen as an entitlement and not as a grant.

*Corresponding Author

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), previously known as the National Rural Employment Guarantee Act (NREGA), was enacted on the 23rd of August 2005 and got presidential assent on the 5th of September 2005. It came into force in 200 districts on February 2, 2006. MGNREGA is “an Act to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult member volunteers to do unskilled manual work and for matters connected or incidental thereto”. Besides employment generation, the objective of the scheme is to create durable community assets for strengthening of the livelihood source on a sustainable basis. Today, it covers all the 625 districts in the country. In exercise of the powers conferred by the subsection (1) of section 4 of the MGNREG Act 2005, the Government of Kerala made the Kerala Rural Employment Guarantee Scheme (KREGS) with the primary objective to provide not less than 100 days of Guaranteed Employment in a financial year to every household whose adult members volunteer to do unskilled manual works in rural area. The secondary objective was the creation of durable community, social and economic assets and infrastructural development in rural areas. KREGS is implemented in all the 14 districts in Kerala.¹

Review of Literature

Krishnamurty, J. (2006)² focuses on MGNREGA and related programmes as a remedy to face the aftermath of natural disasters/ crises, especially the large crises that occur locally. It focuses attention on the rapid response mechanism that need to be addressed within MGNREGA. This article highlights MGNREGA as a means of ‘livelihood security’ in times of disasters.

Dreze, J. & Khera, R.(2009)³ in their paper, “The Battle for Employment Guarantee” have made an elaborate study of the socio-economic profile of MGNREGS (then NREGS) workers, awareness levels among the workers, the number of days of employment actually obtained under NREGS and its impact on their economic and living conditions, unique chances for women etc. The survey has been done in 2008. The authors have argued that this Act places enforceable obligation on the state and has also given bargaining power to the laborers.

K. N .Nair et.al. (2009)⁴ in their working paper entitled have studied in detail the impact of NREGS with respect to three Grama Panchayaths in Kasaragod district of northern Kerala. It has been pointed out by the authors that in spite of many problems resulting from MGNREGS work being executed during agricultural seasons, this scheme has been largely beneficial for socially and financially backward population groups in their study areas, especially women.

Manoj P. K. (2012)⁵ in his research paper, “MGNREGA Implementation in India: Problems, Prospects and Remedial Strategies with Special Reference to Kerala “, has studied the problems and prospects of MGNREGA implementation in India with a focus on Kerala state. It is pointed out that in spite of various problems faced by the scheme in many other states in India in MGNREGA implementation, its implementation in Kerala has been quite systematic and corruption-free. This has made Kerala’s experience a role model for other states. The huge development potential of MGNREGS has been particularly pointed by the author in this paper.

According to a study by Verma and Tushaar on Labor market dynamics in post-MGNREGA rural India, the KEY impacts of MGNREGA implementation reported the highest impact (in terms of percentage) as that of the scarcity of labor created by MGNREGA⁶. For Large farmers, this has been a grave reason for worry. It has led to a rise in the wages and benefits demanded by laborers, which is 3rd most important impact deduced by the study. Where improved water security and creation of useful assets were reported as two positive impacts for Large Farmers, the third concern reported was that labor has become lazy. According to this study, MGNREGA presence in the state of Kerala is large enough to catalyze widespread interest in the community and to significantly alter the structure, conduct and performance of agricultural labor markets.

By virtue of extensiveness, MGNREGA has diversified impacts which cannot be discussed based on a single parameter and justified for the whole of the country. Therefore, only a clearly demarcated small region can be studied to measure the impact.

Objectives of the Study

1. To elicit the satisfaction level of the beneficiaries of MGNREGS in Iritty Taluka of Kannur District of Kerala towards MGNREGS works.
2. To study the impact of policy intervention on labor market equilibrium.
3. To study the perception of general population regarding MGNREGS workers' attitude.

