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Employment Guarantee Scheme and Its Impact on Rural Poverty: A Case Study

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Abstract

The National Rural Employment Guarantee Scheme (NREGS), a social protection programme, has emerged as a major theme in development discourses perhaps due to its scale of finance and adoption of 'rights' based framework. The basic objective of the scheme is 'enhancement of livelihood security of rural household 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'. The scheme marks a paradigm shift and stands out amongst other rural employment programmes as it empowers the rural population with a legal right and employment guarantee through an act of parliament, unlike other wage employment programmes. The basic objective of the scheme is to reduce rural poverty by providing alternate source of wage employment to the rural poor while aspiring to build community assets of the villages which would aid the income and resource generation in the rural areas. In this paper, we have tried to find out the impact of NREGS on rural poverty in coastal Khejuri of Purba Medinipur district, West Bengal. The study indicates that while the impact of the NREGS on overall poverty reduction is moderate, it certainly results in reducing the intensity of poverty of the beneficiary households, which is directly related to the days of participation in the scheme and innovative ways of planning the works. 'Rights' based interventions such as NREGS cannot resolve the socio-economic problems of the rural poor community that has been experiencing multiple deprivations and has been denied justice over a long time.

Keywords: *Act of Parliament, Coastal Khejuri, Employment Guarantee Scheme, Livelihood Security and Rural Poverty.*

Introduction: The poverty alleviation programmes of the Ministry of Rural Development are designed to act as safety nets to the poor during the times of crisis even while addressing partly the multi-dimensional poverty. The National Rural Employment Guarantee Scheme (NREGS), a social protection programme, has emerged as a major theme in development

discourses perhaps due to its scale of finance and adoption of 'rights' based framework. The basic objective of the scheme is 'enhancement of livelihood security of rural household 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'. The National Rural Employment Guarantee Scheme of 2005 covered 200 districts-known as Phase-I districts, and in 2006-07 this was extended to cover 130 additional districts known as the Phase-II districts. During 2006-07 against the total available funds of Rs. 12073.56 Crore with the states, Rs. 8823.36 Crore was utilized. The average fund utilization per district was Rs. 44.12 Crore in 2006-07. In 2007-08 the government made a budget provision of Rs 12000 for the said scheme. Out of this, Rs. 5365.99 Crore have been released to the Phase-I 200 districts and Rs. 2937.92 Crore have been released to the Phase-II 131 districts. In the financial year 2013-14, 247643 Gram Panchayets and 778134 villages were included under National Rural Employment Guarantee Scheme (NREGS). More than 13 crore households were registered and 28.7 crore job cards were distributed in the same financial year. In this period 663.9 lakhs wage employment were generated and the number of men and women are 343.6 and 320.3 lakhs respectively (Mehrotra, 2015).

The NREGS marks a paradigm shift and stands out amongst other rural employment programmes as it empowers the rural population with a legal right and employment guarantee through an act of parliament, unlike other wage employment programmes. The scheme targets unskilled laborers in the rural sections of this country which includes landless laborers, SC's/ST's and women. Dating back as early as the 19th century, formal establishment of Employment Guarantee Schemes (EGS) has been a staple of relief policies in response to natural disasters and economic downturns worldwide (P. Chkraborty, 2007). This scheme came as a culmination of long list of Wage Employment Programmes, starting from National Rural Employment Programme (NREP) which came into effect from 26th January 1979 to National Food for Work Programme (NFFWP) that was brought into effect by the UPA government as an interim measure before the promulgation of NREGS on 14th November 2004 (P. Chakrabarty, 2007). . All these Programmes were targeted at reducing rural poverty by providing alternate source of wage employment to the rural poor while aspiring to build community assets of the villages which would aid the income and resource generation in the rural areas. Various studies undertaken by Ministry of Rural Development, National Institute of Rural Development, or Comptroller and Auditor General have revealed that despite the best intentions, all these programmes met with only partial success and failed to address the main cause for casual poverty in rural areas. In this scheme people are given a 'Right to Work', however limited, and the programme implementing agencies are duty bound by the scheme to provide them work against demand within fifteen days of application of work or pay unemployment allowance (Ambasta, Shankar, and Shah 2008). The demand driven nature of the programme better targets the allocation of programme fund. The allocation of fund is based on the labour budget which assesses the likely labour demand for the coming year. A reward-punishment approach enshrined in the scheme and hundred per cent of the unemployment allowance is to be paid on failure to provide work on demand. As this liability has to be borne by the state government, it is ensured that the

