

Impact of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) On Rural Labour Markets

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Abstract – This study has evaluated the differentiating impact of MGNREGA on the extent of fulfillment of the essential entitlements like days of employment, wages and earnings and therefore the extent of coverage of social groups like dalits, adivasis and ladies and poverty alleviation. This study has disaggregated state level data to discern the factors that make a difference to the performance. Also some micro level scenarios are presented supported the reports of focus group discussions (FGDs) within the villages of Andhra Pradesh. There's growing evidence of a rise in agricultural wages across the country over the amount between 2006-07 and 2011-12, during which the impact of MGNREGA is considerable. This review has also revealed a steep increase in female agriculture wage and a substantive decline within the male-female wage gap. The look for information on the impact of MGNREGA on agricultural labor markets results in some evidence on labor shortage, changes in wages, mechanization, high season adjustment of labor or adoption of MGNREGA calendar and migration.

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INTRODUCTION

Though there are rapid strides in growth within the past 20 years in India, there's a widely shared view that the decline in poverty line isn't commensurate with growth. While faster growth is important, it's well recognized that the approach to reduction of poverty needs a multi-pronged strategy. Policy initiatives directly addressing poverty reduction could also be grouped into three types. the primary type refers to institutional measures like organization of the poor to enable them to accumulate better capabilities just like the promotion of community based organizations (CBOs), provision of targeted credit etc. The second sort of measure comprises transfer payments including direct cash transfers, pensions or indirect transfer like subsidized food and essentials through the general public Distribution System (PDS). The third set of measures involves provision of self-employment and wage employment programs. The experience of welfare programs in India shows that considerable efforts are made altogether three modes. Here we shall consider one among the main initiatives viz The Gandhi National Rural Employment Guarantee Act (MGNREGA) and therefore the resultant scheme. Given the magnitude of rural poverty, the MGNREGA has evoked wide interest because it's expected to ease this burden by providing how to maneuver out. Whilst recently as 2009-10, India was home to 355 million people living in poverty out of which 278 million or 78 there have been in rural areas.

The argument for developing and implementing strategies to scale back poverty by increasing productive employment opportunities in rural areas is compelling.

This review paper on the impact of MGNREGA on agriculture and rural labor markets is essentially supported the official sources of knowledge and other studies made on different aspects of the scheme. it's divided into five sections. This brief introduction is followed by the second section which describes the context and therefore the salient features of the scheme. The third section provides an inter-state comparative perspective of the implementation of MGNREGA in terms of provision of employment, gender and social inclusion.

MGNREGA: CONTEXT

The Context Since independence, one among the main challenges faced by successive governments of India has been the supply of adequate remunerative employment to the overwhelming majority of rural workers who are unemployed or, more commonly underemployed in meager subsistence livelihood activities. The Indian Constitution addressed the difficulty within the Directive Principles of State Policy. consistent with Article 39, the state must make sure that "citizens, men and ladies equally, have the proper to an adequate means of livelihood" and Article 41 decrees that "the state, shall within the bounds of its economic capacity and development, make

effective provision for securing Right to Work....” within the first three decades of designing, from the 1950s to the first 1980s, employment growth was seen as incumbent upon faster economic process. However growth in these decades was too low to soak up the growing labor pool.

MGNREGA:SALIENT-FEATURES

MGNREGA is predicated on the dual principles of universality and self-selection. It offers the right to figure at a specified wage. For those that request it work is provided within 15 days of applying. Due to its universal nature the program also eliminates targeting errors. With a people-centred, demand-driven architecture, completely different from the sooner rural employment programs, MGNREGA is predicted to reinforce the intensity of employment within the widespread underemployment conditions of rural India. The method of implementation involves undertaking rural resource development work executed by the Panchayat without engaging contractors or machinery, and community involvement within the sort of planning and social audit. It's also expected to enhance participation, transparency and accountability, and reduce, if not eliminate, corruption and malpractices related to earlier structure programs.

MGNREGA:SOCIAL-PROTECTION

The initiation of measures that might make the 'right to work' a legal entitlement resulted in an intensive debate on the character of the entitlement. One argument was that the method of growth with redistribution is now envisioned through employment, as against the sooner attempts that were supported trickle down theories. By ensuring regular work on minimum wages, the thrust was to get on "employment first, with growth as an outcome", instead of vice-versa (Bhaduri 2005). This path towards financial condition alone can, it had been argued, make sure the "economic content of participatory democracy" and permit for "development with dignity" (Ibid). the purpose being emphasized is that the 'right to work' shouldn't be reduced to an attempt to cushion the negative effects of globalization through the creation of wage employment and assets in rural areas. The hope was that "NREG would have potential to steer the economy towards a labor-intensive growth path, especially within the light of the low and declining rate of growth of productive employment...". (NCEUS, 2006) Thus the wage-work program must be seen from a long-term perspective, with a robust planning component.

MANREGA AND FIXATION OF WAGES

The issue of wage rate for MGNREGA has been a topic of controversy because it's not fixed as a consistent daily wage rate applicable to all or any states. Neither is it linked to statutory minimum wages, which vary from state to state. Except in Himachal Pradesh, MGNREGA wages are paid in terms of piece

rates linked to the 'Standard Schedule of Rates' (SSRs) of the general public Works Departments of various state governments. This brings within the problems with fairness of rates, fair time measurement etc (See Boxes 2 and 3). One among the essential principles that's followed is that of equal wages to male and feminine workers. When the scheme was launched in 2006 an indicative wage rate of Rs 80 per person-day was proposed. This meant that workers engaged under MGNREGA would be assigned physically measurable work like Rs 80 as per the quality Schedule of Rates. Later, in 2009 the indicative wage was raised to Rs 100 per person day. Further it had been agreed to revise the bottom wage rate of Rs 100 indexed on the idea of the rate of inflation

AGRICULTURAL MECHANIZATION

There also are reports that labor shortage is being overcome by mechanization. Farmers in many villages within the Gangetic belt of UP are reported to possess resorted to mechanized harvesting of the wheat crop. Even in West Bengal there was resort to mechanization to beat rising labor costs (Babu et al. 2011). A stimulating report on the many rise within the tractor market in India in recent years cites shortage of agricultural labor together of the reasons. There's a danger that these reports could suggest that the MGNREGA is liable for the mechanization of Indian agriculture. However, there's no gain saying that tightening of the agricultural market alongside the state subsidy policy has hastened agricultural mechanization, especially within the agriculturally better endowed regions.

CONCLUDING OBSERVATIONS

- One among the clear evidences on the impact of MGNREGA on agriculture relates to the market. The findings could also be summarized into the subsequent broad stylized facts:
- Agricultural wages have increased across the country, during which the impact of MGNREGA is considerable.
- The speed of increase within the female agricultural wage has been much above male wages, and therefore the historically high male-female differentials in agricultural wages have declined substantially.
- The tightening market has offered better bargaining power to agricultural laborers, better treatment at the place of labor, and skill to barter the duration of the working day.
- The terms of wages are increasingly tending towards piece rate contracts
- The height period labor shortages in agriculture are observed in several regions

and are leading to variety of changes - within the working hours, working day and MGNREGA work calendar.

- The continued process of agricultural mechanization is hastened especially in certain operations like ploughing and harvesting of paddy.
- A transparent response to high season agriculture labor shortage is that the negotiated MGNREGA calendar that avoids implementing works during agricultural high season and provides developmental works during the lean season. Such a time schedule though not universal is welcomed by farmers also as workers wherever adopted.

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