

## **Impact of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on Rural Livelihoods - A Case Study of Village Forlain West A, District- Kathua (J&K)**

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### **ABSTRACT**

*MGNREGS is the most significant scheme to uplift the overall quality of life of rural households. One of the major objectives of the scheme is to improve the income levels of the rural poor and thereby provide livelihood security in rural areas by guaranteeing 100 days of wage employment in a financial year to every registered household. Study revealed that MGNREGA overall has been successful in providing works to the beneficiaries. This scheme facilitates infrastructural development at village level. Moreover, the scheme has been able to reduce the rural urban migration by making employment opportunities available at the place of residence. Overall, results showed a satisfactory (positive) impact of MGNREGA on the rural livelihoods. However, there is need of reforms in this scheme in order to make the working of MGNREGA much better. During the study, it was found that the beneficiaries are not satisfied with the existing wage rate they received for work done under MGNREGA. Issue of delay payments need to be rectified. Wastage of funds should be checked. To make the Act more effective for securing the desired objectives of rural poverty eradication and livelihood security, there is an urgent need to ensure citizen participation in all stages of the implementation process.*

**Keywords:** *MGNREGA, Wage Employment, Poverty, livelihood, beneficiaries*

India is a country of villages & even today around 70 percent of its population is residing in the villages out of which 28.3 per cent live below the poverty line (World Bank, 2011). Upliftment of villages and hence rural development has therefore always remained and will continue to be the major area of concern in all the discussions pertaining to economic growth of our country. It was estimated that one third of the world's poor lives in India. The World Bank reported that 32.7% of the India's population is below the international poverty line (2015).

According to the report by the Oxford Poverty Human Development Initiative (OPHI), eight Indian states (Bihar, Jharkhand, Madhya Pradesh, Uttar Pradesh, Chhattisgarh, Odisha, Rajasthan, and West Bengal) have more poor people than 26 poorest African nations combined which totals to more than 410 million poor in the poorest African countries. Since 2000, India has experienced a rapid economic growth and a sharp decline in poverty. However, employment has grown far more slowly. MGNREGA of 2005, emerged in response to this growing dilemma.

MGNREGA is considered as a “Silver Bullet” for eradicating rural poverty and unemployment, by way of generating demand for productive labour force in villages. There is a growing incidence of illiteracy, hunger, malnourished children, anemic pregnant women, farmer suicides, starvation deaths, migration resulting from inadequate employment, poverty and the failure of subsistence production during droughts. In order to make solution of these problems and to provide livelihood security to rural unemployed, Government of India (GoI) enacted the National Rural Employment Guarantee Act (NREGA) in 2005. It is the biggest poverty alleviation programme in the world which is started with an initial outlay of 11,300 crore in year 2006-07 and in the year 2010-11 it is estimated around 40,000 crore. The Act provides a legal guarantee for 100 days of employment in every financial year to adult members of any rural household willing to do public work related unskilled manual work at the statutory minimum wage. This minimum wage varies from state to state, in some states it is 80 whereas in other it is 125 or 120. According to the Act, the minimum wage cannot be less than 60. The 100 days of work figure was estimated because the agricultural season is only supposed to last roughly around 250 days and unskilled workers have no alternative source of income in the remaining parts of the year.

### **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**

To overcome the above problems and deficiencies of the earlier wage employment programmes, Government of India took a historic step by enacting the National Rural Employment Guarantee Act (NREGA) in 2005 by merging Swaran Jayanti Gram Rozgar Yojana (SGRY) and National Food for Work (NFFWP) for providing livelihood security to rural unemployed. Maharashtra was the first state to enact an employment guarantee act in the 1970s. In 1970s, Vasant Rao Naik

launched employment guarantee scheme and it proved to be a boon for millions of farmers ravaged by two ferocious famines. After the success of rural employment guarantee scheme in Maharashtra, the Planning Commission later approved the scheme and the same was adopted on national scale.

