

RURAL EMPLOYMENT, WAGE AND WAGE GUARANTEE: IS MGNREGA ON THE RIGHT TRACK?

*K. K. Tripathy**

ABSTRACT

Generation of employment opportunities for the growing labour force in India has been a matter of concern for India's planners. The limited impact of trickle-down theory and Harrod-Domar approach to development has pressed the Government of India to structure, implement and restructure various poverty alleviation and employment generation programmes from time to time. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), a restructured wage employment programme, was initially implemented in 200 selected backward districts in India since February 2, 2006 and was extended in two phases to all over India ensuring legal rights to at least 100 days' unskilled wage employment to the unemployed rural poor. The objective of this paper is to assess the importance of MGNREGA and to study how the programme has been administered since its notification. Besides assessing various provisions made in MGNREGA, this paper analyses secondary data on the implementation of the programme in selected major States with a view to addressing the following research issues:

- a) What are the emerging issues in India's labour market and is there any need to implement a right based wage employment programme in India?*
- b) What is the trend/pattern in the utilisation of resources?*
- c) What has been the outcome of the large investment under MGNREGA and what is the way ahead for improving the implementation of the Act to make it more attractive and inclusive?*

The concepts of MGNREGA are novel and innovative though the programme continues to suffer from the age-old operational and functional rigidities, like its predecessors. MGNREGA's successful implementation not only requires active involvement of the people along with an able, transparent and responsive administration, but also a synchronised approach to converge the benefits of this employment generating and infrastructure-building initiative with various other development oriented schemes already in operation in rural areas.

* Private Secretary to Hon'ble Minister of State for Agriculture, Room No. 323, Ministry of Agriculture, Krishi Bhawan, New Delhi, Views are Personal, e-mail: kk.tripathy@nic.in

Introduction

Nearly three-fourths of India's 1,128 million people live in rural areas. More than 66 per cent of the country's labour force is engaged in agriculture and allied activities. Around 22 per cent of India's population in 2011-12 was poor and lived below the poverty line¹. Despite the country's efforts in creation of employment avenues through various wage and self-employment initiatives, there has been a gradual deceleration of overall employment overtime. The Compound Annual Growth Rate (CAGR) of employment during 2004-05 and 2011-12 decelerated to 0.5 per cent from 2.8 per cent during 1999-2000 and 2004-05 [Government of India (GoI), 2015]. The CAGR of labour force during the same periods, however, were at 2.9 and 0.4 per cent, respectively, indicating that the generation of employment has not kept pace with the increase in labour force.

The country has witnessed poor employment growth in rural areas, particularly among females (GoI, 2015). The sluggish employment growth in India attracted avid attention of researchers to find out a plausible and sustainable solution for the problem of unemployment. While a few researchers termed the gradual fall in labour force absorption in India as 'a dramatic collapse of employment' (Chandrasekhar & Ghosh, 2011), others argued that unemployment in India is rising not because the land owning peasantry is getting destroyed, but because traditional land-using activities which employ substantial quantities of labour, are disappearing (Patnaik, 2011).

Generation of employment for the growing labour force in India has been a matter of concern for India's planners and policy makers. India has vigorously introduced

multiple employment generation programmes² for the poor from the Sixth Five Year Plan (1980-85) onwards. Two such employment generation programmes, wage and self-employment programmes, introduced by the Government of India (GoI) were aimed at absorbing surplus labour force and ensuring livelihood support to millions of rural poor.

The association of casual wage labour and unemployment in rural non-farm sector prompted the government to introduce a public works programme called Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). MGNREGA, a restructured wage employment programme was introduced as a Centrally sponsored scheme on February 2, 2006 in 200 selected backward districts of the country and subsequently extended in two phases to all over India, beginning April 2008.

MGNREGA aimed at broadening occupational choices and increasing employment avenues in rural areas by ensuring a legal guarantee of at least 100 days of wage employment in a financial year to every household whose adult members are willing to provide unskilled manual labour at the minimum wage rate. The objectives of the Act, inter alia, include creation of durable assets and providing employment opportunities in rural areas, thereby curbing the problem of migration to urban areas in pursuit of employment and boosting the rural economy.

Objective and Methodology

The broad objective of the paper is to assess the importance of MGNREGA and to study how the programme has been administered since its notification. More specifically, the following research issues have been outlined:

- a) What are the emerging issues in India's labour market and is there any need to implement a right based wage employment programme in India? encountered by grassroots level implementing agencies, the author's observations/findings on field visits have been briefly elaborated to supplement the findings of the secondary data analysis. During the field visits, focus group discussions (FGD) were held with the client representatives (implementing agencies and MGNREGA beneficiaries) to study the implementation mechanism and impact of the Act on the livelihood of MGNREGA beneficiaries. Sites visited during the FGD were selected at random to ensure valid and unbiased participant observations for the exploration of MGNREGA implementation issues and challenges.
- b) What is the trend/pattern in the utilisation of resources?
- c) What has been the outcome of the large investment under MGNREGA and what is the way ahead for improving the implementation of the Act to make it more attractive and inclusive?

