

Effect of MGNREGA on Employment Opportunities in Rural India

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Abstract

This cogitation deals with assessment of actual ramification of MGNREGA. It studies certain factors like exodus and migration of daily wages labours. The data which has been used for above contemplation is the household panel data of Indian human development survey (2005 & 11). A very lucid and judicious approach has been used by using Heckman sample selection model and inverse mills ratio. After the above scrutiny and investigation, it has been confirmed that there has been a sharp enfeeblement and diminution in distress migration. It has even been stated in results that agriculture worker and construction worker are 0.1 times less likely to work MGNREGA compared unemployed population. The participation of women in MGNREGA is 5.2 times more than males. The eminence of MGNREGA can be done on the factor that its share is observed to be 1/10 times of total rural population.

Introduction

Generation of employment has been the top pre-eminence of government today. There is a huge difference in rate of employment between less industrialized and more industrialized countries. If we compare the unemployment rate of India and china then India lies in a terrible abhorrent and atrocious state because unemployment rate of India is twice as compared to china. Though there has been some liberalization in recent years while it was not fully successful. However, MGNREGA has been very affluent.

History of India's employment generation

Many programmes started in India from early 1970's, but due to instability between central and state government it was not implemented in a proper way. Prime Minister's cash programme in 1972-73 (during the fourth five-year plan) is the first employment programme. The introduction of various wage employment programmes in the 1970s and the 1980s like *kam ke badle anaj* programme in 1977-78, Integrated Rural Development Programme in 1978-79, National Rural Employment Programme in 1980-81, RLEGP IN 1983 and Jawahar Rozgar Yojana in April 1989 were very significant to tackle the growing rural unemployment. The Narshima Rao government's prime ministers *Rozgar Yojana* was started in 1993-94. Our policy makers brought employment generation into focus in the eight five-year plan with other parameters so set a target to achieve 3 percent growth per year.

In 2002, employment assurance scheme which was launched in 1993 and Jawahar Rozgar Yojana were merged and make a new programme called *Sampoorna Grameen Rozgar Yojana*. After two years, in 2004, the national food for work program was launched with an exclusive focus on the 150 identified backward districts. The different strategies and plan adopted time to time towards rural employment generation. It is apparent that most of the schemes were incapable of bringing about the desired impact on agricultural job growth due to some factors. Like the lack of need-based planning, absence active participation of various stakeholders in the planning and implantation process, irregular fund flow, political will and improper monitoring are some major reason of failing (BHOMBE).

Background of the study

Studying the repercussion of income on destruct population is a ponderous aspect of social demography. There is less option of employment, "quod erat demonstrandum" daily wage workers are migrating, and they are living an insalubrious life. Moreover, we can see from many kinds of literature that income directly affect the health, poverty, gender inequalities and standard of living of the economically derived population. In India, many employment programs were started as early as from the 1970s. Some were successful in achieving what they intended to achieve while some other programs rolled back into the timid submission of high needs. One of the main reasons for improper implementation of employment programme is instability of central & state government. MGNREGA is one of the successful programmes in the history of the country. The main objective of the study is

what the participation rate of daily wages labour in MGNREGA? What was the occupational status of MGNREGA worker in 2005 (before implementation of MGNREGA)? Moreover, to assess the impact of MGNREGA on employment opportunities and standard of living of the rural India workers.

What is MGNREGA?

To design wage employment programme to fight poverty more effectively, the central government formulated the National Rural Employment Guarantee Act (NREGA) in 2005. It was started in 200 selected districts of the country were brought under this ambit. NREGA covered all the districts from 1st April 2008. In 2009-10, through an amendment, the NREGA was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). At present, it is being implemented in 625 districts in the country. MGNREGA major target was enhancing livelihood security of poor households in rural areas of the country by giving at least hundred days of guaranteed wages employment in a financial year, whose adult member is a volunteer to do unskilled manual work. The act mandates 33% participation of women. Positive outcomes of MGNREGA are: agricultural wages have increased, distress migration showed a decline; cultivated area in some states has increased, and water conservation structures have been built and in many cases have been revived. Planning Commission finds poor implementation of the plan in states such as Bihar and Uttar Pradesh; payments to workers are being delayed; only 19 percent of the 850,000 differently abled people registered for the scheme have got work under MGNREGA.

