

Effects of MNREGA and Other Employment Generation Schemes on Indian Economy

Dilshad Kaur^{1*} and Daljeet Singh²

¹School of Education, Lovely Professional University, Phagwara, Punjab, India

*Guru Nanak Girls College, Yamunanagar, Haryana, India

²School of Electronics and Electrical Engineering, Lovely Professional University, Phagwara, Punjab, India

Corresponding author: Daljeet Singh (daljeet.23804@lpu.co.in)

Abstract:

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is established to reduce rural poverty through 100 days of guaranteed employment per year. This paper gives a study on the effects of MNREGA and other employment generation schemes on Indian economy. An article is presented on whether this program has given social protection for SC, ST and Women by guaranteed employment. MGNREGA and other job generation schemes are observed to provide some basic jobs for marginalized groups. There is evidence of small but significant labour-related shifts.

Keywords: MNREGA, Employment, labour, social protection

1. Introduction

Poverty is an unfair human condition which shouldn't last long. The first and foremost goal to improve a nation is to decrease the social inequities by eradicating poverty. Sustainable economic development & the right programs are key to remove poverty in the long term. Poverty reduction will support development and encourage everyone to take part in national growth. Poverty is a dynamic multidimensional problem, with national and international roots. Poverty is primarily a rural concern in India. It is associated to religion, community, and topographical positions, and is the maximum in villages.

Although poverty overall has dropped in recent years, yet its declining speed is not satisfactory. It is enclosed in parts of Madhya Pradesh, Uttar Pradesh and Rajasthan's populous northern states, and includes Assam, Orissa, and West Bengal. The loss of the available resources in timberland areas is a chief reason of poverty [1].

The National Rural Employment Guarantee Act is a social security scheme that seeks to provide jobs and livelihood to the needy people in villages and remote locations. The minimum wage for these jobs is fixed by the government. These schemes are implemented by the Gram Panchayats. Millions of rupees are spent every year by the government on MNREGA and related employment generation schemes. But, most of the times, the benefit of such schemes does not reach the targeted population. Therefore, there is an urgent necessity to improve the government policies related to such schemes.

Unemployment increases the pressure on everyone and weakens household strength. The main factors responsible for rural unemployment in India are lack of capital or the misuse of capital, improper use of possessions. There is a fairly large unorganized sector in this country. All the major construction and mining services and other social services fall in the unorganized sector in India. The employment in the organized sector has declined instead of economic reforms. By strict sense, there was 24.01 million jobs in the organized sector in 1994, and 28.11 million more in 1999-2000. This cannot be considered a satisfactory development, because it has continued to decline since 1983. In 1983, the organized sector represented 7.93 per cent of the jobs. The share of total employment subsequently declined steadily to 7.3 percent in 1994 and 7.08 percent in 1999-2000 [2].

Employment development schemes do not enable the poor to cross the poverty line on a permanent basis by continuing to support such programmes. Yet, as its recipients are the poorest of the poor, these services can have a tremendous impact on reducing the extent of poverty. In reality, job generation programs have successfully prevented increase in the level of poverty in years of natural calamity such as drought. There is no question that a significant portion of poverty reduction has been carried out since the 1980s by programs for direct revenue generation. There is, however, a lot of argument about the number of people who reach the poverty line completely as a result of the anti-poverty programmes, at the root of which there is a complicated and complex question of how to measure income generation from the implementation of these programmes alone [3].

2. Rural Development and Poverty Reduction

Rural development is a socio-economic concept, it deals primarily with the poor inhabitants of rural and inland village areas, and should be emphasized and given the opportunity to enjoy the benefits of growth through improved education, health, nutrition and good climate. This is the basic concept of rural development as social infrastructure could provide the catalyst for rural areas to be transformed. Rural India, which represents a huge population, is marked by low income levels, not even sufficient to ensure physical well-being consistent minimum quality of life.