Besides assessing various provisions made in MGNREGA, the paper analysed secondary data collected from various Ministries/Departments of Government of India. Secondary data on the implementation of the programme in selected major States were analysed with a view to addressing the research issues mentioned in this section. Guided by the provisions of MGNREGA, discussions with experts, drawn from the national, State and district level implementing officials, were held to understand the critical issues and challenges in the implementation of this Act. To understand the problems

Need for MGNREGA

The incidence of poverty is estimated by the erstwhile Planning Commission (renamed as NITI Aayog), GoI on the basis of the large-scale quinquennial sample surveys on household consumer expenditure conducted by the National Sample Survey Organisation (NSSO). According to the latest estimates³, at the national level, the incidence of poverty on the Head Count Ratio declined from 45.30 per cent in 1993-94 to 21.92 per cent in 2011-12 (Table 1).

Table 1 : Incidence of Poverty and Number of People Living Below the Poverty Line in India

Year	Rural		Urban		Combined	
	No. of persons (in million)	% of persons	No. of persons (in million)	% of persons	No. of persons (in million)	% of persons
1993-94	328.60	50.10	74.50	31.80	403.70	45.30
2004-05	326.30	41.80	80.80	25.70	407.10	37.20
2011-12	216.65	25.70	53.12	13.70	269.70	21.92

Source: Compiled from press notes on poverty estimates, 2011-12, Planning Commission.

Economic growth, promotion of human development and targeted programmes of poverty alleviation comprised the three-pronged strategy of Gol to address the multi-dimensional nature of poverty since the early 1980s. Though the strategy has had a favourable impact on the country's poverty,

there still exists a need to reach the benefits fully to the relatively less privileged classes of the society. Besides, NSSO's 66th Round Survey, 2009-10 and Census data indicate a large rural-urban and male-female divide in employment and attainment of literacy level (Table 2).

Table 2 : Literacy and Unemployment Rates

Status	Rural			Urban		
	Male	Female	Total	Male	Female	Total
I. Unemployment rate ⁴ (2009-10)						
1. Usual-principal status	19	24	21	30	70	37
2. Current weekly status	32	37	33	36	72	42
3. Current daily status	64	80	68	51	91	58
II. Literacy, 2011 (%)	77.2	57.9	67.8	88.8	79.1	84.1

Sources: 1. Key Indicators of Employment and Unemployment in India, 2009-10: (NSS 66th Round Survey);
2. Census of India, 2011.

Table 2 indicates that there is a large gap between current daily status unemployment and usual principal status of unemployment. While the usual status unemployment rate indicates chronic unemployment, the variation in the usual status and current daily status rates implies the presence of a high degree of intermittent unemployment in rural and urban areas. However, the intensity of the intermittent unemployment has been estimated to be higher in rural areas than the urban areas (Table 2). This is mainly because of the absence of regular and sustainable employment opportunities for many workers. The comparison of literacy rates across the regions indicates that the rural literacy rate (67.8 per cent) is much below the urban rate (84.1 per cent). The low literacy rate in rural areas also

highlights the low skill level in the rural employable people.

Estimates of population, labour force and workforce from NSSO data reveal that there has been a reduction of 20.94 million women in labour force and 20.05 million in workforce between 2004-05 and 2009-10 (Table 3). This has happened when the share of women in the population improved from 48.1 per cent in 2004-05 to 48.4 per cent in 2009-10. Similarly, in the case of men, the labour force growth rate was 1.5 per cent as compared to the male population growth rate of 1.6 per cent. While the male work participation rate remained the same, the female work participation rate fell by 5.99 percentage points from 28.04 in 2004-05 to 22.05 in 2009-10.

Table 3 : Comparative Estimates of Population, Labour Force and Workforce (in Million)

Category	2009-10			2004-05		
	Male	Female	Person	Male	Female	Person
Population	612.44	575.29	1,187.73	565.79	523.82	1,089.61
Labour Force	340.46	129.90	470.36	315.94	150.84	466.78
Workforce	333.59	126.84	460.43	308.81	146.89	455.70
Unemployed	6.87	3.06	9.93	7.13	3.95	11.08
Labour Force Participation Rate (LFPR) ⁵	55.59	22.58	39.60	55.84	28.80	42.84
Work Participation Rate (WPR) ⁶	54.47	22.05	38.77	54.58	28.04	41.82

Source : Kanan K P & Raveendran G (2012).

An analysis of data on WPR in the country shows that the rural male WPR during 1983-84 to 2009-10 remained constant whereas the decline in female WPR has been relatively steep (Table 4).

