

Student Study Project

on

AN ANALYSIS OF MGNREGS PROGRAMME

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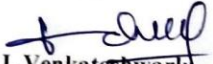
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CERTIFICATE

This is to certify that the present work titled "An Analysis of MGNREGS Programme" is the bonafide work of G.Adbutha Kumar, G. Indu, J.Lavanya, Karne Srikanth, Khaja Safiyoddin, under the supervision of Dr. J. Venkateshwarlu, Asst. Prof. of Economics, Dr. BRR Government Degree College, Jadcherla. No part of this work has been submitted to any other University for the award of any Degree.

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DECLARATION

We hereby declare that the investigation results incorporated in the present project titled "An Analysis of MGNREGS Programme" were originally carried out by us under the supervision of Dr. J. Venkateshwarlu, Asst. Prof. of Economics, Dr. BRR Government College Jadcharla. No part of this work has been submitted to any other university for the award of Degree.

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AN ANALYSIS OF MGNREGS PROGRAMME

Introduction:

Indian culture and civilization have been built up from ancient times on rural communities. Even today this culture survives predominantly in villages. The national life is sustained by the villagers. It is wrong to ignore the interest of the villages or allow them to decay¹.

India is country of villages, where even now 68.84% of its population primarily resides in villages as per the census of 2011. According to the report of planning commission the estimated ratio of people living below the poverty line in villages is 25.7% in 2011-2012. Mahatma Gandhi's assertion that India has a village economy can be seen in the rural areas rather than in its cities. Our excessive strength of labour suits the best for Gandhiji's model of development of human capital. The growth of India's economy centre around the rural sector and any economic development cannot be achieved without a facelift of our villages.

India Lives in Villages:

"India lives in its villages" This statement of Mahatma Gandhi, the Father of the Nation, is relevant even today from the political, social and economic perspectives of India. Since ancient times India's economy revolved around economic function of the villages. The villages more or less had been fully functional models of self-reliance in isolation. The basic needs of the villages were fulfilled materialistically in the local region only. Apart from food and crop all other basic needs of the people were supplied by local artisans and craftsmen. Only for a few things villagers had to move outside of their region. Improper means of transportation and communication further isolated the villages from outsideworld.

A form of exchange system was in vogue in the villages in which the artisans used to live in the villages on tenancy with nominal rent or for free and their work or craft was considered as a service to the village in return of which they had a share of the production

of the cultivation done by others. This inter dependence in a small circle was characteristic

of any village life there by making them immune from the outside contact and reduce any external threat

Economic Growth and Economic Development:

After getting freedom from a long period of colonial rule and almost negligible economic activities there was a sudden focus on the economic development of India. The fundamental need of the hour was a sustainable growth in GNP per capita which was put forward through economic development plans. The concept of economic growth was put in motion on priority through which the secondary objectives of poverty elimination, reduction in unemployment and economic disparity were to be achieved. The policy makers and the economic planner were in no doubt of the results of their plan of achieving their results through economic growth, their vision of the concept of economic growth got synonymous with the economic development.

But since development is a process of growth seen with change, it was not considered identical to economic growth any more. The achievements of growth in economy expressed through increase in per capita product or in national product may not show the certain qualitative deformations in the process of economic development. The development economy analysts do not consider the apparent growth performance of a country through visibility of price in its GNP; they monitor the economic development process more directly now. Mahbub ul Haq, a leading Pakistani economist, has aptly remarked, "the problem of development must be defined as a selective attack on the worst forms of poverty. Development goals must be defined in terms of progressive reduction and eventual elimination of malnutrition, disease, literacy, squalor, unemployment and inequalities. We were taught to take care of our GNP because it would take care of poverty. Letters revers this and take care of poverty because it will

take care of the GNP. In other words let us worry about the content of GNP even more than its rates of increase

Economic growth exercise would be rendered futile if the major segment of society is

deprived and only a few people get benefitted from it. Growth becomes development only on the elimination of poverty which in reality means getting riddance of scarcity of food and hunger, the people should at least have access to basic needs like food, clothes and protection. The Growth and development becomes one objective only upon addition of social justice. Only when economic growth is combined with social justice that growth is converted into development. In India Planning, focuses not mainly on economic growth, but on 'growth with social justice

Indian economy has incurred many change in its structure since independence, there has been an increment in contributions of secondary and tertiary sectors to the GDP where as the primary sector has failed to offer any significance inputs. The developed countries of the world show the similar pattern historically. A significant population i.e. about one fourth of our country is in miserable condition thereby making us outside the periphery of the developed countries list. We cannot be called a developed nation when farmers are committing suicide owing to perpetual indebtedness. We cannot qualify as a developed country when the labour force and workforce ratio is alarmingly high signifying unemployment. We have to develop and for that the prime focus would be on rural areas as they are the centers of abject poverty and starvation and more importantly for the majority of our population being rural. If poverty is to be combated, and the development process is to get a jump-start, rural development must be accorded a top priority. Rural development means an 'action- plan' for the social and economic upliftment of the rural areas

Indian economy is rapidly moving from developing to developed stage with extensive changes. In this evolution period numerous troubles come along with certain commendable processes.

