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## Role of MGNAREGA in Employment generation and poverty alleviation in Himachal Pradesh

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### Abstract

Rural development has been a crucial issue for states with large number of rural population as various programmes has been launched for the development of poor and marginal people living in rural areas. One of them is Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). It is considered as a “Silver Bullet” for eradicating rural poverty and unemployment, by way of generating demand for productive labour force in villages. It provides an alternative source of livelihood which will have an impact on reducing migration, alleviating poverty, and making villages self-sustaining through productive assets creation such as road construction, cleaning up of water tanks, soil and water conservation work, etc. For which it has been considered as the largest anti-poverty programme in India. The present study has been carried out with the objective to assess the role of MGNREGA in employment generation and to know about its physical and financial progress in Himachal Pradesh. For this purpose secondary data has been used. The study concludes that no doubt that MGNAREGA is emerged as a flagship programme for alleviation of poverty by employment generation but there are some draw backs. The Government should take appropriate steps in order to remove its drawbacks and to make it more beneficial for rural people.

**Keywords:** MGNAREGA, poverty, employment, rural development

### Introduction

Unemployment and poverty are two major challenges that are facing the world economy at present. Unemployment leads to financial crisis and reduces the overall purchasing capacity of a nation. This turn results in poverty followed by increasing burden of debt. In order to decrease the poverty rural development is required. There are various programmes implemented by the government for the welfare of rural people out of which most powerful employment generation programme is Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

The Mahatma Gandhi National Rural Employment Act was notified by the Government of India in September, 2005 and was made effective w.e.f. 2<sup>nd</sup> February, 2006. In the first phase, The National Rural Employment Guarantee scheme was introduced in District Chamba and Sirmaur on 2<sup>nd</sup> February, 2006. In the second phase MGNAREGA was started in District Kangra and Mandi w.e.f. 1-4-2007. In the third phase all the remaining 8 districts of the state have been covered under the scheme w.e.f. 1-4-2008.

**Salient features:** The salient features of the scheme are to provide employment for the enhancement of livelihood security of the households in rural areas of the state by providing 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and to create quality durable assets.

**Eligibility:** The Mahatma Gandhi National Rural Employment scheme is open to all rural households in the areas notified by the Government of India. The entitlement of 100 days of guaranteed employment in the financial year is in terms of a household. This entitlement of 100 days of guaranteed employment in a financial year is in terms of a household. This entitlement of 100 days per year can be shared with in the household.

### Payment of unemployment allowance

If an applicant under the scheme is not provided such employment within 15 days of receipt

of his application seeking employment or from the date on which the employment has been sought in the advance application, whichever is he shall be entitled to a daily unemployment allowance which will be one fourth of the wage rate for the first thirty days during the financial year and one half of the wage rate for the first thirty days during the financial year and one half of the wage rate for the remaining period of the financial year.

**Reviews of literature**

Bahuguna, Pandey, Sudan (2016) revealed through a study that programme (MGNAREGA) has done a great job in improving the economies of rural areas by raising their socio-economic status. The quality of training programmes to the personnel employed in the MGNREGA should be enhanced and rural mass should be made more aware about latest schemes and programmes,

Sharma, Karim, Khanuja (2017) explained that no doubt, MGNREGA is the flagship programme and produced benefits when it comes to the development of rural India. Still the programme has many parts which need developments.

Fatmi (2015) through her research paper tried to focus on the MGNREGA implementation strength in the Sheopur district of Madhya Pradesh. For this, it has been categorized into two terms on is Physical Progress and other is Financial Progress. Under Physical progress a declination was seen from previous Financial Years in terms of the person days, employment generated for the Scheduled Tribes. Under Financial Progress the number of social audit, total available funds and total cumulative expenditure again declined during current Financial Years than previous Financial Years.