Table 4 : Rural Worker Population Ratio (WPR) during 1983 to 2009-10 (Per 1000 person/persondays)

Category	1983-84	1987-88	1993-94	1999-00	2004-05	2007-08	2009-10	Coefficient of Variation (%)
Male	547	539	553	531	546	548	547	1.32
Female	340	323	328	299	327	289	261	8.98

Source : Statement 32, NSS Report No. 531: Employment and Unemployment Situation in India: July, 2007-June, 2008 and & July, 2009-June, 2010 (NSS 64th Round of Survey) and Key Indicators of Employment and Unemployment in India, 2009-10: July, 2009- June, 2010 (NSS 66th Round Survey)

The low WPR is ascribed to the non-availability of employment opportunities and the necessary investment needed for job avenues in rural sectors. MGNREGA, in this context, is expected to tap the potential of rural areas for creation of job opportunities by regenerating village economy in the long-term

(Gol, 2008) and remove demand side rigidities from the rural scenario.

Implementing the employment guarantee Act and considering employability to be a legal right have considerable economic, social and political significance. The State-

specific Rural Employment Guarantee Schemes (REGS), which are the consequence of MGNREGA, place a judicially enforceable obligation on the State (Gol, 2013). In view of the declining female work participation rate and high personday unemployment rates in India, MGNREGA is required to absorb ever growing labour force in rural India and more so to ensure employment to female casual labourers. REGS is expected to work towards relieving rural households of poverty and hunger by ensuring employment, income and livelihood support.

Status of Implementation of MGNREGA

Financial Progress and Absorption Capacity:

In this section, the status of implementation of MGNREGA has been reviewed and issues analysed. The analysis is made for 20 major MGNREGA implementing States. During 2006-07 to 2012-13, the expenditure as a percentage of total available funds (Table 5) ranged between 72.69 (2010-11) and 87.07 per cent (2012-13). A comparison of expenditure pattern within States under MGNREGA indicates that the absorption capacity of high poverty incidence States viz. Odisha, Bihar,

Madhya Pradesh, Rajasthan and Uttar Pradesh (OBIMARU) has been lower than the 15 major States during the last three years (2010-11 to 2012-13).

For 15 major States under reference, the mean absorption of funds under MGNREGA varied from 66.81 per cent (2006-07) to 88.90 per cent (2012-13). For OBIMARU States, the mean absorption ranged between 71.12 per cent (2011-12) to 83.25 per cent (2007-08). A high standard deviation for both categories of States indicated that the data points are spread out over a large range of values. For OBIMARU States, in last two years, a low standard deviation indicated that the data points tend to be very close to the mean. The low variability in the absorption capacity indicates that these States are suffering from similar kind of problems like lack of programme infrastructure, capacity and staff constraints, etc., which need a thorough probe by the implementing agencies at both State and Central level. At all India level, the standard deviation of the utilisation rate ranges between 7.60 (2012-13) to 16.44 (2007-08) which indicates that there exists a large variation overtime in the utilisation rate.

Table 5 : Expenditure Performance under MGNREGA

S.No.	State/UT	Percentage of Expenditure against Total Available Fund (in %)						
		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	Andhra Pradesh	59.55	90.87	79.96	83.76	59.73	73.44	100.00
2	Assam	83.73	68.12	69.85	72.57	72.56	86.00	93.47
3	Chhattisgarh	79.54	92.37	71.51	81.18	73.17	82.25	82.55
4	Gujarat	69.38	64.54	69.69	75.34	61.50	72.14	75.82
5	Haryana	77.26	90.22	66.94	73.79	92.51	93.91	93.60

(Contd...)

Table 5 (Contd...)

S.No.	State/UT	Percentage of Expenditure against Total Available Fund (in %)						
		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
6	Himachal Pradesh	68.89	77.80	66.29	89.32	61.22	75.78	85.84
7	Jammu & Kashmir	68.92	47.30	57.41	72.78	91.56	50.50	85.36
8	Jharkhand	72.44	84.69	56.77	71.69	78.40	69.28	77.68
9	Karnataka	72.75	54.16	54.09	81.72	87.55	82.20	77.70
10	Kerala	57.70	83.59	75.42	79.76	83.52	92.60	95.03
11	Maharashtra	35.86	37.98	58.48	50.27	59.93	100.00	93.24
12	Punjab	65.12	59.76	62.45	70.96	71.94	79.76	90.59
13	Tamil Nadu	60.15	73.65	55.95	73.04	82.24	79.38	90.11
14	Uttrakhand	68.25	62.50	87.24	78.83	94.09	88.04	95.71
15	West Bengal	62.62	75.43	70.36	87.56	91.10	90.40	93.45
	15 States (Total)	67.35	78.88	67.75	79.08	73.12	81.54	90.84
	Mean	66.81	70.87	66.83	76.17	77.40	81.38	88.90
	Standard Deviation (SD)	10.96	15.97	9.22	8.93	12.28	12.32	7.60
16	Odisha	82.39	71.48	64.52	96.14	85.56	76.07	84.69
17	Bihar	59.84	69.05	60.17	77.04	83.32	69.21	75.84
18	Madhya Pradesh	87.30	87.93	70.05	65.55	65.71	65.19	84.73
19	Rajasthan	80.95	102.54	85.08	69.11	51.87	70.56	80.81
20	Uttar Pradesh	75.79	85.23	75.82	82.72	77.98	74.55	84.63
	OBIMARU	78.38	85.01	75.40	74.12	69.56	70.75	82.13
	Mean	77.25	83.25	71.13	78.11	72.89	71.12	82.14
	SD	9.45	12.15	8.74	10.83	12.56	3.88	3.49
	ALL INDIA (Mean)	73.08	81.99	72.87	76.45	72.69	75.96	87.07
	ALL INDIA (SD)	11.82	16.44	9.52	9.71	12.83	12.02	7.60

