

POVERTY ALLEVIATION THROUGH EMPLOYMENT GENERATION: AN INITIATIVE OF MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGA) – AN EVALUATION

Channamma Mondal

Assistant Professor, Department of Political Science, Bankura University

Bankura Block-II, P.O. Purandarpur, District Bankura 722155

e-mail : channamma_ir@yahoo.com

Submitted : 30.03.16

Revised : 10.06.16

Accepted : 12.06.16

Abstract

India, largest democracy in the world, suffers from massive poverty and unemployment. Despite an impressive economic growth, an estimated 250 million people are living below the poverty line and approximately 75 per cent of them are in rural areas. It is this reason why major policy measures to remove poverty have been undertaken with a view to tackle rural poverty in India. The Government has introduced a number of anti-poverty programmes since independence to alleviate poverty. The parliament passed the Act called National Rural Employment Guarantee Act (NREGA), which was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), is the most accessible approach to rural India for poverty alleviation through employment generation. The main objective of the MGNREGA is rural development and creating employment in rural areas. With the notion that employment generation can play a useful supporting role in strategy to reduce poverty, this paper tries to examine the need for poverty alleviation scheme and the initiative of MGNREGA to alleviate poverty in rural India, to find out problems that get in the way of poverty alleviation under MGNREGA and to shed light on dimensions of intervention to make MGNREGA more effective and responsive to the needs of rural poor. Analysis of all these aspects requires further research and analysis.

Keywords: poverty, poverty alleviation, employment, MGNREGA, rural India

“In human society too much wealth or too much poverty is a great impediment to the higher development of the soul. It is from the middle classes that the great ones of the world come. Here the forces are very equally adjusted and balanced”

- Swami Vivekananda.

Introduction

The MGNREGA launched by the Congress-led United Progressive Alliance (UPA) that came to power in mid 2004 was that it was the first ever attempt to help the rural poor to access public employment through legislation. ¹There was of course a political backdrop to it as well, as the alliance's poll victory itself was hugely due to its electoral promise of taking the benefits of a fast-growing economy to rural India, where a little over two-thirds of the people lived in grinding poverty. The primary purpose of the Act is augmenting wage employment by setting up a strong social safety net for the vulnerable groups by providing a fall-back employment source, when other employment alternatives are scarce or inadequate. Its auxiliary objective is strengthening natural resource management through works that address causes of chronic poverty like drought, deforestation, soil erosion and thus encourage sustainable development and also strengthen the natural resource base of rural livelihood and create durable assets in rural areas.² The MGNREGA has ensured that rural poor can demand employment as a matter of right and it enables them with sufficient purchasing power for their basic requirements, especially food.

The Act (MGNREGA) has laudable objectives, and the operational part, that is, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) contains innovative and unique features. Nonetheless, questions are raised about the timing and purpose of the legislation, design and structure of the programmed, desirability of the state-sponsored employment programmed in the phase of liberalization and the likely impacts of such a massive wage employment and public works programmed. What is the necessity of a state-guaranteed employment programmed in the phase of liberalization, and how does it suit the goal of a free market economy that India has gradually moved

towards since 1991? Will it be able to mitigate household-level rural poverty? Finally, there are issues about its sociopolitical significance. What will be the social and political impacts of the right to work-based largest public works programmed in the largest democracy of the world? And finally, given the numerous difficulties in implementation of such a massive programmed, will

this programmed be able to meet key Objectives of the Act? ³ This article is an attempt to answer some of these questions based on the theoretical positions and secondary data from different sources.

Poverty in rural India and Government initiative to reduce poverty

The high incidence of poverty in rural India is directly related to prevalence of unemployment and underemployment on a large scale. Majority of the rural population is landless and sustains itself entirely on wage employment. While the self-employment programmers' are intended to remove poverty on a sustainable basis, there is need to take care of the wage employment needs of the rural poor. The rural workforce continues to suffer due to excessive seasonality of employment, i.e. a large number of people have to face lack of employment during certain times of the year, as well as lack of wage employment opportunities and low wage rates. Because of this, many communities in the dry and drought prone areas have to migrate seasonally to other parts of the country in search of work. This annual migration is a painful and disruptive process. Those who are left behind also do not have enough to eat with the barest minimum money needed for other basic necessities. Thus, there has been an increase of slow malnutrition and starvation. Even when communities do not migrate they suffer a great amount of distress at such times. Their food intake is reduced, the children are withdrawn from schools, they go into debt, and they are unable to attend to their health problems.⁴Therefore, migration

of labor, discrimination between wages paid to men and women, distressed child labor etc. is common features of rural areas. Efforts to provide wage employment, as a short-run strategy for alleviation of rural poverty, have been a major component of development planning in India.⁵