implementation of NREGS is done in a manner that the spirit of the 'Right to Work' is respected by the states. The approach also lays stress on the state governments and the panchayets to ensure that labour demand is correctly assessed and seasonal schemes are ready for meeting the demand for work. The scheme puts transparency and accountability on the forefront and addresses the core issues of corruption that ailed the previous wage employment programme by totally banning the contractors, ensuring people's participation in planning process, prescribing an elaborate system of record keeping, 100 per cent monitoring of works, 100 per cent Muster Roll watch, 100 per cent Social Audit and putting all NREGA documents within the purview of Right to Information Act (Shah and Mohanty, 2010). In this paper, we have tried to find out the impact of NREGS on rural poverty in coastal Khejuri of Purba Medinipur district, West Bengal.

National Rural Employment Guarantee Scheme in Coastal Khejuri: There are twenty five development blocks in Purba Medinipur district. We have selected Khejuri-I development block as the subject of my analysis because it plays a significant role regarding the implementation of NREGS. Khejuri is the part of coastal Bay of Bengal and situated at the west bank of Hooghly estuary. Geographically, it is a part of Contai Sub-Division under the district of East-Medinipur. Khejuri is divided into Khejuri-I and Khejuri-II Panchayet Samities. Khejuri-I Panchayet Samity comprises of six Gram Panchayets namely Heria, Lakshi, Tikasi, Kamarda, Birbandar and Kalagachia. Total population of this Panchayet Samity is 1, 58,172 (Census, 2011). In this area nearly thirty two per cent of total population belongs to scheduled caste and other backward categories that are the weakest section of the society. It is an economically backward area and nearly thirty per cent of the total households belong to below the poverty line. Occupation wise distribution of population reveals that majority of total population comprises of small and marginal farmers. A sizeable section is land-less labourers. In such a socio-economic scenario, NREGS provides adequate employment opportunities that reduce the gravity of internal migration in the locality.

From the year 2007, Khejuri-I Panchayet Samity played an important role for successful implementation of NREGA. During the financial year 2014-15, 18,294 households and 49,812 persons were registered under this scheme. In this period, 10,672 households and 19787 persons had provided employment and the number of person days employment generated were 132,422. Among 132,422 person days employment, the number of S.C, S.T and others were 18,613, 62 and 113,747 respectively. In the same period, 67,164 person days employment were generated for the women in Khejuri-I Panchayet Samity. Till 31st March 2016, 26,372 job cards were issued and thirty one days employment per household was provided in the year 2014-15. As a result, the economic condition of the poor and backward people in Khejuri has improved significantly.

One of the major objectives of NREGS is to generate sustainable community assets and while doing that generate man-days and thus income for the villagers. In Khejuri different types of works were implemented under the scheme. These are water conservation and water harvesting, irrigation canals including micro and minor irrigation works, renovation

of traditional water bodies including maintaining of tanks, land development, drought proofing including afforestation and tree plantation and rural connectivity to provide all-weather access. The successful implementation of such works not only generates job opportunities for the local people but also develops rural infrastructure which has improved the living standard of people in Khejuri-1 Panchayet Samity. Rural road connectivity is a crucial component of rural development. It provides access to socio-economic services and facilitates the growth process in our rural economy. Improved connectivity reduces the cost of transportation of inputs and outputs and promotes employment opportunities in our rural areas. As a part of implementation of NREGS in Khejuri, five new murram (kacha) roads were constructed in order to connect Kamarda (Block Office) to remote villages. At the same time existing roads in between two villages were also maintained through this scheme. Implementation of such road connectivity has changed the socio-economic structure of rural Khejuri. Earlier a significant section of the villagers, particularly those living below the poverty line, were forced to migrate to different places for their livelihood. In coastal Khejuri unskilled manual work was available only in the agricultural seasons. For the rest of the year, they had no employment opportunities within their locality and no other alternatives except to migrate. However, NREGS has changed the situation dramatically. It is evident that the rate and volume of rural-urban migration has decreased significantly due to available job opportunity in the locality.