Source : Compiled from MGNREGA database of Ministry of Rural Development, www.nrega.nic.in

Employment Performance : The per cent employment (of any duration) provided to jobs demanded under MGNREGA during the reference years (2006-07 to 2012-13) were 99.2, 97.7, 99.3, 100.0, 99.1 and 96.7 per cent, respectively. This indicator, however, witnessed a skewed distribution across the States indicating varying intensity of rightful implementation of the Act (Table 6). Some States also recorded full employment vis-à-vis the demand. However, what remains to be examined is how many people who have been issued job cards, have actually demanded employment. As per reports, the gap between the number of job cards issued and employment demanded is wide, which could be due to the lack of awareness that mere registration of application or the issuance of a

job card does not ensure unemployment benefits to the job-seeker. Job-seekers may not be aware that after registration they have to demand employment. They may be under the impression that after registration, they would get unemployment allowance by sitting at home.

The gap between the number of job cards issued and households demanded jobs may also arise if non-participating and non-willing households obtain these cards under the programme as MGNREGA does not debar unwilling, rich and economically stronger rural households to demand and obtain job cards. The job cards issued to the non-participating and unwilling households, however, have a potential for corruption and mismanagement of programme provisions.

Table 6 : Employment Performance under MGNREGA (2007-08 to 2012-13)

S.No.	States	% Employment (household) Provided to Demanded					
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	Andhra Pradesh	100.0	100.0	100.0	100.0	100.0	99.5
2	Assam	99.3	86.0	99.9	99.5	99.6	99.0
3	Chhattisgarh	98.0	99.7	100.0	96.5	99.5	96.5
4	Gujarat	100.0	100.0	100.0	96.1	98.3	90.9
5	Haryana	100.0	96.2	100.0	100.0	100.0	97.4
6	Himachal Pradesh	94.5	98.0	99.6	96.5	95.5	94.0
7	Jammu & Kashmir	100.0	89.4	95.4	77.7	98.0	96.0
8	Jharkhand	100.0	99.8	100.0	99.7	99.6	98.7
9	Karnataka	99.4	98.6	97.3	92.2	99.3	91.0
10	Kerala	94.5	98.2	99.7	99.2	99.9	90.1
11	Maharashtra	109.0	75.2	100.0	96.6	99.0	97.2
12	Punjab	99.6	66.1	99.7	96.5	99.6	97.2

(Contd...)

Table 6 (Contd...)

S.No.	States	% Employment (household) Provided to Demanded					
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
13	Tamil Nadu	100.0	99.6	100.0	62.3	99.5	99.4
14	Uttarakhand	100.0	99.5	100.0	99.6	99.6	99.3
15	West Bengal	95.3	99.5	99.7	93.5	99.4	99.5
	Mean (15 States)	99.3	93.7	99.4	93.7	99.1	96.4
	SD (15 States)	3.3	10.0	1.3	10.0	1.1	3.2
16	Odisha	99.1	91.5	98.6	98.8	99.1	90.5
17	Bihar	98.9	100.0	100.0	98.7	98.0	95.0
18	Madhya Pradesh	104.9	99.9	100.0	100.0	99.6	98.8
19	Rajasthan	100.0	99.8	100.0	97.7	96.1	93.0
20	Uttar Pradesh	96.2	94.0	96.7	78.8	99.5	94.3
	Mean (OBIMARU States)	99.8	97.0	99.1	94.8	98.5	94.3
	SD (OBIMARU States)	2.6	3.3	1.2	7.3	1.2	2.5
	ALL INDIA (Mean)	99.2	97.7	99.3	100.0	99.1	96.7
	ALL INDIA (SD)	20.8	21.2	20.1	20.9	19.6	19.0

Source: Compiled from MGNREGA database of Ministry of Rural Development, www.nrega.nic.in

Despite rapid economic growth in recent years, the unemployment problem remains one of the main concerns of the planners and policy makers. The NSSO estimated the unemployment in the economy as a whole at 9.4 per cent in 2009-10 with 7.4 per cent in urban areas and a staggering 10.1 per cent in rural areas. In addition, a large part of the country's labour force is underemployed. Thus, MGNREGA has the potential to absorb unemployed labour in the rural areas. However, the performance of MGNREGA has been disappointing and deteriorated over time. Table 7 indicates that the average persondays

employment per household was recorded at 43.0 during 2006-07. There is an improvement in the provision of employment under the Act during 2009-10 as the average persondays of employment per household increased by 7 persondays to 54 persondays per household over 2006-07. For the country as a whole, average persondays of employment fell from 54 in 2009-10 to 46 in 2012-13. Further, the employment performance under the Act was severely skewed as statistics indicated a high standard deviation from the mean average number of persondays during 2006-07 and 2012-13.