Research Methodology

The sample for the study is determined through multistage sampling. Kannur is one of the 14 Districts in Kerala that consists of 5 talukas. In the first stage, through Convenience Sampling, Iritty Taluka of Kannur District was selected for the purpose of this study. The population in Iritty is 160277 of which 80433 are males and 79844 are females.⁷ With a confidence level of 95% and confidence interval of 5, for a finite population of 160277, the sample size calculated using was 383. In the next stage, Purposive sampling was done to select respondents who were either beneficiaries of MGNREGS, with work having been done on their land holdings (small or large) by MGNREGS workers or were well aware of with MGNREGS.

Primary Data was collected through a questionnaire as well as Telephonic Interviews, whereas secondary data was collected through previous research papers and government reports. Data was analyzed using percentages.

Limitation: The scope of the study is limited to representing a Taluka in Kannur District of Kerala. Hence the findings cannot be justified for other locations in the country without enough information on different parameters and in-depth analysis.

Data Interpretation

Out of the sample collected, 19 % respondents had been from beneficiary households. Based on the data collected through questionnaire and telephonic interviews, it was found that 64% beneficiaries found the quality of work done by workers employed under MGNREGS as satisfactory whereas 33 % respondents were dissatisfied with the quality of work done by MGNREGS workers.

70 % of these respondents reported that MGNREGS has adversely affected the availability of labor in labor market. MGNREGA wage per day in Iritty district as on 1.10.2019 is 276 per day as compared to 300 in the local labor market. The bargaining power of Labor was enhanced through MGNREGA rendering the labor dynamics erratic. A new wage floor got created which became the starting point for negotiation of wages for the labor market outside MGNREGS.

But the labor market outside is sensitive to output and quality of work, whereas productivity is not a priority in MGNREGS. The process of getting work done by MGNREGS workers and completion of designated tasks under stipulated time depends on the intent and capability of the officials delegating and supervising these works. The same has been seen in bad light several times when officials have been found compromising their duties. This affects the way labors perceive the system. Many respondents felt that the cause for unavailability of labors is the 'comparatively less intense work profile' and the leverage it provides unlike in other places, where labor is expected to diligently work and achieve set targets within pre-determined period of time. This also explains why 44 % respondents opined that MGNREGS has made labors lazy in general as many get used to not being required to toil which is not the case in most jobs outside MGNREGS market. This comparison of degree of Labor-intensity of the two available options lures unskilled labor to choose MGNREGS over labor market outside. Consequently, this results in reduced availability of labor in residual labor market eventually resulting in increasing wages.

80% respondents opined that MGNREGS provided job security has changed the attitude of Labor TOWARDS WORK other than MGNREGS. Labor from the Agricultural markets is moving out and going into MGNREGS as more and more people have realized that, the work is much lighter and much less demanding than the work expected in the market outside MGNREGS. Labor demands better facilities now even outside the MGNREGS market. The Act segmented the labor market as MGNREGS Labor market and productivity sensitive residual market. Focus of MGNREGS has been creating employment rather than making that employment very productive. The residual market is productivity sensitive and is willing to pay higher wages. The worst affected has been the population just above poverty line. The economically sound population affords to pay their way to completion of work, the poor either do not need that work, or get assistance from MGNREGS. It is the population in between that takes the worst hit. Those that are dependent on their small or medium land holdings for survival and those that are the sources of cash crops like Cashew, Coconut, Rubber etc., are reeling under the pressure of unavailability of labor.

In Kerala, 87% of natural rubber is produced in the small holdings and the average size of holding is about 0.50 hectare⁸. Approximately 70% of Indian output of coconut is produced in Kerala. Other cash crops of Kerala are Cashew, ginger, tea, coffee, spices etc.⁹ Increasing labor shortage in addition to dramatic climatic changes are resulting in decreased productivity of these small holdings. Agriculture Sector has withered. Labor Shortage is literally crippling the state in multiple ways. For the last half a century, Kerala has reveled in opulence generated from migration of workers to Gulf Countries. This trend has caused a paradigm transformation in the socio-economic landscape and skewed the perception regarding work. Family trades have been abandoned and manual labor appears unacceptable in own country but lucrative in the Gulf. To top it all, the vacuum created by migration from the state resulted in migration into the state from distant states due to attractive high wages. As Paradoxical as it may seem, into the play of these prevalent forces in the labor market in the state, came in the MGNREGA, further altering the labor market dynamics of the state.

