

## Role of MGNREGA in Generation of Employment and Eradication of Rural Poverty in Tamil Nadu (2006-2012)

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### ABSTRACT

*Rural poverty is increasing in various dimensions to affects people to live with inadequate economic life. In rural areas, people have poor life chances which are reflected in housing, education, nutrition and health. The programme targets to reduce headcount ratio of consumption poverty by 10 percent, raising the real wage rate of unskilled workers upto 20 percent and creating 70 million new work opportunities. NREGA aims at enhancing livelihood security by providing atleast 100 days of guaranteed wage employment in a financial year to every household whose adult volunteer members to do unskilled manual work. It was later renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The main feature of the MGNREGA scheme is to provide basic facilities like drinking water, shade, first-aid box and crèche at the work place. This scheme not only provides employment but also focuses on inclusive growth, rejuvenation of natural resources, generating productive assets, protecting the environment, empowering the rural women and reducing rural-urban migration with the multiple objectives of sustaining income and consumption through wage works, creating durable assets. This study tries to focus on the effectiveness of the MGNREGA in reducing poverty, by identifying the benefits and the challenges of its implementation. The study concludes that the poverty level has reduced through MGNREGA scheme by providing better employment opportunity in the study area.*

**Keywords:** Poverty, employment, rural area, MGNREGA

### Introduction

The International Labour Organization (ILO) states the right to social security as a basic human right, and claims that social security is one of the world major challenges (ILO, 2010). Globally, only 1 in 5 can enjoy sufficient social security coverage, while half of the world population have no social security protection at all (GESS official website). These numbers indicate not only a lack of social security, but also an unequal provision of social security coverage worldwide. Social security is important to strengthen the capability of the poor to escape poverty and also to prevent people from becoming impoverished. Where adequate social security coverage is lacking, escaping the poverty circle becomes more difficult and the risk of falling deeper into poverty increases. Additionally, social security can also enhance economic growth and social stability within countries (GESS official website).

Labour force is considered as the backbone in each and every economic enterprise and nation. According to 2011 census 71 percent of the Indian population are living in rural area and most of them got employment from agricultural sector and related field. Rural labour markets are mostly unorganized and informal, most of the people depend on the agriculture employment and small scale industries (Vettriselvan.R and Balakrishnan.A, 2011). The extreme economic and educational backwardness of the rural population in the country has drawn the attention of the state and Central Governments. Many socio-economic measures to uplift the rural people were initiated by India under the Colonial British rule. The efforts of various commissions and legislative measures have proved futile. A number of developmental activities intended for reducing the villagers from migration for helping them to further their socio-economic development and eradicating the poverty have not yielded fruitful results as expected.

In recent days Mahathma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a main income generator of rural households. The scheme provides 100 days guaranteed employment to the rural people to improve the socio-economic background of the people by providing the basic payment to the rural peoples. MGNREGA has the potential to improve the livelihood of millions of rural poor. Work undertaken under this scheme could help reverse the recent neglect of rural infrastructure and be a crucial part of regenerating the rural economy. Providing employment would have a beneficial impact on health, education and other determinants of social welfare by breaking the cycle of rural poverty.

MGNREGA is the latest in a series of generally undistinguished rural poverty alleviation programmes. It owes many features of its design, however, to a similar relatively successful programme in Maharashtra which was started in 1974. There may also be indirect benefits if more women are given the opportunity to work, as higher levels of female labour force participation are associated with lower infant

mortality rates and higher primary school enrolment rates. The revival of rural employment opportunities would also reduce migration to urban centre. MGNREGA rights would also give greater bargaining power to traditionally disadvantaged groups and lead to greater mobilization of the rural poor.

### **Statement of the Problem**

Poverty is a crucial problem facing all developing and underdeveloped countries in the modern world. It is felt that the problem of poverty can be solved through a concerted effort by the State. Feasible opportunities can be provided to the deprived and the destitute by means of lending asset creating facilities. For the traditional sectors, apart from relief measures, it emphasizes "value addition" and upgradation of technology within the organizational form of cooperatives. These have to be run professionally and helped by the Government. A proper execution of the Mahatma Gandhi National Rural Employment Generation Scheme aims to ameliorate poverty among marginalized groups such rural people (Vettriselvan.R and Balakrishnan.A, 2014). The present study with concern to sustain under utilization of centrally sponsored schemes in the State to remove the poverty by providing additional employment to the local people.

### **Methodology**

Rural poor are predominantly landless or the land is very tiny in size and poor in productivity. Manual labour is their main income earning activity, particularly in agriculture. Their education and health status are abysmally low and it seriously impedes their livelihood capabilities in the immediate present and in the future. Lack of skill is another reason for their poverty as they are unable to diversify into non-farm sector. Seasonal migration to the urban area, credit from various sources, child labour, disposal of livestock are some of the coping mechanisms of the poor. Nearly one fifth of the eligible workers are largely out of agriculture while another sizable section is trying a foot hold in other avenues of employment other than agriculture. This is a descriptive study purpose necessary secondary data were obtained from government websites, offices and records.