Pamecha and Sharma (2015) conducted a study that on one side 79.5% respondents were having mobile sets and 30% were possessing motor-cycles. Similarly 33.5% households have T.V. sets and 88.5% have electricity connection in their dwelling units. This is a bright side of the story. But the other side of the picture is not so good. The data revealed that 83% households do not have gas connection in their kitchen and 90% of our sample households have no toilet facility in their dwelling units. Therefore he suggested that a long way has to go to improve the quality of life at village level because the absence of these basic amenities to the households ultimately adversely affect the health front of the families.

Pandey (2017) through her paper indicates that the role of the MGNREGA on overall poverty reduction and development of rural India is visible. Quality monitors and vigilance and ineffective to large extent as social audit units had not been established. There were deficiencies in the

approval and release of funds by the ministry. Further she recommended that the ministry needs to take decisive steps to ensure proper implementation of the scheme.

**Need of the study:** Approximately 70 percent of India’s population live in villages and majority of them are poor. MGNAREGA (Mahatma Gandhi National Rrual employment Guarantee Act) has become a life line for them. Apart from providing employment opportunities it also create durable assets such as road construction, land development, water conservation and irrigation facility. Thus in present study an attempt has been made to know about its physical and financial progress and to assess its role in employment generation in Himachal Pradesh.

**Objectives of the study**

- To know about physical and financial progress under MGNAREGA
- To assess the employment generation under MGNREGA
- To suggest measures for its effectiveness

**Research methodology**

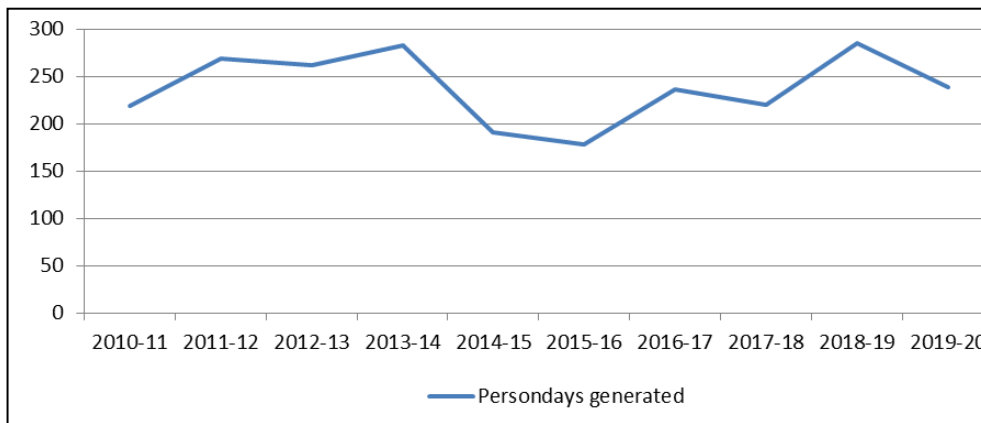
The present study has been conducted for analysis the progress of MGNAREGA in employment generation and poverty Alleviation in Himachal Pradesh. In order to accomplish the objectives the information has been collected from secondary sources. Books, Magazines, newspapers, journals and reports of rural development department are used. The reference period of the study is from 2010-11 to 2019-20.

**Data Analysis and Discussion:** Person days generated, an indicator of the actual performance of the scheme. Person days generated is the actual days of work that have been given to the beneficiaries.

**Table 1:** Person Days Generated Under MGNREGS in Himachal Pradesh

Sr. No.	Financial Year	Person days generated
1	2010-11	219.06
2	2011-12	268.15
3	2012-13	262.03
4	2013-14	282.35
5	2014-15	190.77
6	2015-16	177.71
7	2016-17	236.61
8	2017-18	220.05
9	2018-19	285.20
10	2019-20	258.39

*Source:* Rural Development Department, Kusumpti, Shimla



**Fig 1:** Person days generated

It is observed from the table No 1 that person days generated or availed by beneficiaries showed a mixed fluctuating trend till the financial year 2019-20. In 2010-11 it was 219 lakh. Thereafter it fluctuated till 2013-14. But in the subsequent two years it showed a continuous decline in the performance. However, the year 2016-17 showed an increase of person days from 177.71 lac to 236.61 lac. The sudden spurt of nearly 33 percent over previous year is remarkable. In the next financial years it again showed a mixed changeable trend and finally reached to 238.39 lakh in 2019-20. However, the varying trend of person days generated is not a good omen as the scheme is ought to be demand centric hence, it is supposed to be pull oriented rather than push oriented. If the better performance in 2016-17, 2018-19 is due to new elected bodies then it does not augur well for a demand driven scheme.