The scheme safe-guarded the BPL against seasonal fluctuations of labor (Skilled and Unskilled alike). Guaranteeing 100 days' wage in a year, the scheme endorsed 'Right To Work' for the underprivileged. In addition to undertaking works prioritizing eco-restoration, land productivity, recharging ground water, increasing water availability etc., an amendment to the act permitted MGNREGA works on individual land of small and marginal farmers who constitute 89% of the farming community, in addition to the individual land of SC/ST/BPL/AAY/ land reform beneficiaries. This was done to augment the impact on agricultural productivity and household income. The following works could be taken up:

Irrigation facility: Construction of Dug well, Farm ponds, Tanka, Ground water recharge structure, Construction/ lining of water courses/ Irrigation channel etc.

Land development facilities: Construction of contour/ graded bund, land leveling & shaping, reclamation of saline/ alkaline land, construction of drainage channels, wasteland by transporting silt from nearby tank, development of waste land/ fallow land.

Horticulture, Plantation: all activities related to horticulture including nursery raising.

On one hand MGNREGA extensions facilitate individual land to become potentially productive for small and marginal farmers, but on the other hand it is also contributing to the vacuum in labor market required to convert this potential into reality. Government can amend the activities undertaken under MGNREGS to ensure that labor is optimally utilized by Small and Marginal Farmers for farming purposes by including activities to aid individuals with small land holdings of Rubber, Cashew, Coconut etc. who are also the major producers of these crops in the State.

Conclusion

In its vastness, reach and scope, MGNREGA has been an outstanding intervention. Millions have been driven out of the state of poverty. We cannot overlook the legitimacy of the intervention in terms of being an asset or work creation programme because of the undulations it caused in the labor market. But as an economy, we need to not just alleviate the grave problems of unemployment and poverty, but also ensure that any act or provision established for the same doesn't trigger another uncalled economic turbulence. The state of

Kerala is reeling under labor shortage in view of the different factors like migration to Gulf Countries. In such a scenario, were the Socio-economic perspective of work itself has altered, the government's endeavor must be to achieve and sustain a symbiosis between adopting a welfare driven approach towards the economically weaker sections versus promoting the natural evolution of a workforce driven by needs and skills in an unregulated environment.

References

- [1] P K, Manoj & Keethan Alexon, "MGNREGS in Kerala: An Empirical Study of The Problems and Prospects With A Focus on Female Beneficiaries", *Indian Journal of Applied Research*. (2015). 5. 63-67.
- [2] J. Krishnamurthy, "Employment guarantee and crisis response", *Economic & Political Weekly*, (2006, March 4-10). 41 (9), 789-790. Retrieved October 8th, 2019, from <http://www.jstor.org/stable/4417901>.
- [3] Jeane Dreze & Reetika Khera, "The Battle for Employment Guarantee", *Frontline*, Vol. 26, Issue 01, January. 03-16, 2009. [<http://www.frontline.in/static/html/fl2601/stories/20090116260100400.htm>].
- [4] K.N.Nair, T. M. "A Study of National Rural Employment Guarantee Programme in Three Gram Panchayats of Kasargod District", Working Paper (2009), Centre for Development Studies, Thiruvananthapuram, Kerala. [Available online at www.cds.edu.]
- [5] P.K. Manoj, "MGNREGA Implementation in India: Problems, Prospects and Remedial Strategies with Special Reference to Kerala", *Mahatma Gandhi National Rural Employment Guarantee Programme and Poverty in India*, Vol. 2, No.1. January-June 2012, pp.01-05. 10).
- [6] Shilp Verma & Tushaar Shah, "Labor Market Dynamics in Post-MGNREGA Rural India", *IWMI-Tata Highlight*. 2012.
- [7] Census Report retrieved from <https://kannur.nic.in/census/>.
- [8] P. Rajasekharan S. Veeraputhran, *Agroforestry Systems* (2002) 56: 1. Kluwer Academic Publishers, DOI: <https://doi.org/10.1023/A:1021199928069>.
- [9] <https://www.kerala.me/industries/agriculture>.