For most of the developing countries the highest priority issues are eradication of poverty and unemployment, and their primary focus of planning is to eliminate these. In the early 1960s and 1970s the economist started to attempt to define these problems in more

specific terms.

1.1.1 Unemployment in India:

In the words of **Bhagwati Committee**, “Unemployment and underemployment are the biggest challenges of the day and we are sitting on a volcano. The supreme task of planning is, therefore, to drain this labour reservoir by creating work opportunities and by shifting the unemployed and underemployed into productive work.

Unemployment has been a chronic ailment of the Indian economy. Like any other developing economy India too suffers from the drawbacks of unemployment that are poverty, drain of national human resources and a mark of stigma to the society. Economic growth with social justice needs to have chance of employment in accordance with the growth itself. Economic growth without proportionate growth of employment opportunities is the growth without social justice and therefore meaningless. A high rate of workforce participation in the growth of economy makes a nation developed.

The open urban unemployment is about 10-20% of the population which itself is a very large number in comparison to developed nations. Then the open rural unemployment is monumental, and ever increasing due to lacking in opportunities in rural areas leading to large scale migration from rural areas to urban areas. The rural unemployed people think it is easier to find non-agricultural work in urban areas, this migration itself is alarmingly high, putting extra pressure on resources of the urban areas already bursting to their seams. But what is unique about the current migrations is that these are much larger and much faster than ever before, and excessive for the urban areas to absorb.

The underemployment is estimated about one-third of the agricultural labour-force. Such unemployed do not find full-time jobs. This type of unemployment also exists in the non-agricultural sector, particularly in traditional sectors, besides the agricultural sector. The alarming high rate of population increase exert a pressure on employment stratagem. The high rate open underemployment in rural areas leads to considerable migration to urban

areas. Unemployment is gigantic when seen as a proportion of population (70%) engaged in agricultural and other rural activities

During the Fourth Five Year Plan period of 1969-74, three more employment generating programmes were initiated namely Rural Work Programme (RWP), Crash Scheme for Rural Employment (CSRE) and Pilot Intensive Rural Employment Programme (PIREP) and these programmes too could not achieve the expected target due to lack of resources, faulty planning, organisational weakness and lack of co-ordination between Central and State Governments (Planning Commission, 1979). Small Farmers Development Agency Programme (SFDAP) too was implemented during the Fourth Five Year Plan to increase the income level of people engaged in small agricultural activities.

SFDAP continued during the Fifth Five Year Plan period. It was also reported to be unsuccessful due to the inadequate participation of the credit institutions and lack of co-ordination and support from the concerned government departments (Planning Commission, 2001). The fate of another full-fledged wage-employment programme, viz., Food for Work Programme (FWP), implemented during 1977-80, was also not different.

One of the main aim of Sixth Five Year Plan of 1980-85 was elimination of poverty and for this an inclusive effort to reduce unemployment and underemployment was incorporated. The aforesaid objectives were targeted through the National Rural Employment Programme. NREP initiated in 1981 for wage employment generation and community assets creation, and the Rural Landless Employment Guarantee Programme (RLEGP) was implemented for wage employment. A self employment programme initiated in 1980, namely Integrated Rural Development Programme (IRDP) continued till 1999 along with Training of Rural Youth for Self Employment (TRYSEM) for the facilitation of previous objectives effectively. Another employment programme namely Development of Women and Children in Rural Areas (DWCRA) was also launched in the Sixth Five Year Plan for the same objective of self-employment generation.

The Seventh Plan (1985-90) too faced the similar challenges of employment generation

viz. low inclusion of workforce in industrial even though the growth in industrial economy was escalating, so the previous employment generation programmes in vogue were continued along with some more programme such as Million Well Scheme (MWS) started in 1988. The hindrances of the previous programmes viz. shortage of finance, lack of interest of administration, faulty planning and technical back up and half hearted supervision and implementation were still making the similar negative effect on the implementation of the programmes. During the last year of the Seventh Plan, NREP and RLEGP, the two wage employment programmes were merged into Jawahar Rozgar Yojana (JRY) for wage employment generation. (Planning Commission, 1992)

In the Eighth Five Year Plan (1992-97) a new wage employment programme, The Employment Assurance Scheme (EAS) was added to the previous running JRY, it was targeted to provide 100 days' of annual employment for two members of a rural family. And in 1992 and 1996 two programmes namely, Supply of Improved Tool Kits to Rural Artisan (SITRA) and Ganga Kalyan Yojana (GKY) were started for self-employment generation were started respectively.