In the post-independence period, it was realized during the 1960s that the benefits of rapid growth did not eventually hit the target groups, and as a result, the effect of the country's overall economic growth widened the gap between the poor and the rich. It was primarily because of this aspect that the rural development planning and policy was updated. The decrease in rural poverty is due both to the growth factor and to the Government's special jobs initiatives to generate more income in rural areas. Rural development has thus been restricted, in its more narrow sense, to a direct attack on poverty through special employment programmes, regional development programs and land reforms [2].

Rural development in India has seen a number of changes in its focus, objectives, policies and programmes, over the years. As a consequence it took on a new dimension and perspectives. Only through the participation of development clientele can rural development be richer and more meaningful. Just as implementation is the planning touchstone, participation by the people is the centerpiece of rural development. People's involvement is one of the prime prerequisites of the process of development from both structural and metaphysical viewpoints. To make the plans participatory, it is necessary for the development planners and administrators to seek the participation of different groups of rural people. There have been various programs to alleviate poverty and generate employment, such as the Rural Works Programme, the Integrated Rural Development Programme, the National Rural Employment Programme, the Pilot Intensive Rural Employment Programme, the Rural Landless Employment Guarantee Programme, Jawarhar Rozgar Yojana, Sampoorna Grameen Rozgar Yojana and many others [4].

None of these programs targeted the world as a whole, although some of those programs worked concurrently for the same target groups in certain parts of the country. The challenge in this region is that while the initiative is specifically intended for small and marginal farmers, it has mostly addressed the needs of middle and large farmers as they have easy access to government financial institutions. The main limitation of these programs was that they were reduced to merely granting subsidies, without any planned approach to enabling the rural poor [5].

These well-intentioned schemes for the generation of jobs have failed largely due to a lack of adequate allocation of resources, apart from corruption in implementation. The fundamental problem is that, over the last half century, national policies and programs have not helped poor and downtrodden section emerge from the perennial gap in poverty. The income-generated programs do not recognize the importance of increased social input flow through family welfare, nutrition, social security, and minimum long-term needs to alleviate poverty. Furthermore, the policies and schemes have done little for persons with disabilities, sick and social disabilities who are unable to participate in normal economic activities. Such policies also ignore the consequences in terms of occupational health risks and negative ecological effects of the poor's earning practices.

3. India's Poverty and the Significance of MGNREGS

According to India's Planning Commission figures, the proportion of people living below the poverty line remained above 50 percent until the mid-1970s, with no significant change. According to the NSS 55th Round, in 1999 – 2000, nearly 260 million Indians (193 million rural and 67 million urban) remained below the poverty line. According to the Planning Commission's latest report, the number of people living below the poverty line has shrunk from 37.2 percent in 2004-05 to 21.9 percent in 2011-12 due to higher per capita consumption. The latest poverty-level figures are dramatic, showing that the number of people below the poverty line (as stated by the Tendulkar Committee) has shrunk from 37% of the population to 22% in the seven years up to 2011-12. This is an unprecedented decline in poverty levels; seven years later, some 40 percent of those who were poor in 2004–2005 were no longer poor [6].

In 2013 India ranked 63rd in the Global Hunger Index. The World Bank estimates that the number of children suffering from malnutrition makes India one of the highest ranking countries in the world. India's prevalence of underweight children is among the highest in the world and nearly doubles that of sub-Saharan Africa with dire consequences for health, mortality, productivity and economic growth. The World Bank reports that the number of children suffering from malnutrition makes India one of the highest ranking countries in the world. India's prevalence of underweight children is among the highest in the world and nearly doubles that of sub-Saharan Africa with dire consequences for mobility, mortality, productivity and economic growth [3].

India is one of the fastest growing economies in the world, and is also the world's 12th biggest economy. India's Tenth Five Year Plan was adopted to complement and meet the targets of the 2015 UN Millennium Development Goal. The most notable in this program is poverty reduction to just 20 percent, increased employment generation, universal primary education and an increase in nutrition and safe drinking water quality. The central theme of the Eleventh Five Year plan, approved by the National Development Council, is toward faster and more inclusive development [2].