Literature review

MGNREGA is a scheme which was launched by a great pomp and show by UPA government. It was in their agenda to eradicate the poverty, and hence they launched this scheme. To a great extent this scheme gave the fruitful results but very soon there arise many flaws in the scheme but still they continued with their approach. It is one of the important landmarks in the history of India that a nation-wide scheme was launched for poor. ‘Silver Bullet’ for eradicating rural poverty and unemployment by way of generating demand for productive labour force in villages (Bassi & Kumar, 2010). Berg et al. did a panel study on NREGA workers and found that MGNREGA is helpful to daily wage workers in raising their income. They feel that NREGA is a potentially important anti-poverty policy tool (Berg, Bhattacharyya, Durgam, & Ramachandra, 2012).

Some people are disfavoured this scheme also. Some feel that this scheme is not able to distribute the resources properly while other seems that this scheme is a failure of government agenda. In the line of criticizing the scheme, Dey and Bedi criticized the functioning of MGNREGA. They are of the opinion that the programme should provide proportionately more job-days during the agricultural lean season and wages should be paid on time (Dey & Bedi, 2010). There is also participation mismatch in NREGA. Somewhere women are participating more while somewhere men are taking the lead against their counterparts. Bonner et al. attributed the higher participation rate of women in Tamil Nadu to the prevailing cultural factors there.

Wage differential is also a very imperative issue in MGNREGA. Some tried to find the prevailing wage differential in the scheme. On the positive side, the Scheme has reduced gender differentials in wages, a majority of beneficiaries perceive the assets created under MGNREGA as beneficial (Bordoloi, 2011). It has been found that women are getting works in MGNREGA and that is virtually helping in reducing the gender differential. MGNREGA is helping poor in a great way. MGNREGA scheme can target the poor easily in comparison to others previous such schemes. There lie many positive effects of the scheme. Dutta et al. found that self-targeting mechanism of scheme allows it to reach to relatively low-income families and backward castes (Dutta, Murgai, Ravallion, & Van de Walle, 2012). In another study, Dutta and others found claims that NREGA is entirely different from earlier government employment schemes because it treats employment as a right. They feel that the program is intended to be demand-driven, and encourages participation of local people in the planning and monitoring of specific schemes (Dutta, Murgai, Ravallion, & Van de Walle, 2012).

Data & Methodology

In the present study, national representative sample survey, India Human Development Survey (IHDS) household data is used. Two rounds of IHDS was conducted, first in 2004-05 and second in 2011-12. IHDS-I survey interviewed 41,554 households and covered 215,754 individuals

from 1503 villages and 971 urban blocks of India. Whereas IHDS II interviewed 42,152 households consisting of 204,568 individuals. Among these 42,152 households 40,013 households have been previously interviewed in IHDS-I. The advantage of using the IHDS survey data in the estimating transition of poverty is that it provides comprehensive information on key dimensions of consumption expenditure, employment, education, socio-demographic variables along with the panel component of the data. The details of the survey design, sampling instrument, variables and constructed variables, and various codes used are available in the national report (Desai et al., 2009). The longitudinal panel household data of Indian Human Development Survey (2005 & 11) is used for analysis. In IHDS II, at least one of the members in 4072 households is working in MGNREGA. Total sample of households only include those workers who are currently working in MGNREGA. Cross-tabulation has been done with selected background characteristics of the rural population to observe the pattern of participation and share of MGNREGA into total employment. The selected household background characteristics taken here for analysis are sex, age, caste, religion, education, marital status, and place of residence. The Heckman sample selection method is used for statistical analysis to check the selection bias, using inverse mills ratio. Logistic regression is used to see the participation in MGNREGA by their background characteristics.

Findings

Socio-demographic profile of MGNREGA worker

Table 1 show the rural labour demographic characteristics which are currently working in MGNREGA employment program. The participation of female in MGNREGA is more than male. There are 46% male and 54% female workers. By age group, the 19-44 year age group worker enrolment in MGNREGA is 40%, 45-69-year age groups worker is 53%, and the 70+ worker is 5%. Among all age group, highest enrolment is seen in 45-69 year age group worker. In education, 50% of the worker are illiterate, 50% of worker are attending the school for a 1-9 year. By marital status, the currently married worker is 79%, 21% worker is a widow and single. By caste, 43% of MGNREGA workers are from backward castes in compare to another caste-like Brahmin (18%) and OBC (40%). In religion, 90% of workers are Hindu and rest of them are from other religion. By place of residence, the data show that 97% of worker enrolment in MGNREGA is from rural sector only 3% are urban outskirts because this program is only for villages not for the city.