### **Relevance of the Study**

Over the last decades the level of poverty has changed. Twenty years ago, 93 percent of the world poor lived in low income countries, whilst today, 72 percent of the poorest people in the world reside in middle-income countries (Sumner, 2011). In 2010, India was ranked as a medium development country as number 119 on the Human Development Index (HDI, 2010). With a growth in Gross Domestic Product of 9 percent, India has become the 4th largest economy in the world based on Purchasing Power Parity (PPP) (World Bank website, 2010). Nonetheless, despite the economic achievements, the country is home to 1/3 of the world poor (ibid.). In India, 456 million people live on less than 1.25 USD a day (Bolle, 2011), and 75 percent of these reside in rural areas (World Bank, 2011). In rural India, poverty has increased (UNDP, 2011), coupled with increasing unemployment (Negi, 2010). In an attempt was made to combat rural poverty, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2006.

Through the MGNREGA, the Indian government recognized the right to social security by initiating one of the largest rights-based social protection initiatives in the world (Hirway, 2005). In brief, the MGNREGA guarantees annual employment for 100 days to all rural households whose adult members are willing to do unskilled manual work at a statutory minimum wage (GOI-Legislative Dept., 2005). The aim of the MGNREGA is to change the conditions of poverty not only by providing employment and income, but also by the creation of durable assets through the work conducted. These efforts are targeted to address the causes of chronic poverty and have the potential to transform the rural economy (GOI-MORD, 2008).

### **Objectives of the Study**

- To understand the extent of poverty among the rural people especially socially excluded;
- To study the extent of employment provided by the MGNREGA to rural people;
- To analyze the distribution of employment opportunities provided to the socially excluded and other poor category under MGNREGA; and
- To suggest suitable measures for better distribution of employment opportunity for the socially suppressed communities in rural areas.

### **Poverty in India**

However, close to 300 million people still live in chronic poverty on less than one dollar a day. Recent assessments of poverty by the Suresh Tendulkar Committee place 37% below poverty line. Since the 1970s, the number of poor in India has been reduced from encompassing around 50 percent of the population, to approximately one fourth of the population at present (World Bank, 2011). With a population exceeding 1.2 billion people (Census of India, 2011) the number of poor remains very high. India is ranked as a country with very high vulnerability measured by the proportion of the population living below the Purchasing Power Parity (PPP) of 2USD a day, and the proportion of workers engaged in the informal sector

(ILO, 2010). As much as 93 percent of India total work force is engaged in the informal sector, which amounts to about 370 million people (GESS official website). Being unrecognized and unprotected by law and the absence of unions makes the workers vulnerable to exploitation. In addition, over 70 percent of the work force is educated below the primary level or are illiterate (CSE draft). In India, the quinquennial rounds of national sample survey (NSS) of consumption expenditure have been instrumental in providing us with an estimation of head count ratio.

The Report of the Task Force on Projections of Minimum Needs and Effective Consumption Demands (Government of India, 1979) looked into the age, sex and activity specific nutritional requirements and arrived at a per capita norm of 2400 calorie for rural and 2100 calorie for urban and based on this a monthly per capita expenditure (MPCE) of Rs.49.09 in rural and Rs.56.64 in urban was identified as the poverty line for 1973-74. The Report of the Expert Group on Estimation of Proportion and Number of Poor (Government of India, 1993) proposed the use of independent poverty lines for each state and updating them by looking into the state specific changes in prices. This formed the basis for official estimates of poverty provided by the Planning Commission till recently.

The current exercise focuses on three aspects. First, it discusses critically by reviewing of some recent literature. Second, it analyses the change in the extent of poverty across the states and union territories that will occur. It also tries to bring the possible repercussions of these changes on poverty reduction efforts in the states. Third, it provides estimates of proportion of poor, depth and the severity at various levels of disaggregation like states, NSS regions, social groups and occupational categories.

**MGNREGA**

The NREGA -2006 was renamed as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in October, 2009. The main objective of the Mahatma Gandhi National Rural Employment Guarantee Scheme is to enhance livelihood security through generation of assets, protecting environment, empowering rural women, reducing migration and fostering social equality. MGNREGA belongs to a long history of wage employment programmes. The most significant features of the MGNREGA are that it creates a rights-based framework through enrichment of law. Its main instruments for articulating a rights-based approach are: (i) documents like job cards that are the workers documents for asserting their rights; (ii) exercise of choice by workers; (iii) time-limits on the government for fulfilling guarantees; (iv) social audits; and (v) compensation/penalties.

