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Impact on MGNREGP and Rural Development – A Study

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ABSTRACT

National Rural Employment Guarantee Act (NREGA) of 2005, the world's largest public works programme ever, provides basic social security for rural workers: a universal and legally enforceable right to 129 days of employment per rural household on local public works at minimum wage/ Labourers who are not given work within 15 days of asking for it are entitled to unemployment benefits. The government's biggest welfare programme could see an almost 60 percent increase in funding. The forthcoming Budget is likely to make a provision of Rs.64,000 crore for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in 2011-12, against Rs.40,100 crore in the current fiscal. According to the latest figures, the Centre would have disbursed about Rs.25,000 crore until end January on the programme, against an allocation of Rs.40,100 crore for 2010-11 The scheme was introduced in February 2005 in 200 districts and has since been extended to all 614 districts. Te total outlay for the programme in 2008-2009 was Rs.16,000 crore. It more than doubled to Rs.39,100 crore in 2009-10. It further increased to Rs.40,100 crore in 2010-11. No other porgramme has seen such a massive jump in government spending. With the linking to CPI, wages under the scheme are higher than the minimum wage in 20 states. Though civil rights groups have been protesting the Central Government's decision not to link the two – three are ongoing court cases in Andhra Pradesh and Karnataka – the Act governing the scheme gives the Central government discretion to set wages under it. The MGNREGS rank among the most powerful initiatives ever undertaken for transformation of rural livelihoods in India. The unprecedented commitment financial resource is matched only by its imaginative architecture that promises a radically fresh programme of rural development. EGS means it is a Government manage, to people giving employment, it's a picture of common man's mind. Middle people considered Government take tax for this scheme. Right to work, it is important right given by EGS to people. Through MGNREGS going on some work in drought area such as irrigation, forestation, and help the village development etc. to reduce poverty and unemployment.

1. INTRODUCTION

India is one of the fastest growing economies in the world. Second only to China in Asia, growth of gross domestic product (GDP) averaged 8.7 percent between 2003 and 2007. Meanwhile, although growth has slowed as a result of the recent global economic crisis, the country has escaped severe recession. However, the benefits of growth have not been distributed equally, and high rates of poverty persist, heavily concentrated in rural areas and strongly correlated with particular social and ethnic groups. In 2000, the poverty head count in rural areas was highest among Scheduled Castes (SCs) and Scheduled Tribes (STs) – 45.8% and 35.9%, respectively – compared with 21% among non-SCs/STs.

The Indian government has a long history of social safety net interventions, dating back to before independence in 1947. India is the only country in South Asia where, theoretically, 100 percent of the poor are targeted by either national or state level social assistance programmes.

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Public works programmes have been a central component in safety net policies since the 1960s. Coverage of such programmes has increased significantly during the 1990s and 2010s.

The annual welfare benefits are estimated at Rs.300000 crore during the financial year 2011-2012. The tale provides the detailed government expenditure on various schemes. A World Bank study released earlier this year enumerated the rot in Indian Welfare Programmes. About 91% of subsided grain meant for the poor in Bihar never reached them. Only 32-51% of the pensions for the elderly, destitute, widows and the disable reached them. And also World Development Report 2009 described the much acclaimed national rural employment guarantee scheme as policy barrier hurting economic development and poverty alleviation which discourages migration as lifting people out of poverty requires shifting populations form villages to cities. And it also point outs that various schemes of the Indian Government like NREGA, watershed programmes and schemes for development of small and medium towns are acting as "policy barriers to internal mobility. This paper analyse the performance of NREGA scheme in India and it gives more stress on performance of this scheme in Andhra Pradesh. It includes performance in terms employment generation, averges wages distribution, funds utilization, social group wise work distribution and works undertaken under this scheme.

NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (NREGA)

National Rural Employment Guarantee Act (NREGA) of 2005, the world's largest public works programme ever, provides basic social security for rural workers: a universal and legally enforceable right to 129 days of employment per rural household on local public works at minimum wage/ Labourers who are not given work within 15 days of asking for it are entitled to unemployment benefits. The government's biggest welfare programme could see an almost 60 percent increase in funding. The forthcoming Budget is likely to make a provision of Rs.64,000 crore for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in 2011-12, against Rs.40,100 crore in the current fiscal. According to the latest figures, the Centre would have disbursed about Rs.25,000 crore until end January on the programme, against an allocation of Rs.40,100 crore for 2010-11 The scheme was introduced in February 2005 in 200 districts and has since been extended to all 614 districts. Te total outlay for the programme in 2008-2009 was Rs.16,000 crore. It more than doubled to Rs.39,100 crore in 2009-10. It further increased to Rs.40,100 crore in 2010-11. No other programme has seen such a massive jump in government spending. With the linking to CPI, wages under the scheme are higher than the minimum wage in 20 states.

NREGA has made a dent on poverty by increasing employment opportunities. During the first year of implementation in 2006-07 in 200 districts 2.10 crore households were employed and 90.5 crore person days were generated. In 2007-08, 3.39 crore households were provided employment and 143.59 crore person days were generated in 330 districts. In 2008-09, 4.51 crore households have been provided employment and 216.32 crore person days have been generated across the country. At the national level, average wage paid under NREGA has increased from Rs.65 in 2006-07 to Rs.88.48 in 2009-10. This has led to strengthening the livelihood resource base of the rural poor in India. In 2008-09, 67 percent of funds utilized Rs.18200.02 crore as wage expenditure were in the form of wages paid to the laborers. In 2009-10, 69 percent of the fund saved has been utilized in the form of wages Rs.18806.39 crore as wage expenditure. Payment of wages through banks and post officers accounts have been opened to disburse wages. In Andhra Pradesh 61.58 lakhs households are benefited from the scheme and it is second largest state in India after Rajasthan. In case of average person days of employment also it's having third place and Bihar average person days of employment are not

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only 28 days per year. In Haryana average per day wage is Rs.151 and Average family earnings per annum under MGNREGS Rs.5738.

IMPACT OF THE PROGRAMME

The act covered 200 districts known as Phase I districts and in 2006-07 this was extended to cover additional 130 districts known Phase II districts. During 2006-07 against the total available funds of Rs.1207356 crore with the states Rs.8823.36 crore was utilized. The average fund utilization per district was 44.12 crore in 2006-07. In 2007-08 Government made a budget provision of Rs.12,000 crores. Out of this Rs.9303.82 crores have been released up to 14th November 2007. Out of this, Rs.5365.99 crore have been released to the Phase I 200 districts and Rs.2938.82 crore have been released to the Phase II 131 districts. During 2006-07, 2.12 crore households had demanded employment, out of which 2.10 crore households were provided employment. During the year 90.51 crore person days of employment was provided under the programme.

CATEGORY WISE EMPLOYMENT PROVIDED THROUGH THE MGNREGP IN INDIA

YEAR	EMPLOYMENT PROVIDED	SC	ST	WOMEN	OTHERS
2006-2007	21016099	25. 36	36.45	47.15	38.19
2007-2008	33909132	27.44	29.27	46.04	43.29
2008-2009	45115358	29.29	2543	43.76	45.19
2009-2010	52530453	30.48	20.71	48.94	48.80
2010-2011	54954225	30.62	20.875	50.88	48.52

TABLE NO 1

Average of 45.2 lakhs person days of employment per districts have been generated. Out of total 90.51 crore person days, the share of Scheduled Castes was 22.95 crore person days (25.36%) and Scheduled Tribes was 32.99 (36.45%) constituting a total of 55.94 crore person day for SCs / STs which comes to about 62%. As per the NREGA, the share of women person days should be 1/3 rd and the same was 36.79 crore person days, which is about 41%. During 2007-08 (up to September 2007), 1.97 crore households have demanded employment and 1.88 crore households have been provided employment. A total of 56.14 crore person days of employment has been generated under the Programme. Out of this, the share of Scheduled Castes is 14.70 Crore person days (26.18%) and Scheduled Tribes is 18.44 crore person days (32.84%) constituting a total of 33.14 crore person days, which is about 59.03% of total. The share of women is 26.61 crore person days, which is 47.40%.