Generally poverty alleviation is defined as the “strategies to eradicate poverty”. Poverty alleviation programmers are aimed at both economic and non-economic poverty. The popular methods of poverty alleviation are education, economic development and income redistribution. Poverty alleviation efforts become futile, if it does not aim at removing social and legal barriers to income growth among the Poor.⁶

So, an integral approach to economic development and poverty reduction must encompass employment growth, social security, education and health. A plethora of employment generating programmers’ have been initiated in our country since 1970s with the objective of strengthening the rural infrastructure, creating community assets and finally eradicating poverty in the rural areas. ⁷Wage employment programmers’, an important component of the anti-poverty strategy, have sought to achieve multiple objectives. They not only provide employment opportunities during lean agricultural seasons but also in times of floods, drought and other natural calamities.

The Parliament of India passed a historic act in the 56th year of republic India, which come closer to fulfilling the constitutional directives and usher in a new ray of light and hope in rural India. Article 21 of the Indian constitution speaks of right to life, which the Supreme Court has aptly interpreted as ‘right to live refers to all those aspects which would make life meaningful, complete and living a dignified life’ (‘Menaka Case 1978 - Menaka Gandhi v. Union of India, 1978 - the

Supreme Court held that the 'right to life' as embodied in Article 21 of Indian Constitution is not merely confined to animal existence or survival but it includes within its ambit the right to live with human dignity and all those aspects of life which go to make a man's life meaningful, complete and worth living). Article 39A states that 'the state shall direct its policy towards securing its citizens an adequate means of livelihood'. Further Article 41 clearly makes the point 'that the state shall make effective provisions for securing the right to work'. Articles 39 and 41 are under the Directive Principles of the State Policy (36-51), which are in the form of directions to the legislature which formulate the laws and policy.⁸

MGNREGA as a tool for Poverty Eradication

Learning from the past mistakes of various poverty eradication schemes, the MGNREGA was framed with all precautions to eradicate poverty. This act was a partial victory towards a full-fledged right to employment. MGNREGA was notified on September 7, 2005. The Act came into force on February 2, 2006 when 200 selected districts of the country were brought under its purview (Phase I, 2006- 2007). MGNREGA was extended to an additional 130 districts in Phase II during 2007-2008. The remaining rural districts were notified with effect from April 1, 2008. It appeared as a safety net for rural India against the ill effects of globalization. It was a policy for the common man and for his empowerment. The important goals of MGNREGA as listed out in the act are to provide:

1. Strong social safety net for the vulnerable groups by providing a fall-back employment source, when other employment alternatives are scarce or inadequate.
2. Growth engine for sustainable development of an agricultural economy. Through the process of providing employment, chronic poverty such as caused by drought, deforestation and soil erosion can be addressed well. The act seeks to strengthen the natural

resource base of rural livelihood and create durable assets in rural areas. Effectively implemented MGNREGA has the potential to transform the geography of poverty.

3. Empowerment of rural poor through the process of a right-based law.
4. New ways of doing business, as a model of governance reform anchored on the principles of transparency and grass root democracy.⁹

MGNREGA is a bold experiment in providing a minimum livelihood security to all rural households through public works-based employment programmers. The act-based employment guarantee scheme, the primary objective of which is to ensure the transfer of a minimum income to rural households through self-seeking wage employment, is a departure from the erstwhile employment and public works programmers', which were designed to create community infrastructure first, and then, simultaneously generate income and employment to local residents. The demand-based entitlement to 100 days employment at minimum wages and a corresponding legal obligation on the agencies of the state to provide so within a stipulated period of time is a major departure. The compensatory provisions like unemployment allowance, compensation for the delay in wage payment and a punitive provision for the government officials in case of their failure to provide employment within 15 days of the demand complete the cycle of employment. More importantly, the act exalts the position of the citizens from the receivers of state's dole to a legally entitled shareholder in the development pie, irrespective of the size of the pie.¹⁰ By providing a legal right to the poor people, MGNREGA is a positive step in the march towards full employment. MGNREGA has ensured that the rural poor can demand employment as a matter of right and enables them with sufficient purchasing power for their basic requirements, especially food.