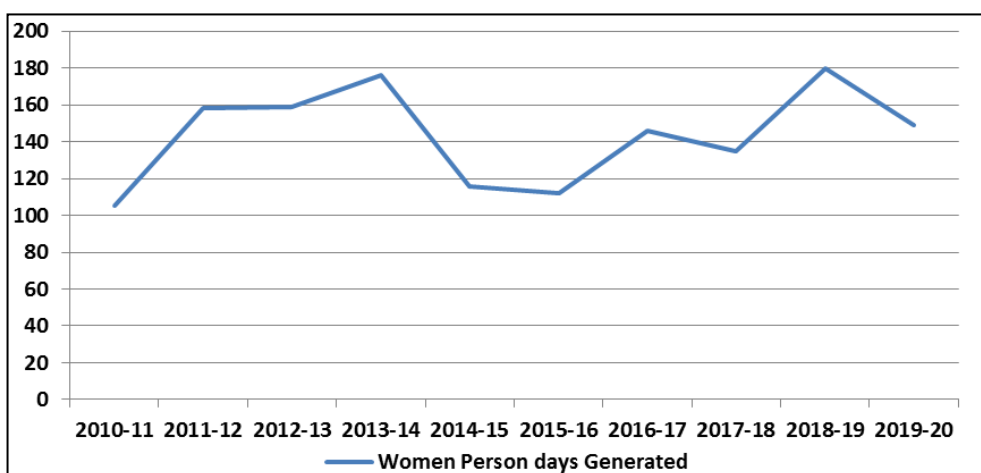
Empowerment of women through right based legislation is a goal of MGNREGA hence, one third of the total work has to be given to women. In the Indian social space women constitute a special category and unless they are empowered not much social development can be expected. The rural

areas are the best breeding ground for ushering in such a change. Women person days not only indicate the inclination of women to work but also indicate the acceptability of rural society towards working women. The economic empowerment caused by increased participation of women is a testimony to growing and developing society.

**Table 2:** Women Person days generated under mgnregs in Himachal Pradesh (In lakh)

Sr. No.	Financial Year	Women Person days Generated
1	2010-11	105
2	2011-12	158
3	2012-13	159
4	2013-14	176
5	2014-15	116
6	2015-16	112
7	2016-17	146
8	2017-18	135
9	2018-19	180
10	2019-20	149

*Source:* Rural development department Kusumpti, Shimla



**Fig 2:** Women Person days Generated

It is observed from the table & figure that the break-up of beneficiaries after registering a continuous increase till the financial year 2013-14, women person days showed a continuous fall after the year 2013 -14 to 2015-16. In the year 2016-17, it witnessed growth from 112.22 lac to 146.22 lac. Though in percentage terms, the share of women person days was 61.8 percent as against 63.15 percent in 2015-16.

