

Impact of rural employment guarantee programme and poverty in India

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Abstract

One of the most important schemes that the Government of India adopted in 2005 to eradicate rural poverty is the introduction of the National Rural Employment Guarantee Act. The NREG Act is an act to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. It is the flagship programme of the UPA Government that directly touches lives of the poor and promotes inclusive growth. Enacted after a successful struggle for employment guarantee legislation, the NREG Act was a partial victory towards a full-fledged right to employment. The act became operational in February 2006, starting with 200 districts, and within three and a half years, has been extended to the rest of the country. NREGA is the first ever law that guarantees wage employment at an unprecedented scale.

The NREGA has been more or less successful in energizing, mobilizing, empowering and delivering to India's poorest and most marginalized rural people. It has also been somewhat successful in providing the rural poor a measure of dignity, tangible economic benefit and a motivation to participate in local action.

Keywords: NREGA, inclusive growth, energizing, mobilizing, empowering, marginalized

Introduction

Poverty in India: A Brief Overview

Poverty in India has reached abnormal heights, so much so that it has become almost impossible for the country to come out of the 'poverty-trap'. The problem of poverty is not just confined to rural India; urban poverty has been one of the most disturbing truths ever since India began treading the path of development and urbanization. In the last five years (2004-2009) the number of people living below the poverty line has increased from 270 million to 325 million. This is an increase of 55 million people below the poverty line in just five years. Among the most important causes ascribed for the high level poverty in India are its history under the British rule, large population, low literacy, societal structure including the caste system and role of women, dependence on agriculture, and the economic policies adopted after its independence.

Poverty eradication in India is considered to be a farfetched dream. Poverty alleviation is expected to make better progress in the next 50 years than in the past, as a trickle-down effect of the growing middle class. Increasing stress on education, reservation of seats in government jobs and the increasing empowerment of women and the economically weaker sections of society, are expected to contribute to the alleviation of poverty. However, it is incorrect you say that all poverty alleviation schemes in India have failed. Since 1950s the Indian government and non-governmental organizations have initiated several programs to alleviate poverty, including subsidizing food and other necessities, increased access to loans, improving agricultural techniques and price supports, and promoting education

and family planning. These measures have helped eliminate famines, cut absolute poverty levels by more than half, and reduced illiteracy and malnutrition.

How Poverty Can Cripple a Nation

The impact of poverty in India has been very grave. Poverty cripples a nation. It is a shame for a nation if almost half of its population cannot meet the basic requirements of life. It is a shame if thousands of small children do not get access to primary education. It is a matter of great dismay, if more than half of the young Indian populace sit idle without contributing anything to India's growth story, because they are illiterate and cannot find a job. There have been various schemes to eradicate poverty and its adverse impact on a nation, however, poverty alleviation in India is a long term goal as already mentioned above. With poverty being as high as in India, we will have to wait for some more decades to actually see the results of poverty alleviation measures. Poverty in India is one of the major concerns because even though India is one of the fastest emerging countries in the world, what is really slowing down India's robust growth rate is the prevalence of very high poverty. The rural poor depend on agricultural incomes which are highly unpredictable and the urban people rely on jobs that are, at best, scarce. Even though India is expected to grow at a double-digit rate in the near future, one factor that can pull India back is poverty. If the poor people from the rural areas are trained properly and made to work, they too can contribute in their own small way to India's incredible growth story. This is where we can rely on the effectiveness of schemes like the NREGA.

National Rural Employment Guarantee AO (NREGA): An Introduction

One of the most important schemes that the Government of India adopted in 2005 to eradicate rural poverty is the introduction of the National Rural Employment Guarantee Act. The NREG Act is an act to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. It is the flagship programme of the UPA Government that directly touches lives of the poor and promotes inclusive growth. Enacted after a successful struggle for employment guarantee legislation, the NREG Act was a partial victory towards a full-fledged right to employment. The act became operational in February 2006, starting with 200 districts, and within three and a half years, has been extended to the rest of the country. NREGA is the first ever law that guarantees wage employment at an unprecedented scale. Dr. Jean Dreze, a Belgium born economist, has been a major influence on this project.

The major objectives of the act are:

- Augmenting wage employment.
- Strengthening natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion.
- Encourage sustainable development.
- Strengthening grass-root processes of democracy by infusing transparency and accountability in governance.
- Strengthening decentralisation and deepening the processes of democracy by giving a pivotal role to the panchayati raj institutions in planning, monitoring and implementation.

An Analysis of the Performance of NREGA

Though, three and a half years is too short a period to gauge the impact of NREGA, it is worth mentioning that this important act is bringing about a silent revolution in the rural areas. This act has had repercussions at different levels, right from altering the socio-economic conditions of the affected districts to altering the social dynamics. Although well-intentioned, this act too faced the initial jitters. It received very half-hearted support from the states and the centre in implementation. A lot of debates and arguments have been doing rounds ever since this important legislation was passed. Despite this, the act has proven to be a good step towards rural poverty alleviation.

