

Inclusive Growth through Mahatma Gandhi National Rural Employment Guarantee Act in Rajasthan State

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Abstract: Rural Development in India is one of the most important factors for the growth of Indian economy. In order to overcome all these problems especially rural unemployment, Government of India enacted The National Rural Employment Guarantee Act (NREGA) on 25th August 2005. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in India seeks to provide a specified number of days of employment at a specified wage rate to interested rural households, and ensures equal wages between male and female workers. MGNREGS will benefit wage seekers directly by providing assured employment and pay, which will enhance their purchasing power; and indirectly by increasing the rural market wage rate. The nature of work of some employment opportunities under MGNREGS will likely improve the infrastructure at both community and individual levels, mostly of small-scale and marginal farmers, which is expected to improve the income levels of the poor. The present study sought to determine if MGNREGS promotes inclusive growth. The empirical study used secondary data. The analyses reveal that MGNREGS promotes inclusive growth by augmenting open market wages, reducing gender wage differentials, increasing the proportion of Scheduled Castes among the participating households, improving the employment and income levels of wage seekers, and deriving substantial benefits compared to government expenditure on the Scheme. Results depicts that the MGNREGA helps in strengthening the gross root process of democracy through employment.

Keywords: Inclusive Growth, MGNREGA, Rural India, Person days.

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I. INTRODUCTION

Inclusive growth decreases the rapid growth rate of poverty in a country and increases the involvement of people into the growth process of the country. The main challenge facing India today is to improve core public services, sustaining rapid growth and spreading its benefit among all. Maintaining rapid growth will require more and more effective investments in infrastructure to create more jobs for low and semi-skilled workers. The present MGNREGA scheme is really benefitting the poor and needy one. It is enhancing the economic security, promoting gender equity and equitable opportunities to disadvantaged groups. Independent India has to acknowledge the critical role the MGNREGA has played in providing a measure for inclusive growth. It has given people a right to work.

Inclusive growth means 'Broad based growth', 'Shared growth', and 'Pro-poor growth'. It decreases the rapid growth rate of poverty in a country and increases the involvement of people into the growth process of the country. It implies an equitable allocation of resources with benefits incurring to every section of the society. The allocation of resources must be focused on the intended short and long term benefits to the society such as availability of consumer goods, people access, employment, standard of living etc. Thus, inclusive growth is about providing the poor with a starting point that can enable them to enjoy the fruitfulness of economic growth. The Inclusive growth is not necessarily synonyms with relative definition of Pro-poor growth. In case of pro poor growth income of poor grows faster than income of the population as a whole, and thus poverty and inequality are reduced. The 'pro poor growth' is in line with 'Inclusive growth' where income of the poor increases as an economy experiences growth and poverty is reduced; but not necessarily in the elimination of inequality.

II. REVIEW OF LITERATURE

Annual Report Ministry of Rural Development (April2006 - March2007) reported that in case of choice of work under NREGA, highest priority that is 54% was given to water conservation followed by providing irrigation facility to the land owned by SC/ST 10% land development 11%, rural connectivity 21% and any other activity 4% in 2006-2007etc. The All India Report on Evaluation of NREGA (2008), a survey of twenty

districts, observed that eighty percent of household expressed that they did not get the work within the stipulated 15 days time; neither were they paid the unemployment allowance. The survey revealed that the number of families spending less on food has come down drastically where as there is a rise in number of families who are spending more on food and non food items. Mathur, Lalit (2008), "Employment guarantee progress so far" depicted in the finding that MGNREGA could act as a great agent of socio-economic up-liftment and providing livelihood security of poorest of the poor in India if implemented earnestly. The employment and the earning under MGNREGA should be treated as additional avenue for such households. Md. Rahmatullah (2012), asserted in his seminar research work on the topic of "MGNREGA: The Role in Inclusive Growth" concluded as among many schemes which were introduced in several five year plans the 'MGNREGA' is the programme which is intended for the poverty eradication and met success almost all to its intended results. The MGNREGA generating infrastructure facilities which have been smoothen the process of development.

III. OBJECTIVE OF THE STUDY

- To analysis the performance of MGNREGA in Rajasthan State.
- To Study impact of MGNREGA through Inclusive Growth.

IV. METHODOLOGY

This study uses mainly secondary data. The sources of the data are published and unpublished sources like books, journals, magazines, publications, reports, etc. and official records of Ministry of Rural Development and Panchayat Raj, Government of Rajasthan and Government of India, websites. For analysis data tools like average, standard deviation, coefficient of variation and CAGR were used.

