

**NREGA AND RURAL DEVELOPMENT****S. S. MOREY***Assistant Professor in Economics**N.G. Acharya and D.K. Marathe College, Chembur, Mumbai – 71***Introduction**

The MISSION statement of NREGA Act 2005 “To augment wage employment opportunities by providing employment on demand and thereby extend a security net to the people and simultaneously create durable assets to alleviate some aspects of poverty and address the issue of development in the rural areas”

Present research paper made an attempt to examine this statement and highlight the related issues



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**Objectives.**

- 2.1) Let us find out the outcome of NREGA.
- 2.2) To study the effect of NREGA on Poverty in Maharashtra.

**Research Methodology**

Researcher would like to examine the fact with the help of secondary Data.

**Importance of study**

The National Rural Employment Guarantee Act was notified on 7<sup>th</sup> September 2005. Its purpose is to provide livelihood security in rural areas by providing 100 days of assured employment in a financial year to every household. That is why we must know the result of NREGA from 2006 onwards.

**Brief History of NREGA.**

Mahatma Gandhi NREGA was launched in 200 select districts on 2.2.2006 and was extended to 130 additional districts during 2007-08. All the remaining rural areas in the country have



been covered under the Act w.e.f. 1.4.2008. Presently, Mahatma Gandhi NREGA is being implemented in all the notified rural areas of the country.

### **VISION Statement Of NREGA**

Mahatma Gandhi NREGA seeks to enhance the livelihood security of the households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work.

### **Organizational Structure Diagram at various levels namely State, directorate, region, district, block etc.**

The Panchayats at district, intermediate and village levels are the principal authorities for planning and implementation of the Schemes made under this Act. Key stake holders are:- wage seekers, Gram Sabha, PRIs specially the Gram Panchayats, Programme Officer at the block level, District programme Coordinator, State Governments and Ministry of Rural Development

### **8)What are the details of the permissible works under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)?**

Works which are permissible under Mahatma Gandhi NREGA are given in para 1 of Schedule I of the Act and are as under:

- (i) Water conservation and water harvesting;
- (ii) Drought proofing (including afforestation and tree plantation);
- (iii) Irrigation canals including micro and minor irrigation works;
- (iv) Provision of irrigation facility, horticulture plantation and land development Facilities to land owned by households belonging to the Schedule Castes and Schedule Tribes or Below Poverty Line families or to beneficiaries of land reforms or to the beneficiaries under the Indira AwasYojna of the Government of India or that of small farmers or marginal farmers as defined in the Agriculture Debt Waiver and Debt Relief Scheme, 2008. (The benefits of works on individual lands have been extended to small and marginal farmers vide notification dated 22.7.2009)
- (v) Renovation of traditional water bodies including desilting of tanks;
- (vi) Land development;
- (vii) Flood control and protection works including drainage in water logged areas;



- (viii) Rural connectivity to provide all-weather access. The construction of roads may include culverts where necessary, and within the village area may be taken up along with drains. Care should be taken not to take up roads included in the PMGSY network under NREGA. No cement concrete roads should be taken up under NREGA. Priority should be given to roads that give access to SC/ST habitations; and
- (ix) Any other work which may be notified by the Central Government in consultation with the State Government. Construction of Bharat Nirman, Rajiv Gandhi Sewa Kendra as Village Knowledge Resource Centre and Gram Panchayat Bhawan at Gram Panchayat level has been, included as a permissible activity in para 1 of Schedule I of the Act vide Notification dated 11.11.2009. XXII. Related to seeking information:

### Minimum Wage

Minimum wages for the state shall be such that a person working for 7 hours would normally earn a wage equal to the wage rate. Minimum wages are to be fixed by the state Government under section 3 of the minimum wage Act, 1948 until the time, the wage rate is fixed by the Central Government. However the minimum wages shall not be at a rate less than sixty rupees per day.

