

MGNREGA and Rural Distress in India

Dr.K.Padma,

Associate professor

Visakha Govt. Degree College for Women, India

Abstract: Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is notified on September, 2005 and implemented all over the country in three phases. The major criticism of MGNREGA is that it is making agriculture less profitable, landless laborers are lazy to work on farms. The present paper looks into 1) the employment generated by MGNREGA, 2) categories of person's secured employment, 3) assets generated by the programme, 4) expenditure incurred under the programme and 5) the growth in wage rates and growth in productivity of agriculture. The present study relies on secondary sources for information to analyze and infer conclusions. The study collects data for the period 2009- 10 to 201-14 from the MGNREGA website .The present study looks at the problem in a holistic way to arrive at right conclusions. MGNREGA is important not only to overcome the rural distress but also to improve human resources in rural areas. There is need to rise aggregate demand, which is possible through rising income levels of the people. The programme got potential to meet inclusive growth.

Key words: Assets, Employment, labour, wages

I. Introduction

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is notified on September, 2005 and implemented all over the country in three phases. The Act covered 200 districts in the first phase, implemented on February, 2006, and is extended to 130 additional districts in 2007-08. All the remaining rural areas are brought under the purview of the Act with affect from April 1, 2008. The objective of the programme is to provide guaranteed employment for at least 100 days in rural areas in a financial year to every household whose adult members volunteer to do unskilled manual work. Besides, generating wage employment, the novel idea involved in NREGA is creation of assets both at individual level and the community level in rural areas. The Act envisages strengthening the natural resources management and addressing causes for chronic poverty as drought, deforestation and soil erosion and thereby to achieve sustainable development. The salient features of MGNREGA are: 1) Right Based Framework, 2) Time bound Guarantee,3)Work up to 100 days in a financial year, 4) Labor Intensive Works, 5) No Contractors/ Machinery, 6) Gram sabha's to recommend Works,7) At least 50% of works by Gram Panchayats for execution 8)Planning, maintaining and implementation of MGNREGA works rests principally with PRIs 9) Work site facilities 10) At least one third of beneficiaries should be women, 11) Transparency and Accountability : Proactive disclosure through Social Audits, 12) Grievance Redress mechanism.

1.1Implementation

States are responsible for providing work under Sec3 of the MGNREGA Act. Every State government is required to make a scheme for providing not less than 100 days of guaranteed employment in a financial year to those who demand work under Sec 4 of the MGNREGA act.

1.2 Funding

Central Government provides 100 percent of wages or unskilled manual work, 75 percent of material cost of the schemes including payment of wages to skilled and semiskilled workers.

State Governments provide 25 percent of material including payment of wages to skilled and semiskilled workers. 100 percent of unemployment allowance is to be borne by the State Government.

1.3 Review of Literature

Controversy surrounds MGNREGA since its inception. The major criticism of MGNREGA is that it is making agriculture less profitable, landless laborers are lazy to work on farms as they get money without doing anything at NREGA worksites; agriculture dies if the scheme is continued and farmers

have to sell their land that leads to corporate farming. The present Government proposes to limit the scheme within the tribal and poor areas. It is proposed to change the labor: material ratio from 60: 40 to 51:49. As per the new proposal the programme shall be implemented in 2,500 backward blocks coming under Intensive Participatory Planning Exercise. These blocks are identified per the planning Commission Estimate of 2013 and a backwardness Index prepared by planning Commission using 2011 Census. This backwardness Index consists of following five parameters – Percentage of households primarily depend on agriculture, female literacy rate, households without access to electricity, households without access to drinking water and sanitation within the premises and households without access to banking facilities. Academicians and activists criticized the proposal that forced the government to give an assurance to continue the programme in all districts. But, the government reduced the budget allocations to the programme from Rs. 40,000 crores to less than Rs.30, 000 crores in 2014-15.

Micro level studies in different states and regions of the country are undertaken to evaluate the effectiveness of MGNREGA on the livelihood, human resource development, assets created by MGNREGA and environment sustainability of the activities. These studies are undertaken by the Government Departments, NGOs and Academicians. The researchers observed the positive impact of MGNREGA on the livelihood security of the rural people. They recognized the potential of MGNREGA to bring about social change in the rural economy and the relation of the State with its citizens (1).