V. INCLUSIVE GROWTH

A 'definition' of inclusive growth can thus be summarized as a growth process that ensures equal access to opportunities for all segments of society regardless of their individual circumstances. Inclusiveness of a growth process may be measured by analyzing income growth among the whole population. However, it is not correct to just look at the income distribution to assess whether a growth process is inclusive or not; inclusive growth is about ensuring equality of opportunities too. Increase in incomes is a necessary condition for inclusive growth, but not a sufficient one; while income of the poor might increase with growth, equality of opportunity might not. So the essential condition for growth to be inclusive is to ensure that there is equality of opportunities among the population. Inclusive growth may be measured using the idea of a social opportunity function, which is similar to a social welfare function. It can be said that inclusive growth leads to the maximization of the social opportunity function. Ali and Son have proposed a methodology to measure inclusiveness of growth in terms of increasing the social opportunity function, which depends on two factors: (i) average opportunities available to the population, and (ii) how opportunities are shared or distributed among the population. This social opportunity function gives greater weight to the opportunities enjoyed by the poor: the poorer a person is, the greater the weight will be. Such a weighting scheme will ensure that opportunities created for the poor are more important than those created for the non poor, i.e., if the opportunity enjoyed by a person is transferred to a poorer person in society, then social opportunity must increase, thus making growth more inclusive. Ali anti Son have developed opportunity curve (Fig1) methodology for the measurement of inclusive growth. If the opportunity curve is sloping downward, then it can be said that the opportunities available to the poor are more than those available to the non-poor (i.e., the opportunities are distributed equitably). If the curve is sloping upward, opportunities are distributed inequitably (anti poor). Figure 1 depicts two opportunity curves with the same mean (y): one is sloping upward (AB) and the other is sloping downward (CB). The curve CB indicates equitable distribution of opportunities, meaning that the poor at the bottom end of the distribution have greater opportunity than the non poor at the top end. The upward-sloping curve AB, on the other hand, indicates the opposite: the poor enjoy fewer opportunities than the non poor.

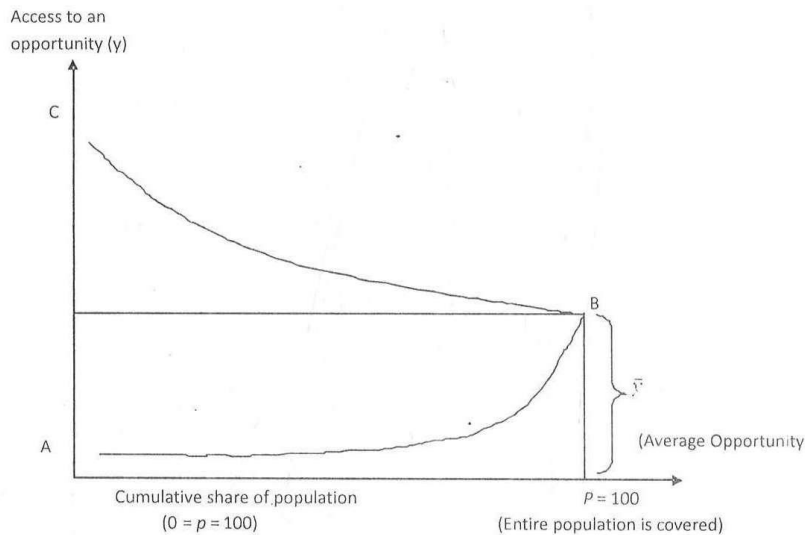


Figure 1- Opportunity curve

The opportunity curve can be useful to assess the pattern of growth that is defined in terms of access to and equity of opportunities available to the population, without specifying a social opportunity function. However, it is unable to quantify the precise magnitude of the change, i.e., one cannot conclude as to how much changes in opportunities have occurred over time. In this respect, the opportunity curve provides only partial rankings of opportunity distributions.

4.1 How to achieve inclusive growth?

The main challenge facing India today is to improve core public services, sustaining rapid growth and spreading its benefit among all. Maintaining rapid growth will require more and more effective investments in infrastructure to create more jobs for low and semi-skilled workers. Growth should be more equally shared by all, as many parts of country remain poor. Promoting inclusive growth includes revamping labor regulations, productive employment, capacity enhancement, social protection, improving agricultural technology and infrastructure, helping lagging states and regions catch up, and empowering the poor through proactive policies that help them to take part in the market on fair and equitable terms. The following figure 2 shows the role of effective governance for poverty reduction via inclusive growth. Here it is obvious that the social protection is a key for inclusive growth.