Jawahar Gram Samridhhi Yojana (JGSY) restructured and renamed from the existing JRY was implemented during the Ninth Five Year Plan (1997-2002) in 1999. It aimed to create infrastructure and durable assets for generating more employment options for the rural people. A similar programme Swarnjayanti Gram Swarozgar Yojana (SGSY) was formed for self-employment with the merger of earlier programmes like IRDP, TRYSEM, DWCRA, MWS, SITRA and GKY etc. in 1999. Additional wage employment generation, development of infrastructure, food security and improvement in nutritional level in the villages was targeted through Sampoorna Grameen Rozgar Yojana (SGRY) which was formed in 2001 through merger of earlier wage earning programmes EAS and JGSY.

All of the aforementioned programmes were running together in the same area thereby creating an unnecessary multiplicity of programmes and none of the programmes was Pan Indian in nature to cover the different targeted groups. Hence a single integrated programme approach was thought of which could work for the whole country. National Rural Employment Guarantee Act (NREGA) was born with the designed strategy to develop the social and economic condition of the rural population howsoever remote being the region. It was formed in 2005 from the merger of SGRY and NFW

Mahatma Gandhi National Rural Employment Guarantee Act 2005:

National Rural Employment Guarantee Act (NREGA) is the flagship programme of the Government that directly touches lives of the poor and promotes inclusive growth. The Act aims at enhancing livelihood security of households in rural areas of the country. The adult members of every household can volunteer to do unskilled manual work for hundred days of wage employment in a financial year¹².

The Indian Parliament passed the National Rural Employment Guarantee Act on 23rd August 2005. The NREGA was notified through the Gazette of India Extraordinary Notification dated September 7, 2005; it came into force on February 2, 2006. On 2nd October 2009, section 1(1) amended by substituting the National Rural Employment Guarantee Act with the words of Mahatma Gandhi National Rural Employment Guarantee Act.

securing the right to work in case of unemployment". During the first phase, the scheme was introduced in 200 backward districts of 27 states. Another 130 districts were covered in 2007 – 08 and then with effect from April 1, 2008 the Act has covered all the 615 rural districts of India.

Total Districts Under MGNREGA



TOTAL DISTRICTS: 615 ○
Phase I NREGA (200) ○
Phase II NREGA (130) ○
Phase NREGA (285)

Source: NREGA-Annual Report 2008-09; Ministry of Rural Development

Objectives and Goals of MGNREGS:

The core objectives of the scheme are following¹³:

- Providing at least 100 days work as per demand resulting in the creation of productive assets of prescribed quality and productivity;
- Strengthening the livelihood resource base of the poor;
- Proactively ensuring social inclusion; and

- Strengthening Panchayat Raj Institutions (PRIs).

MGNREGA is a powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment. The specific goals¹⁴ are to:

- 1) Protect the most vulnerable people living in rural India by guaranteeing wage employment opportunities.
- 2) Enhance livelihood security of the rural poor through generation of wage employment opportunities in works leading to creation of durable assets.
- 3) Rejuvenate natural resource base of rural areas.
- 4) Create a productive asset base.
- 5) Stimulate local economy for providing wage employment.
- 6) Empower of the social disadvantaged, especially, women, scheduled castes and scheduled Tribes, through the processes of rights-based legislation.
- 7) Strengthen decentralized and participative planning through convergence of various antipoverty and livelihood initiatives.
- 8) Deepen democracy at the grassroots by strengthening Panchayati Raj Institutions.

A Paradigm shift:

MGNREGA marks a paradigm shift from previous wage employment programmes as¹⁵:

- Largest employment programme in human history and no other wage employment programme touches it in its magnitude, structure and drive.
- Provides a legal guarantee for wage employment.
- Demand-driven wage employment programme, The demand for work by wage seekers drives the provision of work.
- Allowances and compensations provided legally in case of failure of mechanism.
- States gets incentives for employment provision; 100 percent of unskilled labour cost and

75% of the material cost is borne by Government of India under the programme.

- In case of failure to provide work to the beneficiary on time, the cost of unemployment allowance is to be bear by the state.
- Gram panchayats has to decide at least 50% of the works in terms of cost.
- Social audit is a new feature that is an integral part of MGNREGA.
- A great share of the responsibility for the success of MGNREGA lies with the wage seekers, GSs and GPs.