MGNREGA works raising the households' income in rural areas increased the consumption expenditure of the rural people. It is observed that income earned from MGNREGA is spent on food, clothing, education and health. The additional purchasing power created through MGNREGA produced multiplier effect on the rural economy. (2)(3)

The studies on small and marginal farmers in Madhya Pradesh indicated that MGNREGA works taken up on individual land increased the cultivated area of the households by 15 percent approximately. This resulted in increasing the food security to the participating households as the availability of food increased from six months to nine months in a year. (4)(5)(6). A study conducted in Andhra Pradesh, Rajasthan and Maharashtra found that the income earned from MGNREGA to the total income of the household is significant. Hence these studies observed that the programme has relevance for the poor (7) MGNREGA provided poor households the ability to withstand the economic shocks and inflation (8). The return on investment from the best performing assets is observed to be positive (9). It is found out that vulnerability of agriculture production owing to uncertain rainfall, water scarcity and poor soil fertility is reduced by MGNREGA activities. The problems in natural wealth creation in rural India rest not in the design of the Act but in its implementation at the field level (10)

Women's share in works under MGNREGA is more than their share of work in the casual wage labor market across all the states (11) (12). It is revealed by Dreze and Khare that 50 percent of women participating in MGNREGA works expressed the opinion that MGNREGA provided an opportunity to earn cash income otherwise each of them remained at home or unemployed (13). NSSO 66th Round indicates that MGNREGA reduced the traditional wage discrimination in public works. MGNREGA policy and the manner it is implemented in Tamil Nadu benefitted rural women (14). A study conducted in two villages in Tamil Nadu state found discrepancy about the data concerning individual characteristics (15)

1.4 Objective

Many of the studies concerning MGNREGA are micro level studies. The literature on MGNREGA concerns with various aspects of the implementation of the programme and its effectiveness. The present study looks at the macro picture of MGNREGA. The present study ponders over the issues as why the debate surrounding MGNREGA? Why is it implemented and what context? Who are the beneficiaries of MGNREGA? Do the circumstances change significantly necessitating the curbing of the programme? It addresses the above issues by studying 1) the employment generated by MGNREGA, 2) categories of person's secured employment, 3) assets generated by the programme, 4) expenditure incurred under the programme and 5) the growth in wage rates and growth in productivity of agriculture.

1.5 Methodology

The present study relies on secondary sources for information to analyze and infer conclusions. The study collects data for the period 2009-10 to 2011-12 from the MGNREGA website. The present study looks at the problem in a holistic way to arrive at right conclusions. The present paper studies the context for implementation of the programme, performance of MGNREGA at all India level by taking into consideration the issue of job cards, provision of employment to the households and person days created, types of works and status of the works besides expenditure incurred for the works. Besides, the paper also examines the wage issue and concludes by presenting the case for continuation of MGNREGA to overcome rural distress.

II. Context for implementation of MGNREGA

1980s are golden years for Indian agriculture. The agriculture growth rate, labor productivity and total factor productivity are at their peak registering respectively 3.3%, 2.3% and 2.0%. This growth is attributed to the spread of green revolution across the country (16). However, the performance of agriculture in post 1990's is abysmal. The agriculture growth rate was 2.7 %, labor productivity was 1.2 % and the total factor productivity (TFP) growth was 1.5 % during 1991-2000(17). The decline in growth of agriculture sector was because of decline in public investment in agriculture. Public investment in agriculture and allied sectors declined in real terms (at 1999-2000 prices) from Rs 64, 012 crore in the Sixth Five Year Plan to Rs.42, 226 crore during the Ninth Five Year Plan. The share of public investment in agriculture and allied sectors declined over the years and the share of private investment in agriculture and allied sectors remained constant (18).

The share of agriculture sector in GDP declined but its share in the labor force remained almost constant, that resulted in decline in agriculture incomes. Poor agriculture income and absence of non-farm avenues of income indicates prevalence of larger malaise in the rural economy of India. A manifestation of this is increasing incidence of farmer's suicides in various parts of the country, especially in Maharashtra, Andhra Pradesh. The average labor productivity outside agriculture is about 5 times that in agriculture (19).