Table 1 Percent and frequency distribution of MGNREGA worker (IHDS I, 2011)

Background characteristics	Percentage of worker	Number of workers
Sex		
Male	45.72	1814
Female	54.28	2258
Age		
< 19	2.9	118
19-44	39.91	1625
45-69	52.65	2144
70+	4.54	185
Caste		
SC/ST	42.56	1779
OBC	39.52	1524
Other Caste	17.92	769
Religion		
Hindu	89.11	3597
Non-Hindu	10.89	475
Education		
Illiterate	49.55	1968
1-5 Year	18.59	803
6-9 Year	31.86	1301
Marital status		

Currently Married	78.55	3250
Widow	8.59	317
Single/separate	12.85	505
Residence		
Rural	97.31	3938
Urban	2.69	134
Total	100	4072
NOTE: Total includes those population worker who are currently working in MGNREGA employment program, surveyed by IHDS II(2011)		

Percentage of the total worker employed in MGNREGA, India, 2011

Table 2 shows the share of MGNREGA into total rural employment. From the different demographic background, we show that by sex the contribution of the male and female worker into total employment is 6% and 16%. By age, the worker with less than 19-year participation rate in MGNREGA is 5%, the worker with age 19-44 year contribution is 7%; the 45-69 year share is 11%, and 70+ years the contribution is 20% of their respective total working population. By caste, the SC/ST worker in MGNREGA is 10%, OBC worker is 9%, and other caste worker in MGNREGA is 7%. Religiously, Hindu worker is 10%, and the non-Hindu worker is 6% in MGNREGA. By residence, 12% worker of MGNREGA is living in rural areas. From marital status, we analyse that 9% worker is currently married, 13% of worker are a widow, and 5% of worker are single/separated. Among education, 10% are illiterate, 11% attending worker are of 1-5 year of schooling, 10% worker attending of 6-9-year school and 7% worker of more than ten years of schooling. The total worker is 53465 in which 8% work in MGNREGA.

Table 2 Percentage of the total worker employed in MGNREGA, India (2011)

Background characteristic	MGNREGA Worker (%)	Total No. of Employees
Sex		
Male	5.77	37,140
Female	15.75	16,325
Age		
<19	5.37	2,549
19-44	6.94	28,018
45-69	10.97	21,811
70+	19.98	1,087
Caste		
SC/ ST	9.75	20,901
OBC	8.65	20,715
Other Caste	7.42	11,849
Religion		
Hindu	9.39	44309
Non-Hindu	5.96	9156
Marital status		
Currently married	9.5	39,205
Widowed	12.92	3,695
Single /separated	4.66	10,565
Education		
Illiterate	9.56	9673
1-5 year	10.99	7883
6-9 year	9.88	14316
10+	6.83	21593

Total	8.32	53465
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Percentage distribution of MNREGA workers by their activity status in 2005, India, 2011

Table 3 shows the worker status of MGNREGA worker in 2005 by using background characteristics. In sex, 51% of the male is not working, 3% working in government sector, 28% working in agriculture. 12% are construction worker among female 63% are not working, less than 1% work in the public sector, 29% work in agriculture, 5% are the construction worker. By age, 79% people are less than 19 are not working, 11% in the agricultural sector, 7% are the construction worker. In 19-44 years age group, 55% are not working, 31% working in agriculture, 9% are the construction worker. In the age 45-69 year, 51% are not working, 33% working in the agricultural sector, 8% are the construction worker. Above 70 years' age group population, 91% are not working, and 9% is working in other sectors.

Among caste, 57% of scheduled caste/ tribe are not working, 1% work in PSU, 31% work in agriculture, and 10% are the construction worker. 58% of OBC are not working, 30% and 7% are working in agriculture and construction sector respectively. 70% of other caste are not working, 4%, 18%, and 5% are work in government, agriculture and construction sector respectively. Religiously, among Hindu, 57% are not working, and 1%, 30%, and 8% are in government, agriculture and construction worker respectively, among non-Hindu 67% are not working, 3%, 19%, and 6% are working in government, agriculture and construction sector respectively.