### Performance of the Mahatma Gandhi NREGA (National Overview)

FY	06-07	07-08	08-09	09-10	10-11	11-12	12-13) Provisio nal	13- 14 till Dec ;13
<b>Budget Outlay</b> (In Rs Crore)	1130 0	1200 0	30000	39100	40100	40000	33000	33000
<b>Central Release</b> (In Rs Crore)	8640. 85	1261 0.39	29939.6 0	33506.6 1	35768.9 5	29189.7 7	30009.96	29885.92
<b>Total available</b>	1207 3.55	1930 5.81	37397.0 6	49579.1 9	54172.1 4	48805.6 8	45051.43	37084.76



fund [including OB] In Rs. Crore.								
<b>Expenditure</b> (In Rs. Crore.) [percentage against available funds]	8823.35	15856.89	27250.10	37905.23	39377.27	37072.82	39657.04 [88%]	24848.75 [67%]

**Sources:** Mahatma Gandhi National Rural Employment Guarantee Act, 2005 Report to the People 2nd February 2014

From the above figures it can be seen that out of total available fund about an average 76 percent amount spent on NREGA During 2006 to 2013.

### **Programme Outcomes**

#### **a) Enhanced Wage Earning and Livelihoods Security**

Mahatma Gandhi NREGA has provided basic income security to a large number of beneficiaries. It provides employment to around 5 crore households, on an average, every year. This is almost one-fourth of the total rural households in the country. Since its inception Mahatma Gandhi NREGA has generated 1575 crore person days of employment up-to December, 2013. From financial year 2006-07 up to financial year 2013-14 (upto December 2013) over Rs.1,55,000 crore has been spent on wages. This is almost 70% of the total expenditure. The Scheme's notified wages have increased across all States since 2006. The average wage earned per beneficiary has risen from Rs.65 per person day in 2006 to Rs.124 by 2013. A panel survey conducted by the National Sample Survey Organization (NSSO) on the Mahatma Gandhi NREGA in three states (Andhra Pradesh, Rajasthan and Madhya Pradesh) has shown that the Scheme provides work at a time when no other work or alternate



employment opportunities exist, the Scheme has also contributed to ensuring greater food security, monthly per capita expenditure, savings, etc.

A report by a global research organization indicates that for the first time in nearly 25 years, growth in rural spending outpaced urban consumption in the two years between 2009-10 and 2011-12. It also concluded that the increase in rural consumption is driven in significant part by the Mahatma Gandhi NREGA.

**b) Payment through Banks and Post Offices and Financial Inclusion** To ensure transparency in wage payments and prevent misappropriations, the Government of India mandated that all Mahatma Gandhi NREGA wage payments should be made through banks/post office accounts opened in the name of the worker unless exempted by the Ministry of Rural Development. As a result, nearly 9.3 crore bank/post office accounts of rural people have been opened under Mahatma Gandhi NREGA and around 80 per cent of Mahatma Gandhi NREGA payments are made through this route. The opening of accounts has brought the poor into the organized sector and in some cases provided them with better access to credit, an unprecedented financial inclusion initiative

**c) Inclusive Growth** Evidence suggests that the Mahatma Gandhi NREGA is succeeding as a self-targeting programme, with high participation from marginalized groups including the Scheduled Castes (SCs) and Scheduled Tribes (STs). At the national level, the share of SCs and STs in the work provided under Mahatma Gandhi NREGA has been high and ranged between 40–60 per cent across each of the years of the Scheme's implementation. SCs and STs Participation rate in the Scheme exceeds the percentage share in the total population in most states. Works on private lands under the Act, has also greatly benefited the marginalized. Since 2006–07, around 10 lakh households have benefited under this category of works. An impact assessment of assets created on individual lands under Mahatma Gandhi NREGA conducted during 2012-13 by Sambodhi Research and Communications Pvt. Ltd. has, inter alia, found (i) increment in household income (ii) improvement in cropping intensity (iii) positive shift of small and marginal farmers to better remunerative crops (iv) improved quality of assets, etc. The Scheme also provides an alternative source of income for rural labourers, raising the reservation wage and implicitly offering labourers bargaining powers in an otherwise inequitable rural labour market. The Scheme has provided labourers (particularly



those who are in debt bondage or contract labour) with a dignified choice of work. iii Mahatma Gandhi NREGA has also reduced distress migration from traditionally migration-intensive areas The beneficiary survey conducted by C&AG has shown that 80% of the total 38,376 sample beneficiaries were from marginalised sections including SCs/STs/OBC.