MGNREGA, many believe, is bringing about a silent revolution in rural areas. The act was introduced with the aim of improving the purchasing power of the rural people, primarily bringing semi or un-skilled work to poor people in rural India, generating productive assets, protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity, among others. MGNREGA fosters conditions for inclusive growth ranging from basic wage security and recharging rural economy to a transformative empowerment process of democracy. Effectively implemented, the employment guarantee under the act has the potential of transforming the geography of poverty and raising the purchasing power of the rural poor. This would lower the burden of food subsidies. One of the most distinguishing features of the MGNREGA is its approach towards empowering citizens to play an active role in the implementation of employment guarantee schemes. MGNREGA is playing the role of a catalyst in rural economy. MGNREGA is poised to progress from a mere wage employment to sustainable development programmer. It needs to be noted that the implementation of employment generation programmers' in the past has suffered from many flaws including the high incidence of leakages. As there are many irregularities it has been suggested that the only meaningful employment guarantee scheme would be one, which is not targeted, but universal and demand driven.¹¹

Critical Arguments of MGNREGA and Policy Recommendations

Any wonderful programmers, unless implemented successfully is bound to fail. Though, the MGNREGA is carefully evolved, transparency, checks and counter checks are built into the system, so that corruption can be checked and the poor are benefitted. A determined corrupt unholy nexus of politicians in power and opposition and babes with the able support of their lower cadres have successfully stalled the fruits of this scheme from reaching the beneficiaries in some districts and states of the country. It was found in many cases that large-scale corruption and irregularities in the implementation of the program me in several states

with authorities in some areas misappropriating central funds and threatening workers to keep their mouths shut.¹²

As per MGNREGA guidelines, involvement of contractors in the execution of work is not permitted. In violation of this guideline, involvement of contractors is reported in some worksites. It is observed that almost in all cases supervisors do not take attendance of the labor when they prepare Muster Rolls at the worksites. Often the whole process of preparing Muster Roll and job card is made at the house of the local leaders or the Panchayat members. Many of the Muster Rolls have duplicate names and signatures of laborers who have not taken part in the work. Thus, payment was made to the people who never worked. Most interestingly, in many cases payment was made to dead or missing persons, minors or persons not in existence. As per MGNREGA guidelines, panchayats are supposed to issue a dated receipt to the applicants on receiving the written or verbal application for employment. But, in most cases, no receipt is issued. Panchayats generally avoid giving receipt of application work. The compensatory provisions like unemployment allowances, compensation for the delay in wage payment and a punitive provision for the government officials in case of their failure to provide employment within 15 days of the demand which complete the cycle of entitlement are a far cry from the situation on the ground. Even, provisions like priority for women in the ratio of one-third of total workers, equal wages for men and women are often violated. Childcare facilities are not available at the worksite. Despite a government directive for the job cards to be made accessible free of costs, poor families are being made to cough up money to get the cards. In many cases job cards and bank account passbooks remain in the possession of a few influential individuals in the village who use this as per their own needs. Besides these, use of labour displacing machine, which is not permitted, is also noticed in case of some panchayats where labour is replaced by the use of machine and hence the Act is not implemented effectively.

Besides these, given the present set of provisions under the Act and the implementation framework, it will be difficult to create sustainable and full employment. Full employment will be questionable because the Act addresses unskilled labourers; and leaves behind skilled operation in which a large number of rural poor are engaged. Sustainability will be difficult because the Act considers unskilled operations that do not have year – round demand and the volume is dependent on activities that call for unskilled labour. However, a large number of the workers in the rural areas do have skills by which they earn their livelihoods. So the Act should include skilled work so that the employment generated is not only temporary for 100 days, but could become more long lasting. ¹³What the rural poor need is not merely a guarantee of 100 days of work in a year but uninterrupted employment for most of the year.