Table 7 : Average Number of Persondays per Household under MGNREGA (No.)

S.No.	State	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	Mean (15 States)	39.27	39.6	37.87	44.8	41.87	41.8	44.93
2	SD (15 States)	14.3	8.44	9.59	10.4	8.36	9.47	9.79
3	Mean (OBIMARU)	55.6	46.4	49.4	51.6	47.4	39.8	39.6
4	SD (OBIMARU)	20.1	20.4	17.3	15.4	6.8	5.11	8.36
5	Mean (ALL INDIA)	43	42	48	54	47	43	46
6	SD (ALL INDIA)	24.9	18.9	18.2	19.9	19.1	17.5	18.4

Source: Compiled from MGNREGA database of Ministry of Rural Development, www.nrega.nic.in

However, when one compares the number of households who received MGNREGA mandated 100 days of employment with the total number of households which demanded employment under the Act, a dismal picture in the performance of the Act emerges. During 2006-07, out of the total number of households demanded employment, only 10.1 per cent of households could be assured 100 days of employment. During 2008-09, MGNREGA performance marked an improvement as 14.3 per cent of households could obtain 100 days of

employment (Table 8). Thereafter, the performance reduced to single digits. During 2011-12 and 2012-13, only 8.1 and 9.9 per cent of households who demanded works could complete 100 days of employment. During 2011-12, Andhra Pradesh, HP, J & K, Kerala, Maharashtra, Tamil Nadu and Bihar recorded higher than the national average of 8.1 per cent. Similarly, during 2012-13, out of the total households demanded employment under the Act, only four States (Andhra Pradesh, Kerala, Maharashtra and Tamil Nadu) recorded higher than the national average of 9.9 per cent.

Table 8 : Households Assured 100 Days of Employment under MGNREGA

S.No.	State	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	Andhra Pradesh	2.7	9.0	8.5	22.7	15.6	19.0	16.4
2	Assam	23.2	16.5	8.2	6.1	2.5	1.2	0.8
3	Chhattisgarh	10.2	11.1	11.1	7.9	7.4	7.6	8.9
4	Gujarat	5.4	3.9	5.8	6.5	6.2	5.0	7.0
5	Haryana	11.1	10.4	5.7	5.6	3.8	4.9	6.6

(Contd...)

Table 8 (Contd...)

S.No.	State	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
6	Himachal Pradesh	25.0	5.0	11.1	9.7	4.9	9.1	7.3
7	Jammu & Kashmir	9.7	1.4	3.6	6.1	12.1	8.4	9.6
8	Jharkhand	3.7	3.0	6.1	7.8	6.6	3.7	6.0
9	Karnataka	12.7	4.2	3.0	12.3	5.4	2.7	7.2
10	Kerala	0.5	22.9	2.1	4.6	5.7	8.8	20.1
11	Maharashtra	1.5	1.8	3.6	3.8	6.2	13.0	13.8
12	Punjab	16.8	5.3	2.7	2.8	1.9	1.5	1.5
13	Tamil Nadu	0.3	6.2	15.2	17.4	22.2	9.5	19.0
14	Uttarakhand	2.8	8.3	4.2	4.0	4.7	4.7	5.1
15	West Bengal	0.6	0.8	0.8	2.1	2.1	2.2	4.3
	Mean (15 States)	8.4	7.3	6.1	8.0	7.2	6.7	8.9
	SD (15 States)	7.4	5.5	3.7	5.2	5.0	4.4	5.4
16	Odisha	11.0	3.3	4.3	5.8	10.1	3.4	4.3
17	Bihar	3.5	1.3	2.7	6.9	6.0	9.4	8.1
18	Madhya Pradesh	18.5	21.2	18.8	14.4	10.5	7.8	5.4
19	Rajasthan	54.4	41.9	41.3	23.2	8.1	7.1	9.3
20	Uttar Pradesh	5.8	10.6	14.9	14.1	9.1	4.2	1.3
	Mean (OBIMARU)	18.6	15.7	16.4	12.9	8.7	6.4	5.7
	SD (OBIMARU)	18.6	14.9	13.9	6.3	1.6	2.3	2.8
	Mean (ALL INDIA)	10.1	10.5	14.3	13.4	10.0	8.1	9.9
	SD (ALL INDIA)	12.4	9.7	8.9	6.1	4.7	4.2	5.3

Source: Compiled from MGNREGA database of Ministry of Rural Development, www.nrega.nic.in

The employment guarantee under MGNREGA is a legal guarantee provided to each and every rural household. The figure presented in Table 8 on 100 days employment provided to the rural households highlights that either every rural household is reluctant to take up the job offered by the Government under the Act or the job offer has been arbitrary and not beneficiary/worker-friendly. In a recent field study undertaken by the author in a few districts of the country (Dhenkanal district of Odisha; West Tripura of Tripura; Hooghly of West Bengal and Ahmed Nagar of Maharashtra), it was found that there has been no advance or concurrent planning for MGNREGA works. The list of works to be undertaken has not been prepared in a participatory method in the gram sabha. The Block Development Officer (BDO), the Programme Officer under the Act, has drawn up the list without the participation of the line departments and the Gram Panchayat. This kind of approach affected the very spirit of the wage employment as a majority of the job seekers are being offered public works in a place which is more than 5 kilometres away from their place of habitation. Further, the implementing officers were following a target-oriented method while executing the Act. Since the employment schemes have the great virtue of being self-select by the poor, the prospective beneficiaries have been opting out of the programme.