Organized sector employment is distressingly low in India. Even in the organized sector, the trend is towards contract and casual employment. The growth rate of employment (both wage and self employment) in agriculture slowed down between 1990 -1991 and 2004-05. Self employment in the farm sector declined, that implies there is dispossession of land based livelihoods. This strengthens the prevalence of distress in rural economy. Rural non – farm employment grew at an accelerated pace in post 2005. Self employment in non-farm sector grew on par with the wage employment. Educated young males accessed employment in non-farm sector. This suggests that illiterates, females, SC and ST are at a disadvantageous position. Persistence of discrimination, lack of mobility on part of women denies an opportunity to these marginalized sections to find employment in non-farm sector.

Low wages owing to low agriculture productivity together with lack of alternative avenues of employment resulted in persistence of poverty in rural areas in the country. Poverty declined from 36 % in 1993/ 94 to 28% in 2004-05, 0.8 percentage points reduction per year compared to 1.6 percent poverty reduction per year in our neighboring countries, viz; Bangladesh and Nepal (20). It is observed that 300 million still live in deep poverty at less than a dollar a day.

Widening income inequalities, collapse of employment generation in rural economy and reduced access to public goods generated widespread dissatisfaction with the government economic policies. So, all the political parties made the issue of employment a major plank in their election campaign and promised to provide employment once each is elected to power. The UPA Government made the following promise in the Common Minimum Programme: "The UPA Government will immediately enact a National Employment Guarantee Act. This will provide a legal guarantee for at least 100 days of employment on asset – creating public works programmes every year at minimum wage for every rural household". This promise compelled UPA 1 government to formulate NREGA, that later is renamed as MGNREGA.

III. Performance of MGNREGA

The performance of MGNREGA is assessed taking into consideration how many job cards are issued, how many households are provided with employment, how many households completed hundred days of work, category of households employed in MGNREGA works, kind of works undertaken, works completed and the amount of expenditure incurred.

Possession of job card entitles the household to get employment under MGNREGA. Non-SC/ST households, SC households and ST households received respectively 55, 29 and 16 percent job cards in 2009-2010. In 2010-11, 58, 27 and 15 percent Non-SC/ST, SC and ST households respectively received job cards. 65, 20 and 15 percent Non-SC/ST households, SC and ST households respectively received job cards in 2011-12. 64 percent of Non-SC/ST households, 21 percent of SC households and 15 percent of ST households received job cards in 2013-14 and in 2014-15. The percentage of job cards issued to SC and ST households is higher than the SC/ST households' percentage to the total households in the rural areas (TABLE1).

Table 1 Category wise job cards issued (percentage)

S.No	Year	Category		
		NON-SC/ST	SC	ST
1	2009-10	55	29	16
2	2010-11	58	27	15
3	2011-12	65	20	15
4	2012-13	64	21	15
5	2013-14	64	21	15
6	2014-15	64	21	15

Source: www.mgnrega.in

TABLE2 shows households demand for work and households provided with work and their percentage. 99.36 percent of households demanded work is provided with work in 2009-2010. In 2010-11 also 98.54 percent of households demanded work is provided with work under MGNREGA. 99.9 percent of households who demanded work are provided with work respectively in 2011-12 and 2012-13. Similarly in 2013-14 and 2014-15 99.8 percent households and 99.7 percent of the households demanding work are respectively provided with work. A large percentage of households are provided with employment as non- provision of employment by the competent authority leads to payment of unemployment allowance, which is to be borne by the concerned state government. For the whole period from 2009-10 to 2014-15 29.4 crore workers in rural households demanded work and 29.3 crore workers are provided with work under MGNREGA (TABLE.2).

Table 2 Households Demanded Work, Households provided work and their percentage

S.NO	Year	Households Demanded Work	Households Provided work	Percentage
1	2009-10	52606796	52273684	99.36
2	2010-11	55756447	54947428	98.5
3	2011-12	46128636	46093261	99.9
4	2012-13	45605414	45578452	99.9
5	2013-14	51799212	51737779	99.8
6	2014-15	42493563	42404710	99.7
	Total	294390068	293035314	99.5

Source: www.mgnrega.in

Percentage of households Category wise worked to the total households worked is shown in Table3. The percentage of Non-SC/ST households worked to the total households worked was 26.1 in 2009-10.22.3 percent of the total households worked was Non-SC/ST households in 2010-11. The percentage of Non-SC/ST households worked to the total Households worked was near around 58.0. Nearly 22 percent of SC households and 20 percent of ST households were provided with employment between 2009-2010 and 2014-15(TABLE3).