Research Questions:

The following research questions are considered in the paper:

1. Has the NREGS succeeded in providing improved access for villagers to productive wage employment for their livelihood?
2. What is the impact of NREGS on rural poverty in coastal Khejuri?

Research Methodology and Sample Size: This study aims at understanding the impact of NREGS on rural poverty in coastal Khejuri (Khejuri-I Panchayet Samity) under Purba Medinipur district in the state of West Bengal. 300 households among 22,572 households in thirty eight villages in Khejuri-I Panchayet Samity were selected through a stratified random sampling method and surveyed by using a semi-structured questionnaire. In order to examine the qualitative changes (not to make an estimate) in the process of implementation and to assess the impact on individual beneficiaries and macro factors like community assets, labour market conditions and migration, the same households and villages have been revisited.

The study has been undertaken in eighteen villages choosing three each from six Gram Panchayets through stratified random sampling method. The villages are stratified on the basis of a few indicators like the total size of the population, the number of NREGS beneficiaries, literacy rate and the total SC population. All the households in the selected villages were listed first to stratify them on the basis of certain characteristics like beneficiary and non-beneficiary household, size of the landholding, occupational pattern, income and asset levels. Then, a total of fifty households, including forty beneficiary and

ten non-beneficiary ones, were chosen from each selected gram panchayet. The households were selected by using stratified random sampling method.

The study has used both quantitative and qualitative methods of data collection. Firstly, all households in the selected villages were listed to stratify them on the basis of certain characteristics. A structured schedule was canvassed to seek information regarding the family size, education, occupation and employment status, land, assets and liabilities, pattern of migration. Community level data was collected from the selected villages by using a semi-structured village schedule. This included information relating to the general living conditions in the village, basic amenities, employment pattern, crop and food cycle, intensity and pattern of migration, indebtedness, local wages, etc. The officials and PRI representatives involved in the implementation of the NREGS were interviewed through a semi-structured questionnaire to assess their perceptions regarding changing pattern of poverty in the locality.

Findings of the Study: NREGS aims to provide a steady source of income and livelihood security for the poor, vulnerable and marginalised. Overall, evidence suggests that NREGS does provide basic income assurance to a large number of beneficiaries. In the financial year 2014–15 alone, nearly 5 crore households which is close to 25 per cent of all rural households in the country were provided over 209 crore person-days of work. Recent data shows that NREGS reduced poverty by up to 32 per cent and prevented 14 million people from falling poverty. This scheme gave a large number of women their first opportunity to earn cash income (The Hindu, 13.08.15). In order to point out the impact of NREGS on rural poverty, I have identified some attributes which contribute to the enhancement of quality of life such as, i) Income levels before and after the scheme in vogue, ii) Status of loans outstanding against the beneficiaries at the time of inquiry, iii) Shift in means of livelihood, iv) Shift in expenditure pattern on food items and non-food items after income generation through the present scheme, v) Acquisition of movable and immovable asset by the beneficiaries during the year of implementation of the scheme.

The data regarding reported income before and after joining the scheme from the respondents depicts the positive change brought by NREGS in the economic condition of the beneficiaries. In Table-1 it is evident that a sharp decline in percentage of respondents with income less than 2000 from 43.67 per cent to only 8.67 per cent. On the other hand there is rise in percentage of respondents with income 2000-5000 from 45.33 per cent to 67 per cent prior to and after the scheme. It is also important to note here that the percentage of respondents with income more than 5000 increase from 11 per cent to 24.33 per cent after joining the scheme. Repayment of outstanding loans or debts is been facilitated by NREGS. 71 per cent of total respondents were indebted to money lenders and many of them reported that they could repay their debts partially from the income generated by NREGS. But at the same time around 19 per cent of respondents are still not able to clear of their outstanding debts.