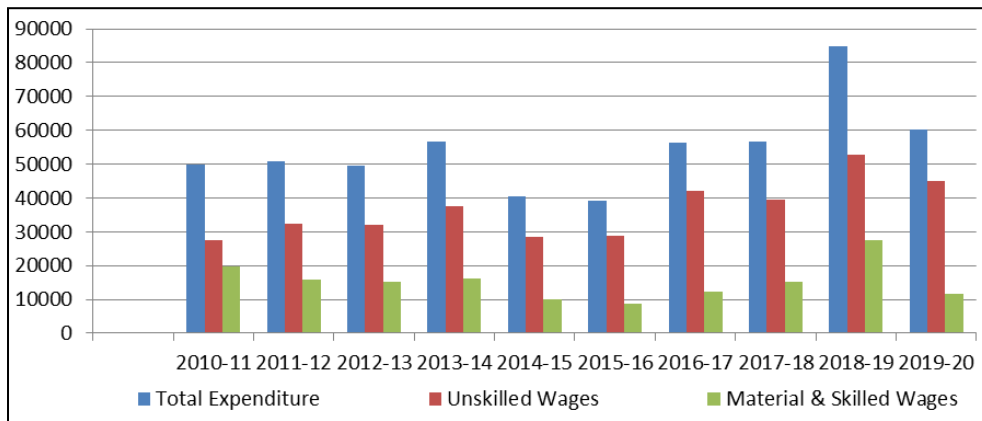
But due to increase in number of total person days in 2016 - 17 the situation has improved considerably. Thereafter it again fluctuated and finally reached at 149 lakh in 2019-20. It is quite satisfactory to note that the achievement on the parameter of women person days generated has been more than the requirement of the act. The percentage of women person days has been on much higher side which indicates

very favorable social conditions and reflects women empowerment. The total expenditure incurred under any scheme is a broad parameter of judging the success and utility of the scheme unless the expenditure is wasteful. The expenditure incurred is certainly not the exclusive criteria of success and utility but considering other variables like participation, quality, transparency, equity, etc to be favourable, it certainly speaks about the popularity of the scheme. Since, the MGNREGA Act places a bar on the implementing agencies to spend at least 60 percent of the total expenditure on unskilled wages therefore, higher expenditure necessarily translates into higher income to the workers

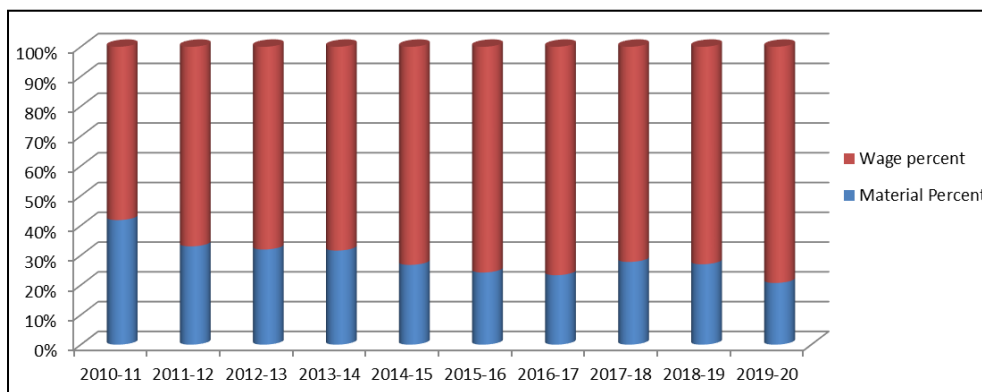
**Table 3:** Am. in Lakh

Sr. No.	Year	Total Expenditure	Unskilled Wages	Material & Skilled Wages
1	2010-11	49924.12	27617	19854.27
2	2011-12	50981.98	32434.92	15977.45
3	2012-13	49610.19	32046	15043.64
4	2013-14	56803.49	37688.65	16338.4
5	2014-15	40593.44	28640.97	9958.84
6	2015-16	39214.02	28673.26	8746.22
7	2016-17	56325.37	42056.87	12359.41
8	2017-18	56776.21	39578.27	15226.67
9	2018-19	84944.02	52731.67	27540.06
10	2019-20	60103.27	45001.46	11751.93

Source: Rural Development Department Kusumpti, Shimla.