Various studies suggested that the MGNREGA had helped in capital formation in rural areas, howsoever small that might have been. Given the fact that 60 per cent of the expenditure under the MGNREGA is meant for wage payment, it would have been desirable to converge them with other rural capital formation projects to realize a greater degree of synergy, thereby enhancing the process of capital formation, especially in the spheres of land and water resource management and development. Financial resources have not been a constraint in the implementation of the MGNREGA. What ought to be a concern is the slowing down of an otherwise historic initiative. Proper planning and availability of adequate staff is required at the Village, Block and District Panchayat levels for more effective implementation of the programme. By strengthening the tax collection system, it may be possible to channelize a much higher share of the budget of the Government of India to this programme than what is currently made available. Political commitment at the state-level is very important. Although the MGNREGA is a national programme, there ought to have been enough flexibility to accommodate the specific characteristics and the context of different states, so that they could take ownership of the programme, leading to its more effective performance.

Simultaneously, there should be a mechanism to not only provide, but also arrange for imparting training to the so-called unskilled manual workers. It is often not recognized that particular skills are required in works such as landscaping, designing and digging water bodies, canals and so on. Equally important are skills required for book-keeping and other organizational matters related to the execution projects. Given the fact that a good proportion of workers are illiterate or with very low levels of education, MGNREGA also provides opportunities for functional literacy classes, which could combine literacy with skill formation and upgradation.¹⁴ The largest policy limitation of MGNREGA is that despite being a universal right, the entitlement under MGNREGA is not universal; it is contingent on the household. The 100 days must be split between various adult members of the household. Just as women eat after men and the children in many rural households, single women and women-headed households may be entitled to a job card, but they remain vulnerable due to societal prejudices. It is of utmost importance for women to be recognized as workers in their capacity.

Besides these, awareness needs to be given to the beneficiaries so that they can work towards successfully implementing the scheme in the area. A check on the existence of malpractices and middleman can be taken up by the conscious participation of the beneficiaries. The NGOs working in the area should develop more awareness activities and monitor in case of any malpractices and find out ways to overcome them, so that the area implements the scheme much more successfully than it had been doing. The state government officials should conduct regular monitoring activities and see that the complaints of the beneficiaries are taken care of in time and also find out if they are aware of their rights and benefits, which they are supposed to get through this scheme. They should also conduct regular social audits to see that the funds for the scheme are not mishandled but used for the required purpose and also prevent the existence of contractors or any other kind of middlemen in the implementation process who may try and exploit the beneficiaries and pay them less or misguide them about their wages or man-days entry

in their job cards.¹⁵ So, implementation is to be decentralized, and transparency and accountability are to be ensured through in - built mechanisms for monitoring and social audit. The work project should be entrusted to the panchayats. Studies show that Panchayat control increases participation, transparency and accountability.

There is no denying the fact that MGNREGA is conceptually a very important wage employment programme, initiated at the level of the central government, but its record of implementation reveals that there are widespread complaints of corruption and pilferage of funds and very low level of utilization of budgeted provision. It has not succeeded in creating sufficient productive assets for strengthening rural infrastructure. It has perforce failed to have an impact on the poor rural household and if deterioration is not checked, the programme will lose the enthusiasm.¹⁶ Thus, systematic planning for implementation of MGNREGA is essential for ensuring its full benefits to the needy groups. If weaknesses in the design as well as the flaws in the implementation are

addressed, it can change the life of poor people, raising the stagnating rural wages and pushing up productivity. Lastly, it will have a multiplying effect on income and consumption of poor people and accelerate the process of development in a socially desirable way.

Villages form the backbone of Indian economy. This is the statement of our father of nation, Mahatma Gandhi. But, the backbone is damaged by so many factors like poverty, unemployment, indebtedness, lack of infrastructure etc. MGNREGA is a scheme, which was introduced with huge hope and vision. The success of any plan is determined by the cooperation rendered by the people who are involved in the scheme.¹⁷ There is a wonderful opportunity to remove poverty from the country and all stakeholders should join hands to make it successful. Though in many

places the corruption has weakened MGNREGA, together we should make it a grand success for the sake of a poverty free India.