Table 3 Category wise households worked to the total households worked (percentage)

S.No	Year	Non-SC/ST Households worked	SC Households	ST Households
1	2009-10	26.1	-	-
2	2010-11	22.3	-	-
3	2011-12	59.3	21.9	18.9
4	2012-13	58.6	22.0	19.3
5	2013-14	58.2	22.2	19.6
6	2014-15	57.4	21.5	21.1

Source: www.mgnrega.in

It is observe that though a high percentage of Households participated in MGNREGA works, only a small percentage of households could complete 100 days work under MGNREGA works. 13.5 percent of households completed 100 days of work in 2009-10. The percentage of households completed 100 days of work in 2010-11 and 2011-12 is respectively 10.3 and 8.7. In 2012-13 and 2013-14 54.3 and 47.3 percent households could complete 100 days of work under MGNREGA. However, it fell to 15.8 percent in 2014-15(TABLE4).

Table 4 Percentage of Households completed 100 days

S.NO	Year	Percentage of Households
1	2009-2010	13.5
2	2010-2011	10.3
3	2011-2012	8.7
4	2012-2013	54.3
5	2013-2014	47.3
6	2014-2015	15.8

Source: www.mgnrega.in

Total persons days worked in MGNREGA works has declined over the years. The percentage of person days worked to total person days demanded has declined over the years from 2009-10 and 2014-15. 110.7 percent and 110.3 percent of person days worked in MGNREGA works respectively in 2011-12 and 2012-13. However, there after the percentage of persons worked in MGNREGA works has declined. 89.5 percent and 82.4 percent persons of those demanded work worked in 2013-14 and 2014-15 respectively. This indicates existence of gap between person days of work demanded and person days of work worked (TABLE5).

Table5 Total person days demanded, worked and their percentage

S.No	Year	Total Person Days Demanded (In crores)	Total Person days worked (In crores)	Percentage
1	2009-10	-	-	-
2	2010-11	-	-	-
3	2011-12	7.5(75959443)	84.1(84135851)	110.8
4	2012-13	7.4(74238258)	81.8(81874194)	110.3
5	2013-14	8.5(85180511)	7.6(76253954)	89.5
6	2014-15	6.6(66870507)	5.5(55085300)	87.4

Source: www.mgnrega.in

Table 6 presents percentage of total person days worked by each category of workers under MGNREGA works. Non-SC/ST worked 55.7 percent of total person days in 2011-12. It was 57.2 percent for the years 2012-13 and 2013-14. In 2014-15 Non-SC/ST worked 59.5 percent of total person days (TABLE6).

SCs worked 20.7 percent of total person days in 2011-12. It was 21.1 percent for the year 2012-13. There is marginal improvement of person days worked for SCs in 2013-14 and 2014-15. It was 21.8 and 21.9 respectively for the years 2013-14 and 2014-15 (Table6).

Percent of total person days worked by STs in MGNREGA works declined from 23.4 to 18.5 during 2011-12 and 2014-14. In 2011-12 STs worked 23.4 percent of total person days whereas it declined to 21.6 percent in 2012-13 and further declined to 20.5 percent in 2013-14. In 2014-14 STs worked 18.5 percent of total person days (TABLE6).

Total person days worked by women in 2011-12 were 46.7 percent. In 2012-13, total person days worked by women were 50.0 percent. It further increased to 51.8 percent and 54.1 percent in 2013-14 and 2014-15 respectively. Women participated better in MGNREGA works (TABLE6)

Table6 Category wise Total person days worked (Percentage)

S.No	Year	Total Person Days Non-SC/ST Worked	Total Person Days SC worked	Total Person Days STs worked	Total Person Days Women worked
1	2011-12	55.7	20.7	23.4	46.7
2	2012-13	57.2	21.1	21.6	50.0
3	2013-14	57.5	21.8	20.5	51.8
4	2014-15	59.5	21.9	18.5	54.1

