

MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT – AN OVERVIEW

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Abstract

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was implemented and came into force on February 2, 2006. It was the first Act of its kind in the world wherein an economic safety net is provided to around 2/3rd of the population through a right to work. The scale on which it has been provided is just mindboggling, around 1/10th of the world population. It was second in a series of right based policies Government of India has rolled out in the past decade. This research considers the performance of MGNREGA since its inception and examines its objectives, design and the several modifications in it. The purpose is to examine the consistency and effectiveness of this policy.

Key words: MGNREGA, rural employment, poverty eradication, rural transformation, etc.

1. Introduction

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was implemented and came into force on February 2, 2006. It was the first Act of its kind in the world wherein an economic safety net is provided to around 2/3rd of the population through a right to work. The scale on which it has been provided is just mindboggling, around 1/10th of the world population. It was second in a series of right based policies Government of India has rolled out in the past decade. The others are the Right to Information Act, the Right to Education Act, and the Right to Food Act passed in 2005, 2009 and 2013 respectively.

2. Objectives

The Mahatma Gandhi National Rural Employment Guarantee Act was approved by the Parliament in its 2005 monsoon season on September 5, 2005. It was within a year of the formation of the UPA-I government at the centre and marked the beginning of the pre-election promise fulfillment of the Congress led UPA-I government regarding measures to strengthen rural India. It was implemented in a phase-wise manner, with the first 200 most backward districts covered in Phase I beginning February 2, 2006. The Phase II beginning on April 1, 2007 included 130 additional districts and the final phase beginning on April 1, 2008 covered the remaining rural districts. The Act

currently covers all the 645 rural districts throughout India. It is emerged in a context wherein there was economic growth without distribution, poverty and unemployment was increasing, and agriculture and rural economy was in distress. The primary objective of the Act is to provide a minimum level of household security to the rural households by providing on demand right to work i.e. at least 100 days of unskilled labour.

3. Features of MGNREGA

The achievement of the desired objectives, MGNREGA has several design features which were missing in the erstwhile public works and employment generation programmes. India has a long history of public works based employment guarantee programs and its experiments with them dates back to the 1980s. Some of them are: National Rural Employment Programme, Rural Landless Employment Guarantee Programme, Jawahar Rozgar Yojana, Employment Assurance Scheme, Jawahar Gram Samridhi Yojana, Sampoorna Grameen Rozgar Yojana and National Food for Work programme implemented in the period 1980-89, 1983-89, 1988-89, 1993-1999, 1999-2002, 2001-06 and 2004-06 respectively. SGRY and NFFWP were merged to NREGA in 2006. There are multiple views on its design objectives. The supporters of the former evaluate the program from the perspectives of the worker while the supporter of the latter evaluates the program from the perspective of investment and asset creation. There are divergent views on its working and success as well. While some view it as a complete wastage of resources while others see as a possible instrument of rural transformation.

4. Design and implementation of MGNREGA

There is a triadic structure to the MGNREGA design. First is the process through which government provides the entitlement and rights to the workers; second is the process through which the workers make a demand for their rights; and the third is the process through government ensures the fulfillment of those rights. It makes fulfillment of the workers' demand a mandatory obligation for the government machinery. It provides several policy innovations.

5. Impact of MGNREGA

There has been several intended as well as unintended impact of the MGNREGA program on the economy both at the regional level as well as at the national level. There have been regional variations in the impact as well with the Act proving a boon for states of Bihar and Jharkhand, two of the most backward states of the country while having negative impact on agricultural economy of states like Punjab which depend a lot on migrant labourers for their peak agricultural seasons. At the national level, on one hand it can be seen as a full employment strategy and on the other a huge burden on the fiscal expenditure. It has served as an effective instrument for distribution and reduction of income disparity. The poorer states with their incapacities to plan can have lower flow

of resources making the program regressive. MNREGA can serve as a full employment strategy to facilitate a labour-intensive growth path for a country like India. But, the contention to this would be how government ex-ante can be able to do an exact sector-wise demand assessment of labour and also set the labour prices at a fixed value. MGNREGA can make a significant positive impact on the economy. It can eradicate poverty at the bottom and can generate assets to improve the livelihood of people. It is also an effective instrument for inclusion of women in the productive work force of an economy. Thus, MGNREGA can serve as an instrument for poverty reduction and growth with distribution through employment generation and making unemployed people part of the productive workforce, if properly implemented.

The MGNREGA though has some useful contribution with regards to reduction of rural poverty and income inequalities but it has also induced some unintended impact due to affecting the economy in a systemic manner and thus has stressed some trends which can have some adverse long-term consequences for the economy of India. The reduction in poverty through MGNREGA has come at a cost of soaring food prices as the agricultural labourers' wages have increased several folds and that have forced farmers to demand more for their food grains by way of minimum support prices. Agricultural labourer wages in rural areas are leading farmers to take a move towards mechanization of farms which is proving to be cheaper. Thus, sugarcane and oilseeds farmers among others are moving towards harvesting through mechanized means which can have negative implications for labour requirement in the agriculture sector. This overtime can lead to almost no demand of labour in rural areas thus making MGNREGA only a non-contributory income transfer program or a 'social safety net' for the poor. A program like MGNREGA has behavioural implications for the people covered under it. Since, mostly the work done under MGNREGA is not well planned and many a times it is perfunctory, the people who are getting employment under MGNREGA are getting into a habit of getting paid for not working, which can have serious implications for India's human prowess and outlook. Many skilled occupations like handloom weavers, rural artisans, etc. are losing their workers to MGNREGA, which is leading to a loss of skill in that particular profession. Thus, unique skills acquired over generations are being lost due to the existence of an employment guarantee program like MGNREGA which offers more wages, although its impact on skill development is almost nil. MGNREGA has implications for increase of urban wages in sectors like infrastructure and real state, which depend on migrant workers from rural areas. This increases the costs of real state and infrastructure projects. The rising food inflation is pushing people pulled out of the vicious cycle of poverty being pushed back again. So, even the claim that it has positive impact on removing rural poverty can be a wrong one. The flow of resources to individual states is dependent on the ability of the states to forecast labour demand and subsequently submit a plan outlining the same. The poorer states with their incapacities to plan can have lower flow of resources making the program regressive. Thus, there is possibility of schemes like MGNREGA contingent upon states capacity to implement, to create fiscal imbalance. There have

been instances of large scale corruption in MGNREGA. Considering the large scale of the program, it can have serious implications for the economy of the country due to wastage of such a huge amount of resources. The MGNREGA though intends to increase the rural household income thus enabling them to allocate more resources towards quality provisioning of education but fails to do so by providing perverse incentives.

6. Conclusion

There have been several intended as well as unintended impacts of the MGNREGA program on the economy both at the regional level as well as at the national level. There have been regional variations in the impact as well with the Act proving a boon for states of Bihar and Jharkhand, two of the most backward states of the country while having negative impact on agricultural economy of states like Punjab which depend a lot on migrant labourers for their peak agricultural season. At the national level, on one hand it can be seen as a full employment strategy and on the other a huge burden on the fiscal expenditure. However, it has served as an effective instrument for distribution and reduction of income disparity.

7. Reference

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