Notes:

References:

1. K.P. Kannan and Jan Breman (Eds.) (2013). *The Long Road to Social Security: Assessing the Implementation of National Social Security Initiatives for the Working Poor in India*, Oxford University Press, New Delhi, p-33.
2. Janardan Prasad and Suresh Kumar (2011). *'Employment generation and poverty alleviation through MGNREGA'*, in K. K. Bagchi (Ed.) : Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) As a Right to Employment – Assessment of Impact and Effectiveness, Abhijeet Publications, Delhi, 2011, p. 133.
3. Ashok K. Pankaj, (2012). *'Guaranteeing Right to Work in Rural India: Context, Issues and Policies'*, in, Ashok K. Pankaj, (Ed): Right to Work in Rural India- Working of the Mahatma Gandhi National Rural Employment Scheme (MGNREGA), Sage Publications India Pvt. Ltd., New Delhi, 2012, p.3- 4.
3. Sumita, Tripathy (2011). *'Implementation of National Rural Employment Guarantee Scheme (NREGS): An Evaluation*, in K. K. Bagchi (Ed.): Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) As a Right to Employment – Assessment of Impact and Effectiveness, Abhijeet Publications, Delhi, 2011, p. 200
4. Janardan Prasad and Suresh Kumar, Op. Cit
5. Dr. S. R. Keshava, (2012). *'MGNREGA and Poverty Eradication in Poverty rich Rural India: Opportunities, Hurdles and Policy Suggestions'*, in C. Sivamurugan: National Rural Employment Programme, Anmil Publications Pvt. Ltd., New Delhi, 2012 p. 50.
6. SumitaTripathy, Opcit
7. Dr. S. R. Keshava, op. cit. p. 46.
8. Ibid.p52,
9. Ashok K. Pankaj, Op cit. p- 3.
10. Sumita Tripathy, Op cit. p 205.
11. Dr. S. R. Keshava, Op cit. p. 56.
12. Sumita Tripathy, Op cit. pp 203-204.
13. John Joseph Puthenkalm And M.K. George, (2012) *Human Development Strategy of MGNREGA*, Rawat Publications, Jaipur, 2012, p-207

14. K.P. Kannan and Jan Breman, Op. cit. p- 75.
14. Dr. Shanthi Getzie (2012). 'National Rural Employment Guarantee Scheme and Removal of Poverty', in C. Sivamurugan: National Rural Employment Programme, Anmil Publications Pvt. Ltd., New Delhi, 2012, p-177.
15. D. Kathiravan, (2012). 'Role of the Mahatma Gandhi Rural Employment Guarantee Scheme in Minimizing Rural Poverty', in C. Sivamurugan: National Rural Employment Programme, Anmil Publications Pvt. Ltd., New Delhi, 2012, p- 324.

Works Cited :

Bagchi, K. K. (ed.) *Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) As Right to Employment: Assessment of Impact and Effectiveness*, Delhi: Abhijeet Publications, 2011.

Hirway, Indira and Terhal, Piet, *Towards Employment Guarantee in India: India and International Experiences in Rural Public Works Programmes*, New Delhi: Sage Publications, 1994.

Jayal. NirajaGopal and Mehta, PradipBhanu (ed.) *the Oxford Companion to Politics in India*, New Delhi, Oxford University Press, 2010.

Kannan, K. P. and Breman, Jan (eds.) *The Long Road to Social Security: Assessing the Implementation of National Social Security Initiatives for the Working Poor in India*, New Delhi: Oxford University Press, 2013.

Khera, Reetika (ed.) *The Battle For Employment Guarantee*, New Delhi: Oxford University Press, 2011.

Mariappan, K. *Employment Policy and Labour Welfare in India*, New Delhi: New Century publications, 2011.

Pankaj, Ashok K. (ed.) *Right to Work and Rural India: Working of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)*, New Delhi: Sage, 2012.

Puthenkalam, John Joseph and George, M.K. *Human Development Strategy of MGNREGA*, New Delhi: Rawrat Publications, 2012.

Sivamurugan, C. *National Rural Employment Programme*, New Delhi: Anmol Publications Pvt. Ltd, 2012.

Vaidya, Sudhir (ed.) *National Rural Employment Guarantee Act (NREGA) (With Schemes and Guidelines)*, New Delhi: Arise Publishers and Distributors, 2009.