**Promotional Activities implemented by MGNREGA**

- Rural connectivity for all – weather access including culverts and drainage facilities wherever necessary.
- Flood control and protection works including drainage in water logged areas.
- Renovation of traditional water bodies including desilting of tanks.
- Improved states of beneficiaries of land reforms or the beneficiaries of the Rural Housing Scheme namely Indira Awas Yojana.
- Irrigational canals including micro and minor irrigation works.
- Drought proofing including afforestation and tree plantation.
- Water conservation and water harvesting,
- Other works notified by the Central Government after due consultations, that promote employment generation and land development .

**Figure No. 1 Major Players of MGNREGA**



The above picture is about the main players about the MGNREGA. There are five different players plays a different roles to implement the programme to the public namely village panchayat, block panchayat, district panchayat, state government and central government.

#### **MGNREGA and EMPLOYMENT GENERATION:**

The MGNREGA with the aim to reduce poverty has generated huge employment opportunities for the rural livelihood. The MGNREGA can target development using huge demand for casual work in the rural areas. It has made a dent on poverty, by increasing employment opportunities to the rural people.

**Table 1**  
**Employment Generated in India during 2006 - 2007 to 2011 - 2012 National Review**

(Rs.in crores)

Details	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Total Job cards issued	3.76	6.48	9.44	10.72	10.24	-----
Employment provided to households	2.10	3.39	4.51	5.25	4.425	3.78
Person Days total	90.5	143.59	216.32	165.72	124.98	120.88
SCS	22.95	39.36	62.88	33.54	28.34	27.4
ST's	32.98	42.07	54.51	27.92	21.33	20.69
Women	36.79	61.15	102.73	77.50	64.68	59.82
Others	34.56	62.16	98.93	104.26	75.31	72.73

Source [www.nrega.nic.in](http://www.nrega.nic.in)

During the year 2006-07 the programme was implemented in 200 districts, in this 2.10 crore households were employed and 90.5 crore person days of employment were generated. In the year 2007-08, 3.39 crore households were provided employment and 143.59 crore person days of employment were generated to covering 330 districts. During the year 2008-09, 4.51 crore households have been provided employment and 216.32 crore person days of employment have been generated across the country the year. In 2009-10, 5.25 crore and during the year 2010-11, 4.425 crore households have been provided employment. In the current financial year, it has provided employment to 3.78 crore households and generated 120.88 crore person days of employment in 2012. In total, the MGNREGA was generated 861.99 crore person days of employment from its inception. The Act has inaugurated a remarkable process for the upliftment of the poor. The Act is a tool of empowerment through the provision of employment and asset creation for the most vulnerable sections of the village communities as they are the victims of social exclusion and political marginalization. The downtrodden people of scheduled caste and scheduled tribe people still they are living in below poverty line are provided employment to the time of 413.97 person days which constitutes 48 percent to the total employment provided in the country.

#### **Major Findings**

- There is a steady growth in total job cards issued to the rural people who are all registered for employment from the scheme.
- Evidences shows that there is a lot of flexibility in the employment provided to the households and person days employed.
- There is a slow decline trend in the people registration for employment MGNREGA it may be due to growth of rural job market.
- Demand for casual labour also increase due to the MGNREGA scheme.

#### **Suggestions**

- The registration and maintenance of Job Cards must be improved for the villagers to minimize the chances of the people to become victims of exploitation, under MGNREGA
- The scheme should be implemented during the off-seasons it which will promote period of employment and reduce the demand for labourers for agriculture and other related activities in rural areas.
- Wages should be paid according to the minimum standard of INR 100, and it should be paid equal to men and women as the Act stipulates.
- An extended effort to raise the awareness levels of the MGNREGA among the people should be conducted, both for the people to utilize their rights and also to strengthen their capacity to avoid being subjected to exploitation.

- For the MGNREGA to serve as a social security net for the rural poor consist of scheduled caste in the landless labours category, the 100-day guarantee of working days each year must be fulfilled to all participants under the Act.
- To reduce the extent of poverty the government should implement these kind of scheme especially for the suppressed landless people of the society in order to bring them above the poverty line.

### Conclusion

India is a nation with growing economy and second largest population in the world more than 120 crores among them one fourth will come under poverty line (World Bank 2011). With a population exceeding 1.2 billion people (Census of India, 2011) the number of poor remains very high. The high proportion of people under poverty line will imply the lack of accessibility towards the government schemes and practices which are introduced for the rural poor who are most socially and economically excluded people and forming them for inclusion the scheme playing a major role. The gap between the poor has been reduced through MGNREGA. MGNREGA was implemented by the government for the people who are living under the poverty line in order to empower them to fulfill their basic needs in the society. The study results reports that the scheme was highly influenced in the rural labour market and it creates employment opportunity to the rural people and reduce the level of poverty in the rural area especially for the suppressed and socially excluded people.

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