|                 |  |                             |   |   |                           |                         |
|-----------------|--|-----------------------------|---|---|---------------------------|-------------------------|
| Aug 2005        | Feb 2006                               | Apr 2007                    | 1 <sup>st</sup> April 2008  | Oct 2008                                    | 16 Feb 2009               | 2 Oct 2009              |
| NREGA legalized | Came into force in 200 rural districts | 130 more districts included | Universalization of the scheme (Implemented in remaining 274 rural districts) | Wage transaction through banks/post offices | MOU with the postal dept. | Name changed to MGNREGA |

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

The Act, which became law in September, aims to provide large-scale employment to the rural poor through public works. It was expected to have the additional benefit of developing the infrastructure base in the countryside. The landmark legislation guarantees 100 days of wage employment in a year to adult members of a rural household who demand employment and volunteer to do unskilled manual work.

### Review of literature

**Keshlata and Fatima (2015)** studied the impact of MGNREGA on poverty alleviation and rural development. Study revealed that in MGNREGA, the participatory planning and decentralized implementation are its basic specialties and under this scheme, 50% of the works are implemented through the Gram Panchayat.

**Sarvanan (2015)** revealed that MGNREGA has created employment in rural areas and particularly in case of women. Women usually getting more benefitted from the scheme. The percentage share of women participation in MGNREGA increased from 40 percent to 53 percent in the respective years. The participation of SC and ST people in MGNREGA showed an increasing trend.

**Azhagaiah and Radhika (2014)** showed a positive relation of income with the children's education, saving as well as the spending of the family. Increase in the income 32 also uplifts the economic well-being of the workers employed in MGNREGA. The study concluded that the scheme had a positive impact on socio-economic well-being of a poor.

**Sudha et al. (2014)** found that around 87% of the works exist and function and out of which over 75% of them found to be linked to agriculture directly or indirectly. An overwhelming 90% of respondents considered the works very useful or somewhat useful, only 8% felt the works as useless.

**Kumar et.al. (2011)** examined the socio-economic impact of MGNREGA on the rural poor who mainly comprised of small and marginal farmers & agricultural laborers. The study found that significant changes took place in the socio-economic variables like annual per capita income, monthly per capita food expenditure, annual per child expenditure on education, per capita savings, condition of the dwelling houses, and access to healthcare facility and possession of other assets or luxury items etc.

**Dey and Bedi (2010)** studied the functioning of the MGNREGS and revealed that in order to serve as an effective "employer of last resort", the programme should provide more job days during lean season and wages should be paid in a timely manner. Study showed that the success of the scheme depends upon the level of awareness among job cardholders. Job cards were made available to all those who applied for registration.

**Ambastha and Shah (2008)** argued that in order to realize the potential of MGNREGA, works permissible under it must focus on raising the productivity of agriculture in India's most backward regions. Some steps were suggested in this study for the better implementation of MGNREGS which include: Deployment of full time professionals dedicated to MGNREGA at all levels; and mandating a role for civil society organizations to work as support agencies for Panchayati Raj Institutions in MGNREGA planning, implementation and social audit.

**Nayak (2013)** examined the potencies and loopholes in the existing MGNREGA and its impact on tribal women. Though women constitute 50% of the population of the state (Odisha), the involvement of the tribal women in the MGNREGS programme was found to be very marginal as compared to men.