By education, among illiterate worker 52% are not working, 35%, 8%, and 4% are work in government, agriculture and construction sector respectively, among a 1-5 year of schooling worker 64% are not working. 23% and 7% are working in the agricultural sector and construction worker, among a 6-7 year of schooling of worker 62% are not working, 23% and 10% are work in agriculture and construction work. Above 10 year of schooling are unemployed by 69%, 5% are in the government sector, 16% and 6% are working in agriculture and construction sector respectively. By marital status, among currently married 55% are not working, 31% and 8% are working in agriculture and construction sector. Among widow 47% are not working, and 53% are working in different another sector, among single/separated 74% are not working and 26% is working in different other sectors like agriculture, construction, and government sector. By residence, among rural worker 57% are not working, 29% are working in agriculture sector, and 14% are in other sector, among urban worker 74% are not working, 11% are in construction worker and rest 15% are in other sector. Total MGNREGA worker is 4072.

Table 3 Percentage distribution of MNREGA workers by their activity status in 2005, India (2011)

Background characteristics	Not working	GOVT & PSU workers	Agricul-tural workers	Constru-c-tion workers	Other workers	Total	Total No. of Workers
Sex							
Male	51.28	2.57	27.97	11.51	6.68	100	1814
Female	63.26	0.87	29.23	5.25	1.4	100	2258
Caste							
SC/ST	52.56	1.29	31.46	10.13	4.56	100	1738
OBC	57.90	1.2	30.14	7.29	3.47	100	1515
Other caste	70.27	3.59	18.22	5.14	2.78	100	819
Religion							
Hindu	56.66	1.46	29.87	8.37	3.64	100	3562
Non-Hindu	66.97	3.14	18.76	5.98	5.15	100	510
Education							
Illiterate	51.95	0.83	35.04	8.37	3.81	100	2041

1-5 Year	63.98	1.42	23.03	6.72	4.86	100	865
6-9 Year	61.59	2.56	23.22	10.19	2.44	100	801
10+ Year	69.07	4.84	16.43	5.4	4.25	100	365
Marital status							
Currently married	54.86	1.7	31.23	8.32	3.89	100	3252
Widow	47.3	2.5	39.77	7.29	3.15	100	168
Single/separate	74.46	1.14	13.46	7.33	3.6	100	652
Note: Total includes those workers who are currently working in MGNREGA employment programme.							

Odds of working as MGNREGA, India, 2011

Table 4 shows the logistic regression of MGNREGA by using background characteristics of 2005. The dependent variable is MGNREGA and different demographic and socio-economic background is used as the independent variable. In occupation status 2005, taking not working as a reference category than government employ is .1 times less likely to work in MGNREGA, the result is obtained at 1% level of significance, manufacture workers are .1 times less likely to work in MGNREGA, and the result is obtained at 1% level of significance. Agriculture worker is .1 times less likely to work in MGNREGA, and the construction worker is .1 times less likely to work in MGNREGA, both the value of agriculture and construction worker are obtained at 1% level of significant. In caste, taking SC/St as a reference category than OBC are 1.1 times more likely to work in MGNREGA, the result is obtained at 10% level of significant. The other caste is 1.7 times more likely to work in MGNREGA; the values are obtained at 1% level of significant. In religion, taking Hindu as a reference category, the non-Hindu worker is .9 times less likely to work in MGNREGA, but the obtained result is not significant at any level.

Table 4 Odds of working as MGNREGA, India (2011)

Background characteristics	Covariates	Exp(β)
Occupation in 2005	Not working®	
	Government	0.197***
	Manufacture	0.195***
	Agriculture	0.151***
	Construction	0.124***
Caste	SC/ST®	
	OBC	1.105*
	Other caste	1.755***
Religion	Hindu®	
	Non-Hindu	0.950
Sex	Male®	
	Female	5.293***
Marital status	Married ®	
	Widow	0.803**
	Single/separate	1.007
Adult attending class	No class attends®	
	1-5 class	1.578***
	6-9 class	1.990***
	class 10+	2.313***
Relation to head	Head®	
	Other member	0.993
Literate	Illiterate®	
	Yes literate	0.918
Land owned	No®	