**Fig 3:** The expenditure incurred on unskilled wages, material & skilled wages and total expenditure incurred in the preceding ten years



**Fig 4:** The wages percent, material percent in the preceding ten years

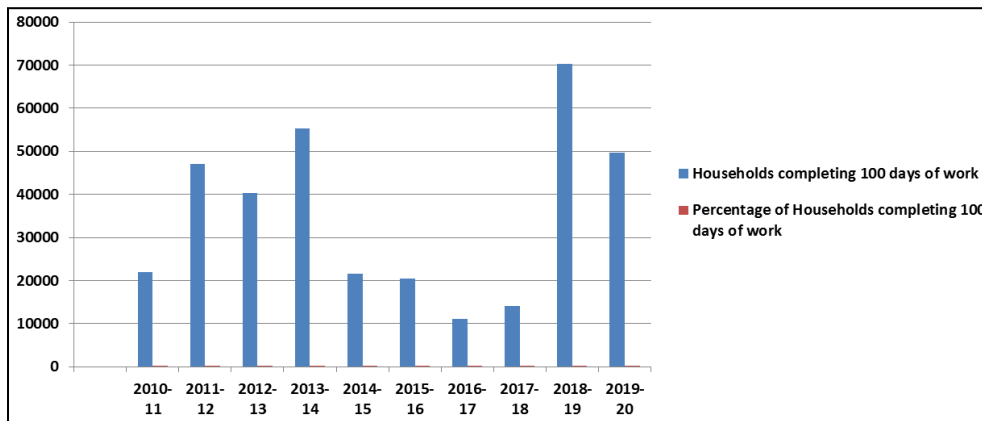
It is revealed from the Table No 3 and the Figure No 3 and Figure no 4 the expenditure incurred on unskilled wages, material & skilled wages and total expenditure incurred in the preceding ten years. It is observed that total expenditure showed a mixed fluctuating trend till 2013-14. Thereafter witnessed a significant decline till 2015-16 and again increased continuously till the financial year 2018-19. Thereafter again showed a decline in 2019-20 by 29%. Since the income accrued to the workers doing unskilled work is of paramount importance therefore, it is important to find out what percent of total expenditure is being spent as

wages. Figure details the wages as percent of the total expenditure incurred. As against the stipulated 60 percent of total expenditure to be spent on wages, the data for preceding 10 years indicates that more than 60 percent of the total expenditure has been incurred on wages which means that out of the total expenditure incurred under MGNREGS more than 2/3rd of the money has reached poor households. The figures for wage Along with the average number of days work availed by a household, a simultaneous indicator that needs investigation is the number of families completing 100 days of work.

**Table 4:** Number of families completing 100 days of employment (In Lakh)

	Year	Households completing 100 days of work (In Lakh)	Percentage of Households completing 100 days of work
1	2010-11	21914	4.84
2	2011-12	46997	9.32
3	2012-13	40402	7.85
4	2013-14	55350	10.2
5	2014-15	21576	5.42
6	2015-16	20390	4.82
7	2016-17	11126	2.1
8	2017-18	14094	2.76
9	2018-19	70321	12.7
10	2019-20	49592	9.72

Source: Rural Development Department Kusumpti, Shimla



**Fig 5:** The number of families completing 100 days of work, in terms of percentage, in the last 10 years

It is evident from table that the breakup of beneficiaries a fluctuating trend from 2010-11 to 2013-14. The number of such families has seen a considerable and constants decline over a period of three years w.e.f 2014-15 to 2016-17. Thereafter it showed an increasing trend. The sudden spurt of nearly 360 percent over previous year is remarkable in 2018-19. In the next financial year i.e. in 2019-20 it again decreased by 23.46 percent. If the same number is computed in terms of families completing 100 days of work the figures are abysmally low. Figure No. 5 captures the number of families completing 100 days of work, in terms of percentage, in the last 10 years. It is clear that the decline in the number of families completing hundred days of work has been very rapid and continuous. It is a matter of grave concern as to why more than 90 percent of the household working under MGNREGS has not availed complete 100 days of work.