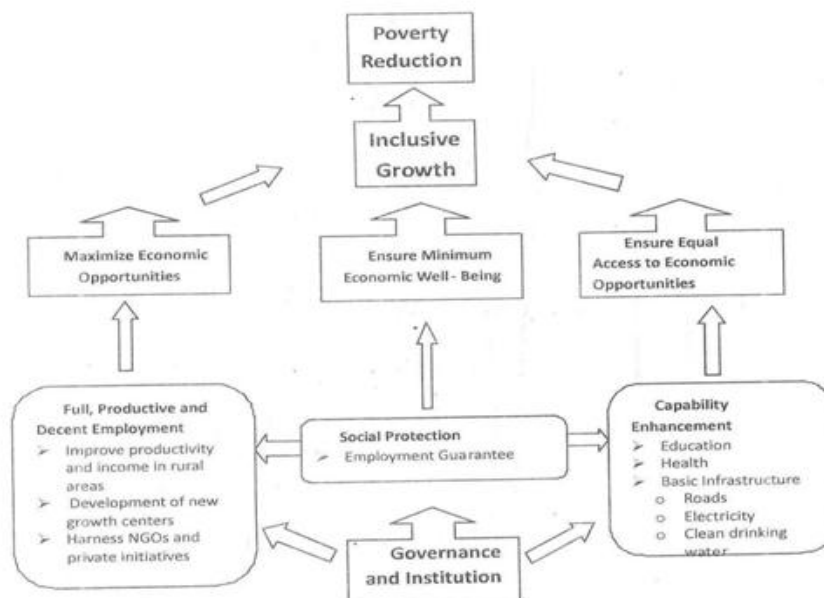


Figure 2-Achieving Inclusive Growth

5.2 Inclusive growth and MGNREGA

Employment generation (of productive- decent work) for labour force in all sectors, regions and for all socioeconomic groups of the economy is a key to inclusive growth. Independent India has to acknowledge the critical role the MGNREGA has played in providing a measure for inclusive growth. It has given people a right to work, to re-establish the dignity of labour, to ensure people's economic and democratic rights and entitlements, to create labour intensive infrastructure and assets, and to build the human resource base of our country. India is looking forward to achieve the inclusive growth in order to successful implementation of MGNREGS. The former Prime Minister of India, Dr.Manmohan Singh, spoke of the Plan in his Foreword as 'a comprehensive strategy' for inclusive development, and it was said that, "the central vision of the Eleventh Plan is to build on our strengths to trigger a development process which ensures broad-based improvement in the quality of life of the people, especially the poor, SCs/STs, other backward castes (OBCs), minorities and women". The scheme is quietly promoting positive desired growth through the inclusive nature of execution. The majority workforce mainly comprises of Women, SCs, and STs in the scheme so that it tends to be more socially inclusive. Aiding in the empowerment of the marginalized communities through the processes of rights based legislation. For the first time, the power elite recognize the people's right to fight endemic hunger and poverty with dignity, accepting that their labour will be the foundation for infrastructure and economic growths. The entitlements paradigm is still to be established in many States in the country. Second generation issues like the expansion of the categories of permissible works needs to be taken up with labour and the deprived continuing to be the central focus. The improvements must be to strengthen, not divert from these basic tenets. The many wise, creative, and innovative initiatives emerging from theory and practice have a future only if they are owned by the people and implemented with justice. The MGNREGA can give people an opportunity to make the entire system truly transparent and accountable. Properly supported, people's struggles for basic entitlements can, in turn, become the strongest political initiative to strengthen our democratic fabric, not only as a scheme for employment guarantee but also an effective process for promoting citizen's active engagement and commitment in creating social assets in improving their living condition at the local level.