Propensity to labour work as a means of livelihood is evident from this study. A noticeable shift is reported by samples from agriculture and other farm labour to labour work as their prime mean of livelihood. This is mainly due to the direct income of wage employment under this scheme. But no concordance exists among respondents regarding continuous availability of this opportunity. Expenditure pattern of beneficiaries on non-food items before and after the scheme documents no significant difference in this study. There is an increase in acquisition of movable and immovable assets like vehicles and live stocks after the scheme reported from everywhere.

Table-1

Monthly Income	No. and Percentage of Respondents	
	Before the Scheme	After the Scheme
Less than Rs. 2000	131 (43.67%)	26 (8.67%)
Rs. 2000-5000	136 (45.33%)	201 (67%)
Rs.5000 and above	33 (11%)	73 (24.33%)
Total	300 (100%)	300 (100%)

Source: Field Survey, 2016.

Percentage of respondents having cows, buffaloes, bulls, oxen increased to 29 per cent from 18 per cent, possession of cycles increased to 36 per cent from 26 per cent. There is a remarkable improvement in number of mobile users from 41 per cent to 93 per cent. 21 per cent of total respondents reported that they brought T.V, fan and other electronic goods with their NREGS income. At the same time no significant difference is reported in case of possession of gold, renovation of houses, availability of portable water facility and construction of toilets or purchase of land etc. before and after the scheme. Income from the scheme was mainly used for clearing the debts and meeting daily needs of the beneficiaries. As the number of work days available to them was limited and regular payments were not done in many places there is a strong negative feeling among the samples towards the ability of this scheme in transforming the lives of poor rural people. They refuse to acknowledge the benefit of this scheme as they are not able to experience any notable change happened in their lives due to NREGS.

Monthly per capita expenditure has been used as a proxy indicator to measure the impact of NREGS on poverty levels of a household. The impact is likely to be positive if the increase in income has translated into an increase in expenditure, particularly on food and essential items, of the household. My field data reveals that NREGS has caused a significant increase in monthly per capita consumption expenditure of around 35 per cent for households. Expenditure on non-food consumables increased significantly by around 23 per cent. Expenditure on transportation decreased significantly due to the NREGS by around 65 per cent. This was most likely because the NREGS stipulates that employment be provided within 5 kilometres of the residence of participants. It found that participation in NREGS had a significant and positive impact on consumption expenditure, intake of energy and

protein and asset accumulation. NREGS seems to provide poor households the ability to withstand economic shocks and deal with inflation.

Conclusion: The NREGS is a new life line of the rural people who earn their livelihood as wage earners. It also gears up the social relationship among the rural people which is a pre requisite condition to build a strong society or a nation. It also reduces the gender difference for some works which are in practice in rural areas. Actually NREGS provides a chance to live with dignity for the rural poor as it provided hard cash to them and they are getting an opportunity to purchase essential items for their daily purposes. My study indicates that while the impact of the NREGS on overall poverty reduction is moderate, it certainly results in reducing the intensity of poverty of the beneficiary households, which is directly related to the days of participation in the scheme and innovative ways of planning the works. 'Rights' based interventions such as NREGS cannot resolve the socio-economic problems of the rural poor community that has been experiencing multiple deprivations and has been denied justice over a long time. Despite making provision of hundred days of employment in a year, actual employment generation has been much below than hundred days in a year. In the matter of wage payment, in many cases, delay in wage payment is noticed. Procedural irregularities are also noticed at the stage of implementation of the scheme such as irregularities in conducting social audits and Gram Sabhas. The fact that NREGS can be used to reduce rural poverty depends on it being implemented well in a particular region; otherwise if work is not supplied, if wages are not paid on time and if money is just being siphoned off, then workers will have no scope to release from the trap of poverty.

In conclusion it can be said that even though NREGS has brought changes in the quality of life of beneficiaries especially from economically and socially backward communities, a lot more has to do to achieve the expectations of the society at large. People are still not empowered to use their right to demand and ensure transparency in the implementation of this scheme. It calls for intervention by authorities to ensure smooth functioning of this programme, free from malpractices and corruption so that it can act as a tool to rejuvenate the otherwise unproductive and under productive areas of our country.

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