Source: www.mgnrega.in

TABLE7 depicts the total works under taken under MGNREGA and their status during the period 2011-12 to 2014-15. Information for the same is not available for the years 2009-10 and 2010-11. We observe from the table that the works undertaken under MGNREGA is increasing from year to year. The works undertaken increased from 96.3 lakhs to 194.4 lakhs in 2013-14. The information for the year 2014-15 is not complete, as the financial year is still continuing. The percentage of new activities under taken under the programme also sputred from 3.29 in 2011-12 to 8.23 in 2013-14 and to 18.19 percent of all the works thus far implemented in 2014-15 financial years. The percentage of works approved increased from 13.01 in 2011-12 financial years to 43.44 in 2013-14 financial years. However, the percentage declined in the present financial year i.e. is 2014-15, probably owing to reduction in the allocations to the MGNREGA programme by the present Central government. Compared with the last financial year, till September, there has been nearly 45 per cent reduction in funds released by the Centre to states for NREGA-the sharpest decline in release of funds since the inception of the scheme. In the financial year 2014-15, the Central government released Rs 13,618 crore to states, against Rs 24,676 crore in the same period last year (FY 2013-14 till September 2013) (Business Standard, October 31, 2014). Ongoing works percentage has decline from 54.71 in 2011-12 to 44.05 percent in 2014-15 financial years. Suspended works percent which declined in 2013-13 compared with earlier years rose to 0.26 percent in 2014-15 financial until now. Percent of works completed to total number of works is lowest in 2012-13 but increased to 26.4 percent in 2013-14. In the present financial year 7.9 percent of the total works were only completed. 28.77 percent works are completed in 2011-12. We understand from the table.7 that the programmes in the shelf are yet to hit the ground (TABLE7).

Table7 Total works and their Status (2011-12 to 2014-15) and their percentage

S.No	Status of work	2011-12(In lakhs)	2012-13(In lakhs)	2013-14(In lakhs)	2014-15* (In lakhs)
1	All	96.3	157.9	194.4	171.1
2	New	3.18(3.29)	8.6(5.45)	16.0(8.23)	31.1(18.19)
3	Approved	12.5(13.01)	44.7(28.30)	84.4(43.44)	50.6(29.57)
4	Ongoing	52.7(54.71)	78.7(49.89)	67.2(34.59)	75.3(44.05)
5	Suspended	0.18(0.19)	0.28(0.18)	0.26(0.13)	0.45(0.26)
6	Completed	27.7(28.77)	25.5(16.16)	26.4(13.59)	13.5(7.9)

Source: www.mgnrega.in

Around seventeen types of works are identified as works to be undertaken under MGNREGA. 56.24 percent of the works are related to agriculture, like drought proofing, flood control, micro irrigation, provision of irrigation etc. 46 percent of the works are community works, like rural connectivity, rural drinking water etc. 54 percent of the works are individual works, like rural sanitation, land development etc. The individual works undertaken in the small and marginal farmer's households, who are entitled to job cards, strengthen their asset base (TABLE8)

Table8 Types of works and number of works undertaken under MGNREGA

S.No	Category of Work	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1	Coastal areas	0	0	0	8	80	124
2	Drought proofing	112684	141591	207738	274950	169957	56046
3	Rural Drinking Water	0	0	0	644	2531	1992
4	Flood Control and prov	92740	110049	146939	118050	89087	18998
5	Fisheries	0	0	0	188	3756	520
6	Minor irrigation	151279	232195	26211	140960	1615192	21924
7	Provision of irrigation	360527	407386	301836	286847	256080	179263
8	Land development	340777	406905	342648	334490	252750	120455
9	Other works	44726	34159	121773	85076	62820	20305
10	Renovation of Traditional	245559	252497	135935	172759	107410	41236
11	Rural Connectivity	351795	451944	635952	545707	403549	137142
12	Rural sanitation	0	0	124	177888	903698	591037
13	Bharat Nirman Rajeev	0	10952	3517	4150	3598	1911
14	Water Conservation	305647		63426	444760	235324	9607
15	Anganbadi	0	0	0	0	0	0
16	Play ground	0	0	0	0	0	0
17	Food Grain	0	0	0	0	0	0

Source: www.mgnrega.in

TABLE9 shows the total expenditure incurred on MGNREGA works by the government in different years since 2009-10. The expenditure on MGNREGA works increased from 154.8 crore rupees in 2009-10 to nearly 40,000 crore rupees in 2012-13 financial year. This has been reduced to 30,000 crore rupees in 2014-15 financial year (TABLE9).