VI. MGNREGA IN INDIA

6.1 Introduction of MGNREGA

The World Bank estimates that 456 million Indians now live under the global poverty line which is one third of the total global poor among them 75% live in rural areas and most of them are daily wagers, and landless labourers. In this context, Indian government enacted the National Rural Employment Guarantee Act, (NREGA) in 2005. National Rural Employment Guarantee Scheme (NREGS) was launched in February 2006 and it provides the guarantee for one hundred days of employment in every year to adult members of any rural household to do public work-related unskilled manual work at the statutory minimum wage. Scheme was introduced with an aim of improving the livelihood security of unemployed rural poor, primarily semi or unskilled workers living below poverty line. It attempts to bridge the gap between the rich and poor in the country. Also it ensures that one-third of the beneficiaries must be women who have registered and requested work under the scheme. The scheme is not merely a wage employment programme but also focused on the regeneration of village economy in the long term. The Act's success or failure will have an impact on the entire rural development scenario in India.

The National Rural Employment Guarantee Act, 2005 (NREGA) was passed by Lok Shaba on August 23, 2005. It got its final approval from the President of India on September 5 2005. NREGA was launched on February 02 2006 in 200 districts of the country. It was implemented in an additional 130 districts in Phase II 2007-2008. The Act was notified in the remaining 285 rural districts of India from April 1, 2008 in Phase III.

NREGA is the first ever law internationally, that guarantees wage employment at an unprecedented scale. For the first time in the history of independent India, an act was passed by the government, which guarantees employment to every rural household. The primary objective of the Act is augmenting wage employment. On April 1, 2008, NREGA was extended to all the 615 districts of the country. At present it implemented in all the districts of the country.

6.2 The main provisions of the MGNREGA areas follow

- i) Each household in the rural areas of India will be entitled to at least 100 days of guaranteed employment every year for at least one adult member. This employment will involve undertaking casual manual labor at the rate of Rs. 60 per day.
- ii) Only productive works that create long-term assets shall be taken up under the programme.
- iii) Part of the programme objective would be to provide for the training and improvement of the skills of unskilled laborers.
- iv) The payment of the labor can be undertaken in either cash or kind and would depend on the decisions made in this regard by the State Council.

- v) As far as possible, employment shall be provided within a radius of 5 kilometers of the village where the applicant resides at the time of application.
- vi) There is a provision for childcare if there are more than 20 women on any worksite.
- vii) A proportion of the wages (not exceeding 5%) may be deducted as a contribution to welfare organized for the laborers employed under the programme. The scheme to be considered is health insurance, accident insurance, survivor benefits, maternity benefits and social security schemes.
- viii) The programme targets at raising the agricultural productivity of the rain-fed areas in the country that account 68% of country net sown area, the act aims at transforming a labor surplus economy to a labor using economy. It should use the labor demand to create village productive infrastructure.

6.3 The attention of the scheme is on the following in the order of priority

- i) Water Conservation and water harvesting.
- ii) Drought proofing (including a forestation and tree plantation
- iii) Irrigation canals (including micro and minor irrigation works)
- iv) Provision of irrigation facility to land owned by households belonging to scheduled castes and scheduled tribes or to land of beneficiaries of land reforms or that of the beneficiaries under the Indira Awas Yojana of the Govt. of India.
- v) Renovation of traditional water bodies (including de-silting of tanks)
- vi) Land development
- vii) Flood control and protection work (including drainage in water—logged areas)
- viii) Rural connectivity to provide all weather access.
- ix) Any other work which may be notified by the Central Government in consultant with the State Government'.

VII. PERFORMANCE OF MAHATMA GANDHI NREGA IN RAJASTHAN

In Rajasthan, it has been launched in three phases. In first phase (February 2nd, 2006.), MGNREGA was started in six districts and further in two steps it implemented in all the 33 districts of state in 2008-09. MGNREGA has generated 25.96 crore man days in 2016-17. At present the average wage earned is Rs.137/- where as it was only Rs.94/- in the year 2011. Women work force participation under this scheme has increased to 65.03% in 2017-18. Table-1 shows the number of person days generated to different categories from 2011-12 to 2017-18. The overall person days generated is 14900.77 lakhs. In the year 2016-17 maximum numbers of people got employed and the total number stood at 2596.83 lakhs. The minimum number of members got employed in the year 2014- 15 and the number stood at 1686.19 lakhs. During the year 2011-12 total person days generated was 20.73 crores and it has gone up to 23.97 crore person days in 2016-17. This is due to the introduction of scheme in all the districts of the State. From the present reports we conclude that overall performance of MGNREGA in total fund availability during the year 2011-12 was Rs.437455 lakh and exceptionally high during the year 2016-17 it is Rs.538459 lakh and in the year 2017-18 it is 527489 lakh with maximum utilization of 97.4%. This is mainly due to the implementation of the scheme in all district of the state since 2008-09. However the total utilization has come 97.4% in 2017-18.