**d) Women's Empowerment** Various provisions under the Act and its Guidelines aim to ensure that women have equitable and easy access to work, decent working conditions, equal payment of wages and representation on decision- making bodies. From FY 2006–07 up to FY 2013–14 (up to Dec, 2013) the women participation rate has ranged between 40-51 per cent of the total person-days generated, much above the statutory minimum requirement of 33 per cent. Infact, the participation rate of women under the Scheme has been higher than in all forms of recorded work. Research studies also indicate that Mahatma Gandhi NREGA is an important work opportunity for women who would have otherwise remained unemployed or underemployed. With an increased rate of participation and large amounts being spent on wages for women, studies and field evidence suggest a positive impact of the Scheme on the economic well-being of women. The Scheme has also led to gender parity in wages. The NSSO 66th round indicated that Mahatma Gandhi NREGA has reduced traditional wage discrimination in public works. Access to economic resources has also had a favourable impact on the social status of women, for example women have a greater say in the way the money is spent in households. A large percentage of these women spend their money to avoid hunger, repay small debts, paying their child's schooling, etc.

**e) Natural Resource Regeneration and Sustainable Development** The works undertaken through Mahatma Gandhi NREGA give priority to activities related to water harvesting, groundwater recharge, drought-proofing, and flood protection. Its focus on eco- restoration and sustainable livelihoods has led over time, to an increase in land productivity and aided the workers in moving from wage employment to sustainable employment. With almost 53% works relating to soil and water conservation, Mahatma Gandhi NREGA works focus on regenerating the rural ecosystem and creating rural infrastructure that supports sustainable livelihoods. A study conducted by Indian Institute of Science, Bangalore during 2012-13 has indicated that such works taken up under Mahatma Gandhi NREGA have contributed to improved ground water levels, increased water availability for irrigation, increased area





irrigated by ground and surface water sources and improved drinking water availability for humans and livestock.

**f) Impact on Agricultural Productivity** Provision of water is vital for agriculture and ensuring food and water security in rural India. Research suggests that water-related assets created under Mahatma Gandhi NREGA have increased the number of days in a year water is available and also the quantity of water available for irrigation. The increased availability of water has also led to changes in crop patterns and increased area under cultivation according to some studies. To further strengthen the Scheme's synergy with agriculture and sustainable livelihoods, the list of permissible works under Mahatma Gandhi NREGA has been expanded. The expansion of works is likely to improve the socio-economic conditions of marginalised sections of the society i.e., SC/ST/ Small and Marginal farmers/IAY beneficiaries/Forest Rights Act beneficiaries, etc. since many of the new works are allowed on the land or homestead of these sections.

#### **NREGA and Poverty in Maharashtra:**

Maharashtra Employment Guarantee Scheme was introduced in early 1970s as a scheme, and legal support was provided to it in 1974. The MEGS is perhaps the biggest employment guarantee programme in the world that has been implemented for the longest period, more than 30 years. So far, more than Rs. 10,000 million have been spent on scheme and about 37000 million person days of employment has been generated.

In spite of these achievements, Indira Hiraway study said that no dramatic achievement have been made in poverty reduction or in unemployment reduction in the state. In fact the state has done poorly as compared to other states in these areas. The incidence of rural poverty in Maharashtra was 29.6 per cent in 2004-5, which put the state at 13<sup>th</sup> position among the major 20 states in India. The state was 7<sup>th</sup> in this rank in 1973-74. The rate of decline in poverty was much less in Maharashtra than in many other states.

#### **Conclusion:**

On the positive side, the second round effect of the scheme, viz; 1) increase in wages in areas where NREGA is implemented are clearly visible across India. 2) the ultimate object is to bring about a decline seasonal migration. The weaknesses are 1) Low programme coverage 2) More than 50 percent beneficiaries not most needy group 3) Bureaucracy dominated planning. 4)



Asset created not Durable 5) Corruption, reports of false muster rolls and contractor persisted; payment often less than prescribed wages seem to continue.

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