### **Objective of the study**

- To study the awareness among the people about Number of Days Entitled to do work Under MGNREGA
- To examine the Overall Impact of MGNREGA on Rural Livelihoods

### **Selection of the Study Area**

The present research work aims to analyze the “Impact of MGNREGA on rural livelihoods” in Forlain West A. Forlain West A is a village of Kathua district, in the state of Jammu and Kashmir. In order to conduct this type of research work there was a lack of data from secondary sources. As such, there was no alternative but to carry out the present research exclusively based on primary data. According to the census 2011, Forlain West A village has estimated 1234 households and has total population around 6462 out of which 3378 (52.9%) are males and 3084 (47.09%) are females. The total workers in the area are 1919, out of which 1686 (87.86%) are males and 233 (12.14%) are females. In Forlain West A, during year 2015-16, total number of registered households under MGNREGA is approximately 315 and total number of persons registered under MGNREGA is 491. Total number of job cards issued in the village is 198. Employment is demanded by 117 households and by 160 persons. Employment is provided to 115 households and to 157 persons and total number of person days provided is 3476. Number of ongoing works under MGNREGA in the village is 25. Number of families who have completed 100 days of work during year 2015-16 is only 5. Out of the total families enrolled under MGNREGA, as only 5 families have completed 100 days of work. As it is under the guidelines of this Act to provide 100 days employment to the household but it is clear from the fact that this target is not met at large. Thus,

it becomes very important to study the working of MGNREGA in Forlain West A as to figure out where the problem lies. This is the main reason that we have taken this area for study.

### Sample Design

First of all, out of all the districts of Jammu and Kashmir State, District Kathua was selected with the help of secondary sources like Census figures and MGNREGA performance figures.

Purposive sampling technique has been followed to select a desired sample for the survey.

### Sample Size

The present study is based on the primary data. Data is collected by well-designed and wellstructured schedule. A total of 60 households were chosen by purposive random sampling method for the survey. In these 60 households, our respondent was one who was an adult and was enrolled under MGNREGA.

### Data analysis and interpretation

#### Responses of the Respondent about Number of Days Entitled to do Work under MGNREGA

According to the guidelines of the Act, any adult who is willing to do work under MGNREGA is guaranteed with 100 days of work per household per year. Table shows the responses of the respondents about the number of days they are entitled to do work under MGNREGA.

| <b>Responses of the Respondent about Number of Days Entitled to do work Under MGNREGA</b> |            |           |                |
|---|------------|-----------|----------------|
|   | Days       | Frequency | Percentage (%) |
| Number of Days Entitled to do Work under MGNREGA  | Can't says | 12        | 20.0           |
|   | 9          | 6         | 10.0           |
|   | 10         | 3         | 5.0            |
|   | 15         | 2         | 3.3            |
|   | 20         | 4         | 6.7            |

|  |       |    |      |
|--|-------|----|------|
|  | 25    | 2  | 3.3  |
|  | 30    | 11 | 18.3 |
|  | 35    | 2  | 3.3  |
|  | 40    | 2  | 3.3  |
|  | 50    | 4  | 6.7  |
|  | 60    | 3  | 5.0  |
|  | 80    | 1  | 1.7  |
|  | 100   | 5  | 8.3  |
|  | 120   | 1  | 1.7  |
|  | 180   | 2  | 3.3  |
|  | Total | 60 | 100  |

Source: field survey

Majority (20%) of the sampled households reported that they don't have any idea about the total number of days they are entitled to do work under MGNREGA. 18.3% of the sampled households reported that MGNREGA provides work for 30 days. 10% of the sampled households responded with 9 days. Only 8.3% people out of the total sampled households gave correct response that MGNREGA provides 100 days of guaranteed work. Thus, from the table it can be concluded that except 8.3% of the total sampled households, no one gave a correct response about the total number of days a person is entitled to do work under MGNREGA. Therefore, it can be reported that there is lack of awareness among the people and no one knows exactly about the number of days a person is entitled to do work under MGNREGA.