MGNREGS is a wage employment programme aimed at providing livelihood security to poor households who are willing to do unskilled work. In the event of scheme being implemented as per the act, those households who are willing to do unskilled work have the choice of completing 100 days of work. The number of days of work availed by

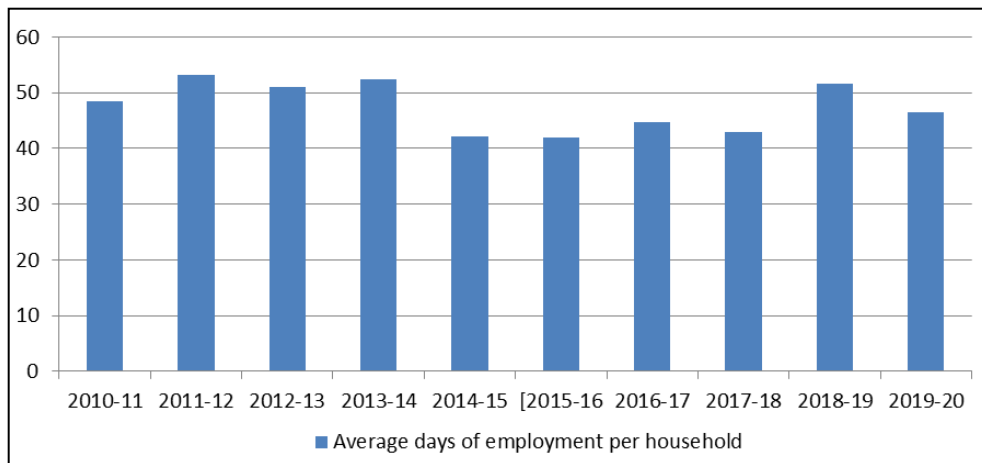
any household indicates- The willingness of beneficiaries to work under the scheme. The favorable or unfavorable conditions of work including worksite facilities, timely wages, type of work, timely work, etc The simultaneous availability of equal or better work.

Since the Act is implemented in rural areas of Himachal Pradesh where about 90 percent of the population is living in rural areas, so ideally, most of the households opting for work should complete 100 days of work.

**Table 5:** Average days of employment per household

Sr. No.	Year	Average days of employment per household
1	2010-11	48.42
2	2011-12	53.19
3	2012-13	50.92
4	2013-14	52.38
5	2014-15	42.15
6	2015-16	41.97
7	2016-17	44.74
8	2017-18	43.03
9	2018-19	51.51
10	2019-20	46.52

Source: Rural Development Department Kusumpti, Shimla



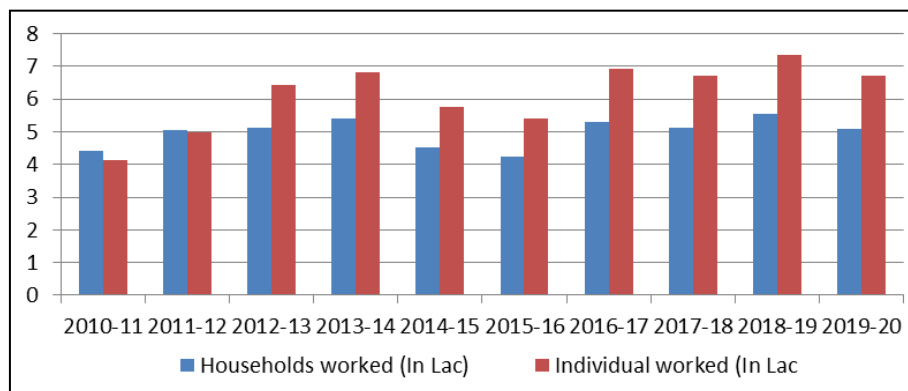
**Fig 6:** Average days of employment per household

It is observed from the table and figure that the average days of work availed by households in Himachal Pradesh, in the past ten years, has been hovering around 50 days per year; beginning with 48.42 days in 2010-11 to 46.52 days in 2019-20 with peak of 52.38 days in 2013-14 as is evident from table 5 and figure 6. This means that every household, on an average, has availed less than half of the entitled 100 days. It is a cause of worry as to why such a high percentage of households do not complete mandated 100 days. The reasons need to be investigated in the interest of the programmed and in the interest of livelihood of the people. In case the lower percentage of households completing 100 days of employment is because of volition of beneficiaries then there is less to worry