While the performance of MGNREGA during the initial few years of its implementation shows mixed results, a lot more needs to be done if the objectives are to be met, considering the results of the NSSO surveys of 2004-05 and 2009-10, which reveal that wage employment in agriculture has been falling sharply. The permissible activities under

MGNREGA are rural connectivity, flood control/ protection and drought proofing, water conservation/harvesting, minor irrigation, renovation of water bodies and land development. These activities have important effects on supply conditions, productivity, sustainability of rural economic activities, in both agriculture and non-agriculture. This calls for an effective, project-oriented and participatory implementation of MGNREGA as the issues and challenges facing the successful implementation of the Act are daunting.

Select agri-related activities are now permitted under MGNREGA. States/UTs are, thus, required to plan and execute works under MGNREGA in conjunction with schemes of Department of Agriculture and Cooperation. The new agriculture and rural livelihood related works permissible under MGNREGA are (a) NADEM Composting (b) Vermi-Composting (c) Liquid Bio-Manures (d) Poultry Shelters (e) Goat Shelters (f) Construction of Pucca Floor, Urine Tank and Fodder Trough for Cattle (g) Azolla as Cattle Feed Supplement (h) Fisheries in Seasonal Water Bodies on Public Land. MGNREGA works need to be planned in such a way that it leads to creation of productive assets. In an evaluation of MGNREGA wells in Jharkhand, Aggarwal et al. (2012) have concluded that the wells constructed under MGNREGA have enabled the cultivation of wheat, vegetables and other crops. The value (net of input costs) of many such crops grown is higher than that of crops grown earlier, leading to substantial financial gains. Further, creation of useful assets would be beneficial for the whole community. Survey of MGNREGA works and workers, planning of works and its judicious execution through appropriate convergence of activities would not only

support in ensuring the achievement of employment objective of the Act but also help in enhancing agricultural production and productivity and in strengthening rural livelihoods.

MGNREGA Wages and Rural Wages : Wage payments to casual workers estimated from 2009-10 NSSO survey show that for works other than public works (non-MGNREGA and other

public works), both male and female wages are lower in agriculture vis-à-vis other sectors. The female wages are lower than the male wages across all industry groups. The 66th Round NSS survey on Employment and Unemployment has also indicated that in public works other than MGNREGA, the wage rate for male casual labour is ₹ 98.33 whereas for MGNREGA works and for works other than public works were ₹ 90.93 and ₹ 101.53, respectively (Table 9).

Table 9 : Average Wage/Salary Earnings (in Rs)/day received by Casual Labourers of Age 15-59 Years, 2009-10

S.No.	State/UT	MGNREGA Notified Wage Rate	Male			Female		
			Public Works		Private works	Public Works		Private works
			MGNREGA	Others		MGNREGA	Others	
1	Andhra Pradesh	121	88.06	91.28	115.41	82.66	85.44	75.71
2	Assam	130	NA	95.47	94.38	NA	85.71	74.87
3	Bihar	120	100	103.32	81.03	NA	102.33	65.81
4	Chhattisgarh	122	97.17	88.89	70.83	98.43	82.57	65.49
5	Gujarat	124	78.03	90.51	87.31	70.67	87.23	70.99
6	Haryana	179	NA	104.84	146.08	NA	110.4	99.12
7	J & K	121	113.48	106.18	157.46	NA	NA	206.54
8	Jharkhand	120	96.05	119.28	103.61	NA	84.72	82.17
9	Karnataka	125	110	NA	96.91	108.9	NA	62.77
10	Kerala	150	NA	125.44	226.6	118.81	125.47	119.31
11	MP	122	92.5	80.88	74.46	100	70.54	58.13
12	Maharashtra	127	118.18	94.98	86.01	71.77	100	58.22
13	Orissa	125	107.62	83.42	81	120	NA	59.06
14	Punjab	153	NA	153.97	133.46	NA	102	91.8
15	Rajasthan	119	83.03	104.87	132.29	84.6	92.57	94.31
16	Tamil Nadu	119	84.73	74.52	132.14	86.68	77.84	72.62

(Contd...)

Table 9 (Contd...)

S.No.	State/UT	MGNREGA Notified Wage Rate	Male			Female		
			Public Works		Private works	Public Works		Private works
			MGNREGA	Others		MGNREGA	Others	
17	UP	120	98.92	103.73	97.04	100	100	69.21
18	West Bengal	130	76.25	88.61	87.76	100	82.81	65.94
	All India	-	90.93	98.33	101.53	87.2	86.11	68.94

Note: (a) NA: Not Available (b) Private works are works other than public works including MGNREGA works.