NREGA's record on the parameter of employment generation has been much better than its predecessors. Till 2008, about 25 million households have benefitted from about 857 million of person days employment generated. The act has brought about a lot of improvements in the spheres of financial inclusion and social security provision in the rural areas. Talking about financial inclusion, lets look at some numbers. As of 2008, 27.1 million bank accounts have been opened in rural areas with zero balance requirements for wage payments under the NREGA. Almost 80-90% of these are for households that have been included for the first time

in the financial network of the country. Though financial inclusion was not an objective of the act, it still is an achievement. In terms of participation of the marginalized sections in the number of workdays created, more than 50% of total person days of employment generated have gone to SC and ST households.

In 2008-2009, the NREGA provided employment to almost 45 million rural people. Of those employed, nearly 50 percent were women and over 55 percent comprised of Scheduled Castes, Scheduled Tribes demonstrating the self-targeting nature of the programme. The NREGA has contributed immensely to the increased bargaining power of the agricultural labour. No longer are they prepared to settle for less than the notified wage. The average notified wage under NREGA has itself risen from Rs.65 per day in 2006-07 to Rs.87 in 2009-10. Also, there has been a commitment to provide a real wage rate of Rs. 100 under the NREGA. State governments are being encouraged to make wage payments under the programme through banks and post office accounts. Nearly 78 million such accounts have been opened till now. The government has also proposed to establish U1e institution of an ombudsman in every district for effective grievance Redressal under NREGA.

One of the major objectives of the act has been to ensure one-third of women participation in total person days generated, the actual numbers have been close to an impressive 50%. Implementation of NREGA has contributed to very high levels of women empowerment, particularly in the following aspects.

As the work is organized by women's groups, the gender perspective gets built in automatically.

- As women are comfortable working along with their neighbors, nearly 80% of the workers have been women.
- For the first time equal wages are really paid and this has boosted the earnings of women.
- As the wages are paid into Bank accounts the habit of thrift has further been strengthened.
- As the Bank deposits are increasing, the intra-household status of the women has also been improving commensurately as she controls substantial cash resources and withdrawal can be only on her decision.

There has been an increase in wages in almost all the Indian states since the implementation of the act. Though the increase in the wage-level in rural India cannot be attributed to NREGA alone, but it would be foolish to ignore the role of this programme in the same. An ongoing study titled' evaluation of NREGA' being conducted by the faculty of Institute of Development Studies, Jaipur, found that the act has shown great results in the rural areas in fields of economic empowerment, teamwork, has encouraged women in villages to come out of their veil and work, and has bridged the caste bias in rural India.

During 2008-2009, NREGA provided employment opportunities for more than 4.47 crore households as against 3.39 crore households covered in 2007-2008. The government

is committed to provide a real wage of Rs. 100 a day as an entitlement under the NREGA. In order to increase the

productivity of assets and resources under NREGA, convergence with other schemes relating to agriculture, forests, water resources, land resources and rural roads is being initiated. In the first stage, a total of 115 pilot districts have been selected for such convergence. The government of India has proposed an allocation of Rs. 39,100 crore-for the year 2009-2010 for NREGA which marks an increase of a mind boggling 144% over the 2008-2009 budget estimates

Critical Issues under NREGA That Needs Proper Surveillance

- Issue related to providing job-cards to the people on time.
- Issues related to selection of works.
- Issues related to the execution of works.
- Issues related to the measurement of the work done.
- Issues related to timely wage payments.

Some Loopholes in the AO and In Its Implementation

Though the NREGA has helped a lot of rural poor to get employed and become self-sufficient, this act and its implementation has some flaws too. Herein, we can talk about

three issues.

- The first one is- why only 100 days of work? Since people do not get those 100 days fully, this proved to be an area of constant criticism. However, this year, according to the Finance minister Mr. Pranab Mukherjee, the Union government is looking to offer 50-60 more days of work to people who have already been employed for 100 days under the National Rural Employment Guarantee Act. He said funds for this could be drawn from the National Calamity Relief Fund, which has a corpus of Rs.2,000 crore.
- The second issue is the rule of only one member per family being able to use it. Since poor families see themselves as a collective, splitting up is badeconomics. For instance, a day's wage at a brick kiln might be less than what it is for NREG work. But even though brick kilns are brutal and exploitative, all members of a family can work there-and for more than a hundred days.
- The last issue that we can talk about is the delay in payments. Though Andhra Pradesh seems to be ahead of many other states, this continues to be a problem. There has been instances when people have actually waited for more than four months to get an amount much lesser than what was owed to them. There have been many recording errors, when people who work do not get recorded and people who haven't worked, get recorded. The planning commission has sought the reserve bank of India's intervention in streamlining the mechanism of paying wages under the NREGA. In a letter to the central bank, the commission said that the BRI should give directions to banks to ensure that payments to the beneficiaries of the NREGA are made only through banks or post offices (mentioned above).