PERFORMANCE OF STATE WISE MGNREGP IN INDIA

The national level Ministry and associated State Departments of Rural Development are responsible for implementing MGNREGP across the entire country. This Ministry updates figure the on the basis of the data provided by the States. According to the national bulletin of MGNREGP, the scheme has so far provided 3.34 crore households with employment throughout the country. This also states that around 13,332 crore person days are created and 7.08 lakhs assets are built, out of 25.98 lakhs taken up under the programme. Of the total person days created, 51.02 percent are the person days by the women labourers. Similarly, 40.19 percent are created by SC members and 21.83 percent by persons form the ST community.

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Given the large variation in the size of the states, MGNREGP coverage has been in terms of the proportion of households enrolled in the schemes. The states that claim to have covered more than 50 percent of the households are Chattisgarh and Madhya Pradeshm which have poverty rates much higher than the national average; followed by Bihar and Jharkhand, with over 30 percent coverage but very high levels of poverty. On the other hand, states achieving meager MGNREGP coverage are not only Punjab and Haryana, with very low levels of rural poverty, but also Gujarat, Kerala and Maharashtra, with less than 5 per coverage, and Karnataka with 8 percent, but with moderate levels of poverty prevalence. Uttar Pradesh, with fairly high levels poverty, has extended MGNREGP to only about 20 percent of its rural households. When it comes to providing the maximum number of days of employment, Rajasthan stands out with an average of 77 days, followed by 63 in Madhya Pradesh and 58 in Chattisgarh. As per MGNREGP, households can claim a maximum of 100 days of employment per year. Thus, these three states can be considered as success stories of MGNREGP in India, in spite of their large uncovered targets in terms of coverage and man days of work providing. All the other states doing poorly in coverage are also fairing badly in terms of maximizing the netting of the number of days of employment. The State-wise MGNREGP Performance is presented in the following table.

PERFORMANCE OF STATE-WISE MGNREGP IN 2011-12

S.NO	STATES	AVERAGE DAYS OF WORK PROVIDED PER HOUSEHOLDS	MANY DAYS OF WORK (LAKHS)	EXPENDITURE RS. CRORE	HOUSEHOLD PROVIDED WITH WORK (LAKH)
1.	Rajasthan	83	4850 (22)	6194 (23)	91 (14)
2.	Mizoram	79	148 (1)	182 (1)	30 (0)
3.	Nagaland	76	246 (1)	295 (1)	31 (1)
4.	Manipur	74	250 (1)	323 (1)	32 (1)
5.	Tripura	70	351 (2)	475 (2)	33 (1)
6.	Madhya Pradesh	65	2970 (14)	3575 (13)	80 (12)
7.	Chattisgarh	65	1267 (6)	1457 (5)	51 (5)
8.	Arunachal Pradesh	62	37 (0)	38 (0)	28 (0)
9.	Uttar Pradesh	57	2364 (11)	3605 (13)	71 (10)
10.	Sikkim	54	48 (0)	67 (0)	29 (0)
11.	Andhra Pradesh	56	2758 (13)	2997 (11)	75 (13)
12.	Jharkhand	54	773 (3)	1350 (5)	44 (4)
13.	Himachal	49	227 (1)	355 (1)	32 (1)
14.	Maharashtra	50	423 (2)	361 (1)	37 (2)
15.	Haryana	52	92 (0)	133 (0)	30 (0)
16.	Assam	47	772 (3)	973 (4)	47 (4)
17.	Meghalaya	48	109 (0)	122 (0)	30 (1)
18.	Tamil Nadu	43	1222 (6)	1027 (4)	59 (7)
19.	Jammu & Kasmir	42	84 (0)	89 (0)	30 (0)
20.	Uttrakhand	40	127 (0)	159 (1)	31 (1)
21.	Orissa	47	404 (2)	620 (2)	392
22.	Karnataka	37	312 (1)	381 (1)	38 (2)
23.	Punjab	40	63 (0)	95 (0)	29 (0)
24.	West Bengal	31	787 (4)	934 (3)	58 (7)
25.	Bihar	33	1014 (5)	1343 (5)	66 (9)
26.	Gujarat	30	236 (1)	219 (1)	38 (2)
27	Kerala	29	177 (1)	247 (1)	35 (2)
	All India	52	22100 (100)	27596 (100)	580 (100)