Source : NSS report (66th Round) on Key Indicators of Employment and Unemployment in India, 2009-10 & Govt. of India Gazette Notification (Extraordinary) dtd. 14.01.2011.

Table 9 indicates that the male female gap in MGNREGA wages is found to be the lowest (i.e. ₹ 3.73) followed by wages in public works other than MGNREGA (₹ 12.22) and works other than public works (₹ 32.59). This reflects that with a lower wage rate, MGNREGA works have ensured relatively more gender parity in wage distribution in rural areas. Further, female MGNREGA workers were offered the highest wage rate of ₹ 87.2 against ₹ 86.11 and ₹ 68.94 for public works other than MGNREGA and private works, respectively. The wage gap between MGNREGA and private works was to the order of ₹ 18.26.

There exists also a wide difference between the actual wages received under MGNREGA works and the notified MGNREGA wage rates. Scholars studying wage determination processes in rural areas found that wage rate in agriculture is positively associated with a number of several factors viz., active operationalisation of minimum wages in States, wage rate in non-MGNREGA and non-agriculture sectors, extent of irrigation,

cropping intensity, education, labour supply and unemployment rate, unionisation of labourers and connectivity of villages with nearby cities/towns (Bardhan, 1977; Barua, 2010).

Convergence – The Need of the Hour? : Land and watershed development, water conservation, flood and drought proofing activities promise to contribute greatly to the economic and ecological development of rural areas, particularly in drought-prone and dryland areas. However, before the extension of MGNREGA to the hitherto untreated regions, efforts should be made to determine the priorities of permissible activities designed for creating durable community assets. Thus, the objective of asset creation should take into account local needs and priorities. Further, construction of assets like irrigation, flood protection, water conservation, etc., should tap the funds budgeted by sectoral departments of the States concerned. Though Gol initiated its effort in converging MGNREGA with other ongoing programmes of Ministry of Rural

Development, Ministry of Agriculture, Ministry of Water Resources, Ministry of Environment and Forests, Department of Land Resources, there is an essential need to design and implement policy directives on convergence at the district/block/village level with the all-round cooperation of the district/block level sectoral line departments.

During the field visits to the Dhenkanal and Hooghly districts of Odisha and West Bengal, respectively, it was experienced that farm ponds (at a cost of ₹ 50,000 to ₹ 3,00,000 each) were being dug under MGNREGA in several places without having a detailed plan of action. Beneficiaries and the executing government officials seemed to have no satisfactory answer on the usability of such ponds in dry seasons. The officials were of the opinion that the construction of such ponds would recharge the groundwater aquifer. However, no adequate care had been taken to identify individual/community needs for such type of intervention.

Therefore, to have a complete impact of MGNREGA initiative, an active involvement of national and State level experts like engineers, architects and planners is a must in identifying land masses needing proper management, arriving at topographic specificities, effective flood/drought proofing methods and disaster management measures. Since there is an essential need for an integrated management of flood and drought forecasting services in India, providing an agency of experts in this field under the Act could ensure sustainability of activities and optimisation of the resource utilisation at the grassroots level.

People's Participation : MGNREGA envisages an active participation of the three-tier self-government. The implementing mechanism

under MGNREGA advocates free participation to democratically discuss local issues and problems, identify the ways and means for their resolution and demand such facilities which could improve the quality of life of the village community at large.

The author's interaction with Zilla Parishad Presidents, and Block level and Gram Panchayat elected functionaries of Dhenkanal district of Odisha, West Tripura district of Tripura, Hooghly district of West Bengal revealed that though MGNREGA has been under implementation in the districts since its inception, none of the public representatives were aware of their duties conferred to them by this Act. The Panchayat functionaries in consultation with the local people, need to review the existing infrastructure and the need for their expansion under the Act for making MGNREGA activities demand-driven. Preparation of action plan/ perspective plan under the Act requires energetic involvement of the various levels of self-governments.

Concluding Remarks

This paper reviewed the rural employment and unemployment situations in the recent past and assessed the country's MGNREGA intervention in rural areas according to five criteria (a) percentage expenditure against total available funds (b) percentage employment provided to households demanded jobs (c) average number of persondays per household (d) percentage of households assured 100 days of employment to total employment demanded and (e) average wage/salary earnings by casual labourers in MGNREGA and other works. This paper also delved upon the present employment and unemployment situations in rural India to ascertain the possible potential of MGNREGA in improving rural livelihoods.

The concepts of the Act are novel and innovative though the Act continues to suffer from age-old operational and functional rigidities, like its predecessors. The performance of MGNREGA has not been uniform across States. The overall expenditure as a percentage of total available funds under MGNREGA showed an improvement during 2012-13 over 2007-08. However, this has not translated into the corresponding physical performance as envisaged under the programme. The average person-days employment per household which had witnessed an improvement during 2009-10 over 2008-09 got decelerated during 2010-11 and 2011-12. The average person-days of employment for the country as a whole improved in 2012-13 but did not surpass the achievement registered in the year 2009-10. Very few households who demanded the jobs under MGNREGA could be assured the Act mandated and guaranteed 100 days of employment.