Table-1 Number of person days generated to different categories (in lakhs) (2011-12 to 2017-18)

Year	SC	ST	Others	Women	Total
2011-12	353.26	517.22	1237.24	1458.01	2073.18
2012-13	402.6	520.44	1257.54	1504.45	1967.20
2013-14	364.64	480.86	992.75	1245.55	1838.25
2014-15	312.28	419.68	848.28	1079.48	1686.19
2015-16	487.84	566.04	1001.41	1616.06	2341.34
2016-17	537.55	579.36	1479.9	1740.61	2596.83
2017-18	500.1	514.47	1383.17	1566.6	2397.78
Mean	422.61	514.01	1171.47	1458.68	2128.68
S.D	79.4749817	49.3192	212.802	209.493	303.811
C.V	0.1880575	0.09595	0.18165	0.14362	0.14272
CAGR	6%	0%	2%	1%	2%

Source: www.mgnrega.nic.in

The above table shows the person days generated in Rajasthan from 2011-12 to 2017-18 and in which shows calculated mean , low standard deviation indicate that the data points tend to be very close to the mean and some shows high value points are spread out over a large range . It shows that the coefficient of variation in person days is highest in SC category followed by women gives clear cut picture of inclusive growth. The

present MGNREGA scheme is really benefiting the poor and needy one. It is enhancing the economic security, promoting gender equity and equitable opportunities to disadvantaged groups. The growth rate of same indicate positive employment status 6% that increase participation of disadvantages group and highlight the pro-poor growth concept. It shows the changing pattern of employment in rural area which leads to inclusive growth.

7.1 Effective Targeting of Disadvantaged Groups

Trends show that it is the poorest of the poor and the most vulnerable groups who seek employment under the programme. The Mahatma Gandhi NREGA has been designed to allow women equity in both access to work and in the payment of wages. The participation of women in the workforce has surpassed the statutory minimum requirement of 33 percent and the trends also indicate an increase in the participation rate at the national level. The participation, rate of women in the financial year (FY) 2016-17 and (FY) 2017-18 at the national level is 56 and 54 percent. This suggests the potential of Mahatma Gandhi NREGA as a local employment strategy for supplementing household income. It also suggests that the Mahatma Gandhi NREGA's design that has no preconditions makes it eminently usable as a quick work choice for women and SC/ST groups. Studies by the National Federation of Indian Women (NFIW) in Chhattisgarh, Madhya Pradesh, Orissa and Tamil Nadu State: "One of the most important observations is the emergence of women's identity and their empowerment with the coming of Mahatma Gandhi NREGA as an economic opportunity provider.

VIII. SUGGESTIONS

There are some suggestions for countering the loopholes of MGNREGA. A transparent and poor focused MGNREGA can reduce the poverty and be a means of inclusive growth. The social audit system should be completely transparent by a third party auditing firm and even the supreme court says that the entire proceedings of the Social Audit Forum/public hearing be video graphed to ensure integrity and credibility of the process. Secondly, the number of beneficiaries in the chain of execution of the program should be increased so that no one beneficiary will be able to consume a huge margin of money illegally. Last but not the least, the best solution for this is that the government should take the assistance of a local university. This means the local university adopts the village; students and professors of the university involve themselves in the execution of the project. By doing so, not only will the students get to do a live project but also they would be able to do the execution themselves and report flaws to the centre. This might make the execution smoother and more credible.

IX. CONCLUSION

The present MGNREGA scheme is really benefiting the poor and needy one. It is enhancing the economic security, promoting gender equity and equitable opportunities to disadvantaged groups. The MGNREGA has helped poor enhance their bargaining power and it is strengthening democratic processes through grassroots participation. Thus MGNREGA not only enhances the economic opportunities in a sustainable manner but it also improves the equality of opportunities. If one particular scheme has not been showing the intended results, the shortcomings of such scheme will give birth to another scheme. MGNREGA is the largest employment providing programme in the world. MGNREGA has helped in enhancing the livelihood in rural areas by providing 100 days of guaranteed wage employment in each financial year to every household who volunteers to do unskilled manual work. It also helped in the creation of durable assets that can provide environmental services and sustainable livelihood; reduction in distress rural migration and work participation by women, SC, ST and disabled persons. MGNREGA helps in strengthening of gross root process of democracy. However MGNREGA needs critical review for more effective and corruption free growth ambience.

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