Concerning financial performance of the programme at the national level, it is clear from the table that expenditure has increased from Rs. 39,778 crore in the year 2012-13 to Rs. 43,914 crore in the year 2015-16. It is also evident from the table that as the mandays increased so does the expenditure too increased.

Regarding works taken up and completed at the national level, 104.62 lakh works were taken up 5 years back under MGNREGA i.e. in 2012-13 and only 25.53 lakh works were completed during that financial year. Also the number of works increased in the year 2015-16 to 124.64 lakh and also that 35.76 lakh works were completed in the year 2015-16.

MGNREGA is the pioneer act in human history that guarantees wage employment in such an exceptional manner, targeted at optimum public assets and elimination of poverty in rural areas, at an unprecedented scale. The research is significant as MGNREGA is the single largest employment generating scheme in rural India which provides gainful employment opportunities; as major rural population in India still depends on the unskilled and manual labour wage earnings. Like any other programme the success of this programme lean heavily on its implementation process. In addition to this, its success depends on proactive awareness of workers and participation in the process of implementation and monitoring. MGNREGA framework clearly mentions the participatory feature of its governance process.

At the end of the decade of its implementation, it is a prime concern to oversee the level of the impact MGNREGA had made on the rural households especially in reference to change of income and expenditure graph of the families, worth of the created assets under MGNREGA and inclusiveness of the rural poor in overall development process.

From some past years, impact assessment has become a growing aspect of development activities. The governments seek to ensure that the funds are optimally utilised. The spotlight has begun to focus on rural employment programs and institutions, as they have become an important component of strategies to reduce poverty or promote inclusive development.

To investigate the actual impact of MGNREGS on rural people, the present study is conducted in Chhindwara district. Besides these, this research study also examines the impact of MGNREGS employment on migration pattern of the rural community, creation of employment and assets, and thereby providing suggestions for the improvement of the scheme and implementation.

Objectives of the study:

MGNREGA intends to provide a basic employment guarantee in rural areas with multiple objectives to support the social and economic conditions of rural mass. It not only creates employment, but stipulates that works must be targeted towards a set of specific rural development activities such as: water conservation and harvesting, afforestation, flood control protection etc.

This impact assessment comes as an important intervention in the wake of MGNREGA which is being implemented all over India. The study will be conducted in Chhindwara district of Madhya Pradesh. The specific objectives of the study are:

- I. To assess the extent of additional employment generated through MGNREGA among rural poor in the study area.
- II. To evaluate the impact of MGNREGA on Social and Economic upliftment on

beneficiaries of the study area.

- III. To evaluate the impact of MGNREGA on pattern of migration from rural tourban areas.
- IV. To study the awareness and assertion of women's identity in terms of economic status and participation in social sphere.
- V. To find out the nature of assets created under MGNREGA.

Research methodology:

Methodology plays an important role in the research process. It not only helps the researcher to formulate the research question but also plays an important role in the research process. The study is an exploratory. The aim is to combine the relevant material. The explorative study is necessary for the researcher to be familiar with the subject to determine the scope and limitations of research to classify the concept and to formulate the hypothesis. The idea of the explorative study is the discovery of facts and insights.

In Chhindwara district, there is a notable heterogeneity between different blocks in respect of agricultural characteristics, soil type, irrigation, labour demand and supply, social customs, caste composition, income level etc. As a result, the degree of impact, effectiveness and nature of irregularities observed in implementation in MGNREGA may not be found similar in.

In this research, data of last five years of has been analysed. Since the primary data for the study were collected from the beneficiaries of the Scheme, the possibility of biased responses inherent in sample surveys and regional influences on opinions could not be avoided.

While studying there were some difficulties and constraints in the field situation. On carrying out this study it was observed that the respondents selected for interviews were reluctant to give all the required information some could not answer satisfactorily due to their ignorance, innocence and illiteracy. It was observed that in most of the cases the interviews remained suspicious about the unexpected intervention of any out agency and felt uneasy in

answering the questions asked from them at the time of personal queries. They were generally found afraid that the government wanted to impose some restrictions on them. This is the reason that they were found hesitated in providing correct information regarding this research work.

Moreover, during collection of primary data most of the respondents were female, and the bias of the respondents might have crept into the answers. Female respondents were replying to the queries by recollecting their past memories. Hence, there is a chance of deviation from the actual scenario. However, conscious efforts were made to minimise them to the extent possible. Similarly, the secondary data collected from various websites, reports and publications, and used for the study could not be totally free from errors.

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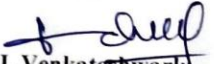
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