	Yes	4.703***
Inverse Mills ratio		0.028***
Note: ®= reference category, Level of significance: *p<0.10, **p<0.05, ***p<0.01		

In sex, females are 5.2 times more likely to work in MGNREGA and the values are obtained at 1% level of significance. In education, taking illiterate as a reference category the worker with 1-5 year of schooling are .7 times less likely to work in MGNREGA the obtained result is not significant at any level. The worker with 6-9 years of schooling is .5 times less likely to work in MGNREGA; the obtained result is significant at 1% level. In marital status, taking currently married worker as a reference category the widow are .8 times less likely to work in MGNREGA, the result obtained at 5% level of significance. The single/separated worker are 1.0 times more likely to work in MGNREGA, the result obtained is not significant at any level. In age, taking 18-29 year as a reference category the worker with a 30-64 year of age is 2.8 times more likely to work in MGNREGA, the values obtained at 1% level of significance. The 65+ worker is 11.8 times more likely to work in MGNREGA; the result is obtained at 1% level of significance.

In adult attending classes, taking no class attend worker as a reference category the worker with 1-5th class are 1.5 times more likely to work in MGNREGA the result obtained at 1% level of significance. 6-9th class worker is 1.9 times more likely to work in MGNREGA and worker with 10+ classes are 2.3 times more likely to work in MGNREGA, the result obtained at 1% level of significance. In the head of the family, taking head as a reference category, another member of the family are .9 times less likely to work in MGNREGA, the value obtained is not significance at any level. In literate, no worker with literacy are taking as a reference category than the worker who is literate are .9 times less likely to work in MGNREGA, but the values are not significant at any level. In land owned, taking worker with no land as reference category worker with land are 4.7 times more likely to work in MGNREGA, the values obtained at 1% level of significant. Inverse Mills is a continuous variable; the value is .02 times, and it is significant at 1% of confidence of interval.

Discussion

The Table 1 shows the participation of women in MGNREGA is higher than male population because the male is doing other jobs for surviving. Enrolment in MGNREGA 45-69-year age population is higher because they are an old generation with low literacy, and also they are come from a very backward caste of Hindu religion. The currently married population is highly enrolled in MGNREGA. From table 2 we find out that, the share of MGNREGA employment program is 1/10 in total employment means this employment program contributes a very huge in the economic development. Among sex, the female share to MGNREGA is higher than male share in compared to other employment. Table 3 shows the past employment status of MGNREGA worker in which we can say that those who are working earlier among them most are doing the job of cultivation, farming, and construction. Table 4 shows the odds ratio of MGNREGA worker, in most of the findings in the analysis have been proved significantly. The chances of working in MGNREGA are high among not working for the population. By caste, we say that other caste worker except for SC/ST and OBC, into MGNREGA, is high. By sex female working in MGNREGA is five times higher than male. The married illiterate worker is more favourable to work in MGNREGA. Head of the family is more likely to work in MGNREGA with a low level of education. Those workers who have their land are more likely to work in MGNREGA.

Summary and Conclusions

MGNREGA has accost criticism on the quality and sustainability of the assets created under it. While work completion by itself is not a criterion to assess the quality of work, it is an important parameter to evaluate to MGNREGA processes involved in the creation of the assets. MGNREGA is recognized as an ecological act that aims to create sustainable livelihoods through regeneration of the natural resources base of rural India. The program has increased rural labour participation rates by drawing into the workforce many who were not active workers and making enticing and convenient work opportunities easily accessible.

The participation of women in MGNREGA is higher than male population because the male is doing other jobs for survival. The participation of illiterates in MGNREGA is higher than an educated person. The currently married population is highly enrolled in MGNREGA. The share of MGNREGA employment program is 1/10 of total rural employment. Most of the MGNREGA workers were earlier doing the job of cultivation, farming, and construction. The chances of working in MGNREGA are high among not working for population, currently a married couple, land owner, and primary level education worker.

Policy recommendations

Government is investing a lot in MGNREGA, but the outcomes are not up to the mark. The government of India has to review this employment program and link this with different sectors for a better outcome. No doubt that it is a good program but still there are many inherent problems in this scheme. The government must now think about increasing the number of working days. Linking this program with globalization and by giving training to the unskilled worker, it may help in boosting the morale of workers. There are many programs already existing; the only need is to merge those programs together to give a robust shape to this MGNREGA scheme.

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