TABLE NO 2

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It is reasonable to assume that a State's share in man days of work generated nationally should commensurate with its share in rural BPL households. On this basis, Uttar Pradesh and Bihar emerge as the worst performers as their share in rural BPL households is about 10 percent higher than their share in employment generated under MGNREGP. West Bengal, Orissa, Madhya Pradesh, Gujarat and Karnataka show a similar 5 percent gap. On the other hand, Rajasthan and Andhra Pradesh have a much higher share in work generated under MGNREGP than their share in national rural poverty. This differential performance reflects differences in organizational and institutional capabilities, as also in attention paid to MGNREGP. A major reason for poor performance in states where poverty is otherwise high, could be the lack of awareness among potential MGNREGP workers regarding their entitlements and about the unique architecture of the Act. The belief among the rural poor that they will get work only when government decides to "open" work is still prevalent in many areas. Without a dedicated cadre of social mobilizers at the Gram Panchayat (GP) level to make people aware of the unique demand driven character of MGNREGP, this situation will prove hard to change.

FINANCIAL OUTLAY AND PHYSICAL PERFORMANCE

A summary of expenditure reported on MGNREGS along with some performance parameters during the period 2007-08 to 2011-12 given below.

PERFORMANCE PARAMETERS OF MGNREGS

EXPENDITURE OF MGNREGS	2007-08	2008-09	2009-10	2010-11	2011-12
Total expenditure (Rs. in crore)	15,856.89	27,250.10	37,905.23	39,377.27	38,034.70
Average expenditure per district (Rs. in Crore)	48.05	44.31	61.24	63.61	49.35
Average expenditure person day (Rs. in Crore)	110	126	134	153	176
Average cost person day (in Rs.)	75	84	90	100	115
PERSONDAYS OF EMPLOYMENT GENERATED					
Total (in Crore)	143.59	216.32	283.59	257.15	216.34
Per rural household (in days)	42	487	54	47	43

TABLE NO 4

The above table shows that expenditure on the scheme in the last three years had not increased significantly; rather is declined in 2011-12. The chart below also indicates that even though the average wage cost or wages paid was rising, the benefits to a rural household was negated by the decline in employment provided per household.

2. CONCLUSION

The programme is still in fancy and it has a long way to go but that does not take away from what it has achieved in its infancy. Today many families are happier because of MGMGNREGP. If targeted and implemented effectively the MGNREGP could decrease poverty in the deprived areas. This can be hardened by taking up works that rejuvenate the natural resource base of the livelihood of poor communities. Later its scope can be enlarged skilled work by artisans.

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All that is being hoped right now is that the MGNREGP should be able to mitigate the hard times and increase the abysmal household earnings for the poorest. Hopefully the small and heartening gains will spur to the other parts of the nation. With the launch of the MGNREGP, which provides the country with a potential social safety net, there is need to revisit the multiplicity of poverty alleviation schemes. The effective implementation of MGNREGP is critical for improving inclusiveness. It should reduce poverty and improve rural infrastructure; and any failure to do so will be an indicator of its ineffective implementation.

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