4. The Mahatma Gandhi National Rural Employment Guarantee Act-2005

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 was part of the United Progressive Alliance(UPA) government's commitments to its Common Minimum Program and came in force mainly in 200 districts in February 2006. It was a praiseworthy achievement and has drawn attention at home and abroad. It has targets that are numerous. On the one hand it is a measure of social security and applied based on the experience of previous public schemes by providing guaranteed employment in rural areas, on the other hand, it also seeks to improve the results of the labour-market. This Act has dual purpose, it creates jobs and sustainable assets in rural areas. MGNREGA's core features are [1]:

1. Guaranteed Work,
2. Kind of work on the right,
3. Panchayat Raj Institutions have the powers to make scheme successful in rural areas,
4. If it is not possible to create jobs, rural people are entitled to unemployment benefits,

Mahatma Gandhi National Rural Employment Guarantee Act has a five-tier implementation structure starting from Gram Panchayat at the bottom to the top of the Central Government. Gram Panchayat is the bottom-level nodal agency which has the authority to select, design and implement the works. Gram Sabha(Village Council) conducts the selection, execution, monitoring and supervision of works. Gram Panchayat is responsible for registering households, issuing job cards, receiving job applications, providing employment and supervising the works under this scheme.

5. Type of Work

The production of agricultural assets and the strengthening of the rural poor people's livelihood tool will be an important goal of the scheme. These are the types of works allowed [4]:

1. Conserving water and extracting water.
2. Drought proofing(including tree planting and forestation)

3. Canal Irrigation.
4. Renovation of the conventional bodies of water like tank desilting.
5. Flood management and protection functions in water filled areas including drainage.

6. Conclusion

The major economic activities in rural areas are irregular and intermittent mainly due to the fluctuations in season. This leads to the periodic withdrawal of labour-power, especially on the part of marginal labour, mostly women, who shift back and forth between what is identified as domestic and gainful labour. Rural people's poor economic status forced them to employ their children for some work. All these facts express the Government's security and solidarity to safeguard our country's rural population. MNREGA legislation provides an opportunity for the government to reverse the prolonged neglect of productive rural infrastructure. Our Government has sharpened and strengthened the focus on poverty by restricting and revamping income and living standards of the poorest of the poor through the introduction of the MGNREG Act. The National Rural Employment Guarantee Scheme has been recognised as Public Utility Services in some of the states to put the schemes under the permanent Lok Adalat system. It is a commendable endeavor to get this system implemented.

References

1. Muralidharan, K. (2013, April). Priorities for primary education policy in India's 12th five-year plan. In *India Policy Forum* (Vol. 9, No. 1, pp. 1-61). National Council of Applied Economic Research.
2. Shah, M., Banerji, D., Vijayshankar, P. S., & Ambasta, P. (1998). India's drylands: tribal societies and development through environmental regeneration. *India's drylands: tribal societies and development through environmental regeneration.*
3. Rao, M. V., Rao, C. H., Dheeraja, C., & Kumar, S. (2014). *Status report on convergence initiatives of NREGA in India* (No. id: 5625).
4. Rosegrant, M. W., Ringler, C., & Zhu, T. (2009). Water for agriculture: maintaining food security under growing scarcity. *Annual review of Environment and resources*, 34, 205-222.
5. University Grants Commission. (2011). *Inclusive and Qualitative Expansion of Higher Education. Compilation Based on the Deliberations of the Working Group for Higher Education in the 12th Five-Year Plan (2012-17).*
6. Sharma, S. K., Bhattacharya, S., & Garg, A. (2003). India's initial national communication (NATCOM) to United Nations framework convention on climate change and the forestry sector. *Indian forester*, 129(6), 673-681.