In the period 2004-05 and 2009-10, the labour force of the country declined though the workforce experience a marginal increase. The 66th Round NSS survey on Employment and Unemployment has indicated that wages in private works are more than the wages in MGNREGA works and public works other than MGNREGA. Gender disparity in wages for MGNREGA works was found to be the lowest (i.e. ₹ 3.73) followed by wages in public works other than MGNREGA (₹ 12.22) and works other than public works (₹ 32.59). Though the difference between the actual wages paid under MGNREGA works and the notified MGNREGA wage rates and the wages for private works were prominent, yet the interplay

of several important wage rate determining factors in a rural set-up needs to be examined. Further research is required to find out the exact extent of inter-relationships between MGNREGA, surplus labour force and rural wages.

MGNREGA, in spite of various inherent limitations, assures generation of employment opportunity in the rural areas. MGNREGA needs to absorb the burgeoning rural workforce by ensuring employment opportunities, creating durable assets and meeting the need of necessary investment for generation of job avenues in rural sectors. The provisions of MGNREGA need to be publicised in simple and easy-to-understand local dialects. Dissemination of core message of the Act through print, electronic media and innovative street plays would help in generating awareness and building capabilities among the rural employable poor households on the Act.

Looking at the current momentum in the implementation of MGNREGA, it is expected that this endeavour requires a close, dedicated and effective execution at the grassroots level. The true spirits of the provisions made under MGNREGA should not be diluted by making the execution of MGNREGA works target-driven. This Act, through its demand driven approach can enrich the rural economy by narrowing down the economic gap between urban and rural India. To make this expectation a reality, a synchronised approach is needed to ensure necessary and adequate convergence of other ongoing development intervention with the benefits of this employment generating and infrastructure-building initiative.

Notes

1. Poverty line in India is defined in terms of minimum needs and effective consumption demand, benchmarked with per capita daily calorie intake. For details, please see Press Note on Poverty Estimates 2011-12 issued by Planning Commission, Government of India in July 2013.
2. The multitude of poverty alleviation programmes of the late 1980's led to their restructuring during the 1990s. In 1999, the Government of India (GoI) clubbed together employment generation programmes into four broad groups, viz. programmes for (a) self-employment, (b) wage employment, (c) Area Development (like Drought Prone Area Programme and Desert Development Programme), (d) Minimum Needs (like Indira Awas Yojana, Programmes on Sanitation, etc.).
3. The national level poverty ratio based on comparable methodology (Tendulkar Method) for 1993-94, 2004-05 and 2011-12 estimated from Large Sample Survey of Household Consumer Expenditure data of 50th, 61st and 68th round, respectively.
4. Unemployment rate is the number of persons unemployed per 1,000 persondays/persons.
5. Labour Force Participation Rate is the number of persons in the labour force per 1,000 persons/persondays.
6. Work Participation Rate (WPR) measured the number of persons employed per 1,000 persons/persondays.

References

1. Aggarwal, A. Gupta A. & Ankit Kumar (2012), 'Evaluation of NREGA Wells in Jharkhand', *Economic & Political Weekly*, Vol. XLVII, No. 35, pp. 24-27.
2. Bardhan, K (1977), 'Rural Employment, Wages and Labour Market in India, A Survey of Research', *Economic & Political Weekly*, Vol. 12, No. 18, pp. 1101-1118.
3. Barua, K (2010), 'Variations in Wage Earnings Among Agricultural Labourers in Rural Bengal: A Field Work Based Analysis', *The Indian Journal of Labour Economics*, Vol. 53, pp. 677-686.
4. Chandrasekhar, C P and Ghosh J. (2011), Latest Employment Trends from NSSO, *Business Line*, 12 July.
5. GoI (2008), Employment and Unemployment Situation in India: Statement 22, NSS Report No 531, July, 2007- June, 2008 (NSS 64th Round Survey).
6. GoI (2011), Census of India, Census Commissioner and Registrar General of India, New Delhi.
7. GoI (2011), Key Indicators of Employment and Unemployment in India 2009-10, NSS 66th Round, National Sample Survey Office, New Delhi.
8. GoI (2013), The Mahatma Gandhi National Rural Employment Guarantee Act 2005 (NREGA) – Operational Guidelines 2013 (4th Edition), Ministry of Rural Development, New Delhi.
9. GoI (2013), Press Note on Poverty Estimates, 2011-12, Planning Commission, July 2013, New Delhi.
10. GoI (2015), Economic Survey 2014-15, Ministry of Finance, New Delhi.
11. Kannan, K & Raveendran G (2012), 'Counting and Profiling the Missing Labour Force', *Economic & Political Weekly*, Vol XLVII, No. 6, pp. 77-80.
12. Patnaik, P (2011), 'Economic Growth and Employment', *Economic & Political Weekly*, Vol. XLVI, Nos. 26 & 27, pp. 172-176.
13. www.nrega.nic.in, Ministry of Rural Development, accessed during 01.10.2013 & 07.10.2013.