**Table 6:** Households and individual worked

Sr. No.	Financial year	Households worked (In Lac)	Individual worked (In Lac)
1	2010-11	4.43	4.12
2	2011-12	5.04	5.00
3	2012-13	5.14	6.43
4	2013-14	5.39	6.81
5	2014-15	4.53	5.76
6	2015-16	4.23	5.42
7	2016-17	5.29	6.91
8	2017-18	5.11	6.71
9	2018-19	5.54	7.36
10	2019-20	5.10	6.72

Source: Rural Development Department Kusumpti, Shimla



**Fig 7:** Number of household worked and individuals worked under the scheme

It is observed from the table no 6 and figures no 6 that the number of household and individuals, who have worked under the scheme, over a period of time, is an indicator of popularity and dependability of the scheme. Table 6 & figure 7 reveals that the number of households and number of individuals who have worked under MGNREGS since the year 2010-11 up to the year 2019-20. It clearly indicates that the number of households and individuals has been varying over last 10 years. Initially it showed an increasing trend till 2013-14. However, after registering a decline in the year 2014-15 and 2015-16 the number has seen an increase in the year 2016-17. Thereafter it showed a fluctuating trend till the financial year 2019-20.

Analyzing the figures together indicates that though the number of households working under MGNREGS has seen

growth in the previous year but the decline in average household days and families completing 100 days indicate that most of the families are working under MGNREGS during the time of the year when they do not have anything better to do or when they are in dire need of work. In that case MGNREGS has been reduced to a fall back option only when better opportunities are not available either in terms of wage or permanency of work.

**Conclusion and suggestions**

It is observed from the above table and diagrams that the key indicators taken were total person days generated, women person days generated, average days of employment per household, households completing 100 days of work, and pattern of expenditure on wages and material. In the last



ten years, Labour Budget, which is anticipated demand of work has by and large seen a downward spiral which is more noticeable in Himachal Pradesh. The trend of total person days generated has been wavering and so has been the trend of women person days, however, women person days remain above the mandated one-third of the total. This study concluded that this act is really leads to women empowerment through active participation of women in this scheme. MGNREGS has certainly empowered women workers economically and socially as well. Women's participation in the scheme has enabled them to come out of their homes not only for the purpose of work but to visit panchayat offices and banks, which was absent in the earlier days. This has elevated the women in the society to a higher status of becoming income earning workers. The average days of employment provided in Himachal has been revolving around 50 days per year which does not go well with the intention and performance of the scheme. The households completing 100 days of entitled work precariously hover around 3-5 percent of the total households working in the scheme. The same in case of Himachal Pradesh has been marginally better but the variation in preceding ten years period has been more. The trend of works taken up or executed have also been showing a varying trend reflecting thereby that the demand for work varies from year to year and in that case MGNREGS seems to act as an employer of last resort. The emphasis of works seems to be more on earthen work having a significant impact on the quality of works. The analysis throws up important areas of concern and few areas of satisfaction also. The areas of satisfaction are certainly not what the implementing agencies can boast of and relax. It is an inevitable conclusion that not everything is well with MGNREGS. It is for the implementing agencies to take cognizance of the areas of concern, take immediate remedial action and continue to strive until the desired results are forthcoming. social audits of MGNREGA implementation of better worksite facilities, proper payment of wages, planning of works in phases and speedy grievance redressed will encourage people to demand more work under this scheme. The government should create more awareness programme for rural people, especially for women so that they could know the important provisions made for them in MGNREGA and payments be made through bank accounts only and on time. The government can think of emerging skill with the work allotted under MGNREGA with an objective of incorporation of skills with development. The research implications for the Mahatma Gandhi National Rural Employment Guarantee Scheme will definitely help policy makers, government, panchayats, rural women, and human resource practitioners to provide suitable suggestions and help practitioners and both the state and central government to look at the existing solutions for the problems in domain and adopt the methodologies for new sectors such as MGNREGA.

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