Table9 Total Expenditure on MGNREGA Works

S.No	Year	Total Expenditure (In crores)
1	2009-10	154.8
2	2010-11	137.5
3	2011-12	0.207
4	2012-13	39,778.29
5	2013-14	36,319.22
6	2014-15	30,383.90

Source: www.mgnrega.in

IV. Wages

1990's witnessed the nominal farm wages growth at an average annual rate of 11.6 percent but during 2000s the nominal wages grew at a lesser rate of 8.9 percent per year. Within 2000's, the nominal wages grew at 1.8 percent per year in the period 2001-02 to 2006-07 and at a high rate of 17.5 percent per year during 2007-08 to 2011-12. The real farm wages grew at 3.7 percent per year during 1990s. But during 2000 the growth in real wages was not uniform. The real wages fell by (-) 1.8 percent per year during 2001-02 to 2006-07 and then grew at 6.8 percent per year during 2007-08 to 2011-12. The growth in construction activity as well as growth in agriculture after 2006-07 acted as pull and push factors for growth in real wages of the farm labour. It is queer to find that though the wages of farm workers increased in 1990s no noise is heard from the farming community about rising wages as it is emanating today. Is it that MGNREGA does not exist? (21) During the 1998-99 to 2004-05, agricultural and rural non-farm wage rates rose in many States. High wage rate regions as well as low wage rate regions recorded positive growth in real wage rates, and regional disparities in wages measured by coefficients of variation decreased. The period 2005-06 to 2008-09 saw a decline in real wage rates in almost all farm occupations and in many States, except few as Andhra Pradesh. This was partly attributable to the fact that nominal wage rates grew fast, but the deflator, i.e. CPIAL and CPIRL, rose much faster. A comparison between the real wage rates of agricultural and non-farm labour shows that the wage rate for unskilled labour is at a level almost similar to that for agricultural labour. It is also noticed that the male-female wage gap in agricultural labour is correlated to the female worker-population ratio. Thus, in spite of growing agricultural production and implementation of MGNREGA 2005, the real wages of agricultural laborers and non-farm manual laborers have not yet shown any rise (22) (23).

The trend changed, however, in 2007-08, and the wage rates for agricultural labour began to rise. This rise in real wage rates is to be seen in all States other than Gujarat, Meghalaya, and Tripura; for almost all farm operations; and for both males and females. Orissa had the highest growth rate for most operations, followed by Andhra Pradesh, Tamil Nadu, and Punjab. A substantially high growth rate for agricultural wages was also recorded in States such as Bihar, Maharashtra, Madhya Pradesh, and Uttar Pradesh. It is remarkable that agricultural wages grew fast in those previously low-wage States. The wage rates for unskilled labour rose substantially in most States other than Gujarat, Meghalaya, and Tripura, which is very similar to the pattern for agricultural labour. The annual rate of growth of real wages for males was 2.2 per cent in 2007-08, 6.6 per cent in 2008-09, 2.9 per cent in 2009-10, and 10.6 per cent in 2010-11; and 3.3 per cent, 6.9 per cent, 3.3 per cent, and 10.4 per cent during the same period for females. When it comes to regional variations in the annual rate of growth from 2007-08 to 2010-11, the top three States for males were Orissa (11 per cent), Tamil Nadu (11 per cent), and Andhra Pradesh (10 per cent); and, for females, Orissa (15 per cent), Andhra Pradesh (10 per cent), and Bihar (10 per cent). Was it the result of the Mahatma Gandhi National Rural Employment Guarantee Scheme that brought about the change? Why then was there no change in Gujarat, Meghalaya and Tripura? (24)

V. Conclusion

MGNREGA is criticized on the ground of corruption, non-payment of minimum wages and poor quality of the assets. Recently the programme is criticized for pushing up wages of rural workers in a manner that make farmers hard to compete in an uncertain world economy. Let us look at genuine of this argument.