The focus of NREGA has always been right which is work must be provided on demand. The NREGA has always made sure that the assets created should benefit the poorest and the marginalised communities first. The

work itself has created and sustained favourable conditions for providing minimum wage employment in transparent and an accountable manner. Despite all the criticisms with respect to corruption and leakages, the NREGA has actually drawn attention to the weaknesses of the delivery mechanism.

A Critical Analysis of the Impact of NREGA

NREGA has given rise to a new work culture. The workers were hitherto controlled by contractors and their middlemen who knew how to extract work. Public works have now gained respectability. NREGA has suddenly increased purchasing power of the poor and there is visible local economic development. This is particularly true of Wayanad in Kerala which was ridden with farmer suicides. The peasants have managed to get substantial relief from NREGA by getting over their inhibition in working as labourers in richer farmer's lands by moving on to the now-respectable public works.

It is true, however, that the achievements of the NREGA have been uneven. If we look at NREGA's state-wise impact, Andhra Pradesh has fared better than most states, thanks to the growing awareness of the people of their rights. This is one state where, some 2.7 million people applied for job-cards in the first month after the programme was announced and everyone received them. And in many states the job-cards are yet to be issued. Rajasthan is the state after Andhra Pradesh which has gained the maximum from the NREGA. However states like Maharashtra has benefitted very abysmally from the NREGA.

The act's foundations still being weak, any immediate changes must not burden the fragile success and infact must strengthen its basic structure. With all its shortcomings and failings, the limited benefit provided by the NREGA has been an important support structure for the poorest and most marginalised rural communities. Wage work has been open to all those who offer to do casual manual work on eight categories of work-most of which are designed to strengthen the natural resource base of those who are most dependent on such community assets for their livelihoods.

So, lets examine why NREGA has been more successful than any other poverty alleviation schemes and what ensured better targeting. Unlike the other programmes which have been made toothless by anchoring them to below poverty line (BPL) cards, NREGA is a self-targeting programme. It is no wonder that the distribution of beneficiaries by social groups is almost similar to the distribution of poor obtained from the NSSO (National Sample Survey Organisation) consumption surveys. Evidently, the self-targeting inherent in NREGA has a better score in targeting the poor than the officially conducted but flawed identification of BPL households. In fact, the self- selection nature of NREGA has persuaded the finance ministry to classify workers in the programme as poor, for inclusion in the Janashree Bima Yojana. Similarly, the case of extension of Rashtriya Swasthaya Yojana to the NREGA workers.

The NREGA has been more or less successful in energizing, mobilizing, empowering and delivering to India's poorest and most marginalized rural people. It has

also been somewhat successful in providing the rural poor a measure of dignity, tangible economic benefit and a motivation to participate in local action. The NREGA stands apart from the employment and poverty alleviation programmes in many significant ways. It is the first national programme of consequence which has woven transparency and accountability into the mundane fabric of daily interaction of people with the government. It also gives an opportunity to break the feudally enforced silence of its victims. Through transparency and social audit measures, NREGA allows anyone, anywhere, to be a part of the monitoring of the delivery system. It also gives the poor an opportunity to realize the constitutional sovereignty, the power of the people, considering India is the largest democracy in the world.

Conclusion

Although a programme of this magnitude will take time to be of any relevance in changing the landscape of rural India, initial reports of evaluation studies by various institutions and individuals has documented the processes of revival and resurgence largely driven by NREGA as an axis of struggle by the rural poor. It has neither been claimed nor was envisaged that NREGA is the key to successful rejuvenation of rural areas. This requires many such efforts particularly towards ensuring the broken linkages of the growth process to include the rural areas as engines of growth. Nonetheless, it does offer an opportunity for the rural poor to stake claim to the fruits of the growth. Moreover, NREGA success stories provide opportunities for mainstreaming and legitimizing the struggle for other social security legislation.

Independent India has to acknowledge the critical role the NREGA has played in providing a measure of 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. For the first time, the power elite recognizes the people's right to fight endemic hunger and poverty with dignity accepting that their labour will be the foundation for infrastructure and economic growth. 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. In the midst of the current economic slowdown, there is enough evidence that this kind of commitment can work to help reduce the slowdown.

NREGA's success is as much a hope for civil society activists fighting for the rights of the poor as it is a critique of the developmentalist state in case it fails to deliver.

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