### Overall Impact of MGNREGA on the Rural Livelihoods

MGNREGA was implemented by the Government of India to provide livelihood security to the most vulnerable section of society in rural areas. The mandate of the act is to provide 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work.

| <b>Overall Impact of MGNREGA on Rural Livelihoods</b>         |                                |                               |                                   |                                 |                      |                      |
|---|--------------------------------|-------------------------------|-----------------------------------|---------------------------------|----------------------|----------------------|
| <b>Score Factors</b>  | <b>Very Low<br/>(Below25%)</b> | <b>Low<br/>(25%-<br/>50%)</b> | <b>Satisfactory<br/>(50%-75%)</b> | <b>High<br/>(75%-<br/>100%)</b> | <b>Max<br/>Score</b> | <b>Score<br/>Obt</b> |
| Problems faced for Registration                               | ✓                              |                               |                                   |                                 | 4                    | 4                    |
| Possession of Job Card  |                                |                               |                                   | ✓                               | 4                    | 4                    |
| Employment Within 15 Days                                     | ✓                              |                               |                                   |                                 | 4                    | 1                    |
| Unemployment Allowance in case didn't get work within 15 Days | ✓                              |                               |                                   |                                 | 4                    | 1                    |
| Timely Payment of Wages                                       |                                |                               |                                   | ✓                               | 4                    | 3                    |
| Harassment at Worksite  | ✓                              |                               |                                   |                                 | 4                    | 4                    |
| Discrimination in the Allotment of Works                      | ✓                              |                               |                                   |                                 | 4                    | 4                    |
| Changes in the Spending Pattern After Joining MGNREGA         | ✓                              |                               |                                   |                                 | 4                    | 1                    |
| Incidence of Migration  |                                | ✓                             |                                   |                                 | 4                    | 3                    |
| Improvement in the Conditions of the Poor                     |                                | ✓                             |                                   |                                 | 4                    | 2                    |
| Worksite Conditions/Facilities                                |                                | ✓                             |                                   |                                 | 4                    | 2                    |
| Perception About Reforms in Wages                             |                                |                               |                                   | ✓                               | 4                    | 1                    |
| Asset Creation  | ✓                              |                               |                                   |                                 | 4                    | 1                    |
| <b>Total</b>  |                                |                               |                                   |                                 | <b>52</b>            | <b>33</b>            |



|               |  |
|---------------|--|
| Average Score |  |
|---------------|--|

**Source: field survey**

The main aim of our study was to examine the impact of MGNREGA on rural livelihood. Table shows the working of MGNREGA and its impact on the rural livelihood by studying the various characteristics related to the scheme as mentioned in the table. To see the impact of MGNREGA on rural livelihood certain positive and negative factors have been taken into consideration. Based on the figures of the field survey, according to their proportion, the scores have been assigned to the factors ranges from 1 to 4. Score 4 is assigned to a particular factor wherein the proportion is between 75%-100% in case of a positive statement for the impact of MGNREGA on rural livelihood and vice-versa for the negative statement. Similarly score 3, 2 and 1 has been assigned to the statements. From the above table it is clear that total score obtained is 33 out of total 60. The figure represents the satisfactory impact of the scheme on the rural livelihood. In the table, some factors showed a very low score, these are as follows:

- No unemployment allowance has been provided to the workers in case they didn't get work within 15 Days.
- Spending pattern remains the same even after joining MGNREGA
- Even after joining, the MGNREGA workers are not able to create assets for better living.
- The provision of employment opportunities to the workers within 15 Days is very low
- Facilities at the worksite are not up to mark according to the MGNREGA guidelines

Thus, we can say that there is a need to make reforms in the scheme so that individuals can get more benefits to make their survival better off.

The table also depicts those factors, which possesses high score. These factors having high score are as follows:

- Majority of the respondents did not face any problem while getting registered under MGNREGA.
- Every sampled household possesses his own job card.

- Majority of the respondents did not face any kind of harassment and discrimination at the worksite.
- Migration didn't take place in this village by the workers after joining MGNREGA

Thus, from the above table, it is concluded that the overall impact of MGNREGA on the rural livelihood is satisfactory (60%). It means that the scheme plays a major role in reducing the unemployment levels as well as helps in eradicating the poverty in the rural areas. But, still there is a scope for improvement for better results.

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