Agriculture is critical sector to the revival of the economy. Agriculture's contribution to the overall Gross Domestic Product fell from 30 percent in 1990-91 to 13.9 percent in 2013-14. Agriculture is still the backbone of the rural economy in India. The decrease in agriculture's contribution to GDP is not accompanied by a matching reduction in the share of agriculture in employment. Nearly 52 percent of the total work force still employed by the farm sector (NSS 66th Round). Agriculture registered 1.1 percent growth in 2014-15 and food grains registered 257.1 million tones output. The food grains output declined by 3 percent in 2014-15. All this indicates persistence of low agriculture productivity and rural distress. The rural non-farm sector grew fast in the recent past but it provided employment to the educated youth. The nature of employment generated in rural non-farm sector is casual and

contract. Educated men are benefited out of the growth of the rural Non-farm sector but women, SC and ST are unable to secure employment in the rural non-farm sector because of lack of education or training in any trade. Rural female literacy in India is 57.9 percent whereas male literacy rate is 77.2 percent. Poverty reduction is very slow in the last decade even with rising growth rate. The poverty rate has declined by less than one percent per annum over the past decade, markedly below the trends in neighboring countries such as Nepal and Bangladesh where both average income levels and growth levels are lower (World Bank, 2007) Human Development Index and Gender Inequality Index for India are 135 and 127 respectively (UNDP Report, 2014). All these factors indicate persistence of distress in rural India.

Programme like MGNREGA is important not only to overcome the rural distress but also to improve human resources in rural areas. There is need to rise aggregate demand, which is possible through rising income levels of the people. The employment generated by the MGNREGA activities succeeded in raising the demand of the rural households by increasing their incomes from the employment. MGNREGA created 1803.21 crore person days since its inception. The programme provided employment to 5.1 crore households and 7.6 crore persons worked under the programme in the financial year 2013-14. The micro level Studies indicate that increased income from MGNREGA is spent on food, education and health that ultimately reduces rural distress and improves the human resources in the countryside (Ministry of Rural Development).

The MNREGA has made a difference in terms of increasing the wage rates for casual work in rural areas. Real wages increased for both male and female workers, and indeed more rapidly for female workers. We must feel happy to find that wages have come close to the legal minimum wages fixed by the government of India. This trend reduces rural poverty and improves the nutritional status of the people as under nutrition is rampant in the rural areas especially among the rural working class. Besides, a higher wage in rural areas mean higher demand for rural goods and services and hence contributes to revive distressed rural economy through the multiplier effects as large part of the wages is spent on these goods and services by the workers (Chandrasekhar, C.P and Ghosh, J, 2011). Casual wages in the agricultural sector did not increase but they remained stagnant. The tendency of wages to push up costs is overplay because wage payments account for less than half and usually around one – third of total costs. The public procurement system adequately compensates for such costs that result in marginal increase in prices. Besides, it is also not feasible to substantiate the claim that rising agricultural wages are a consequence of a decrease in the labour supply due to the introduction of MGNREGA as only 15.8 percent households in 2014-15 and 47.3 percent households in 2013-14 worked for 100 days under the programme.

It is also observed that the individual works taken up under MGNREGA improved incomes of the small and marginal farmers by widening their asset base, provided food security to the households by increasing the output from their land. Nearly 60 percent of the expenditure incurred under MGNREGA is for agriculture and agriculture allied activities (Ministry of Rural Development). Women's participation in the works is more than expected. This is because there is no gender gap in wages and works are carried on within 5km distance of their residence. Rural women employed days in public works increased by nearly 4.4 times, a significant shift in women's participation in paid work. MGNREGA improves the democratic functioning and strengthens the community participation in planning and development of the village. MGNREGA works provided employment to SC, ST and women. The programme got potential to meet inclusive growth. The works implemented are environmental friendly. Submergence of villages and displacement of people is not required as is the case with the constructing big irrigation projects. Creation of more durable assets and achievement of sustainable development of the rural areas is possible if MGNREGA works implemented in convergence with various department's technical assistance and skills in planning and execution of the works. Community participation and strict supervision by the government reduce the corruption in MGNREGA works.

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