

## **A Study of Rural Employment and Poverty Alleviation by (MGNREGA): A Study of Bihar**

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### **ABSTRACT**

*The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is an Indian job guarantee scheme, enacted by legislation on August 25, 2005. The scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage of Rs.100 per day. The choice of works suggested addresses causes of chronic poverty like drought, deforestation, soil erosion etc. Effectively implemented, the employment generated under the Act will also build up the long-term livelihood asset base of rural India.*

*The basic objectives of Rural Development Programmes have been alleviation of poverty and unemployment through creation of basic social and economic infrastructure, provision of training to rural unemployed youth and providing employment to marginal Farmers/ Labourers to discourage seasonal and permanent migration to urban areas.*

*In this paper we study the MGNREGA scheme and how this scheme helps in employment to thousand of unemployed rural people and poverty alleviation. Also this paper examines implementation of MGNREGA, its management and improvement in living conditions of people. State of Bihar in Madhubani district was selected for the study. Random sampling was used in choosing the panchayats. Both primary and secondary data were used for the study.*

### **INTRODUCTION**

Rural development aims at improving rural people's livelihoods in an equitable and sustainable manner, both socially and environmentally, through better access to assets (natural, physical, human, technological and social capital), and services, and control over productive capital (in its financial or economic and political forms) that enable them to improve their livelihoods on a sustainable and equitable basis.

Mahatma Gandhi NREGA belongs to a long history of wage employment programmes. The most significant features of Mahatma Gandhi NREGA are that it creates a rights-based framework and that it is a law. Backed by political will and adequate budget resources from the Government of India (GoI), the implementation of the Act has yielded encouraging results, despite an uneven performance across the country. Initial studies vindicate its effect in augmenting employment, increasing wage earnings, stemming distress migration, enhancing productivity and promoting equity, especially gender equity. This Act for unskilled manual labour is ushering in a new era of technology and financial inclusion for rural communities.

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The choice of works suggested addresses causes of chronic poverty like drought, deforestation, soil erosion etc. Effectively implemented, the employment generated under the Act will also build up the long-term livelihood asset base of rural India. MNREGA guarantees wage employment on public works to any adult who is willing to do unskilled manual work, subject to a guaranteed employment for 100 days per household per financial year. If employment cannot be provided, the applicant is entitled to daily unemployment allowance. Panchayats will play a very important role as MNREGA has designated them as the principal authorities for planning and implementation of schemes under the Act. With afore stated governance business scope, initially in 200 districts which got subsequently extended to 330 and finally to all rural districts across the country. This will require strong systems for the effective management and implementation of the schemes.

The contemplated outlays are on an unprecedented scale and therefore transparency and accountability will be key issues. For successful implementation, potential beneficiaries need to be aware of their work entitlements and the essential elements of the Schemes. Besides their roles and responsibilities the implementing agencies also need to be aware of the legal implications, as employment has been guaranteed as a right. Productive assets have to be created so that the livelihood base of rural communities is built up to ensure long-term sustainability. NIC, along with Ministry of Rural Development and other stakeholders, conceptualized web enabled management information system (i.e. NREGA Soft) to address the planning & monitoring needs of scheme.

The Gram Panchayats, Block Panchayats Zilla Panchayats, Programme officers, District Programme Coordinators, Engineers, Bank/post offices, Implementing agencies, State RD Departments and Ministry of Rural development and administrators in Government of India involved in implementation of the world's largest employment programme for rural human resource. Madhubani district is th population district of Bihar. There are many rural village. Ruaral villages of Rahika and Pandaul Block from Madhubani district (Bihar) was selected for the study. The district is headed by a Deputy Commissioner who is over all in-charge of the administration in the particular district. He has to perform triple functions as he holds three positions: at once he is the Deputy Commissioner, the district Magistrate and the Collector. As a Deputy Commissioner he is the executive head of the district with multifarious responsibilities. As the District Magistrate he is responsible for maintaining the law and order situation in the district. As the Collector he is the Chief Revenue Officer of the district, responsible for revenue collection and recovery. This is a big employment program. It covers whole country's rural human resource for employment. It is a demand driven employment program not supply driven the Govt. of India invested huge money on it. The study aims to critically examine the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in rural Areas of Madhubani district as a rights based legal framework for guaranteeing 100 days employment security to

tribal households a research was conducted and rural villages of Rahika and Pandaul Block from Madhubani district was undertaken to study the employability of the MGNREGA.

## METHODOLOGY

Primary data was collected directly during the MNREGA week that was observed in state of Bihar in Madhubani district as well as through a schedule that was handed out later. The NREGA week generated tremendous field level experiences. A schedule was prepared containing a list of questions on the implementation of MNREGA, which was distributed to generate data from the panchayats and the villages. Random sampling was used in choosing the panchayats. The schedule primarily comprised of closed questions though a few open ended questions also existed to record the opinions and suggestions of the people.

## FINDINGS AND ANALYSIS

### Poverty Ratio of Bihar and India

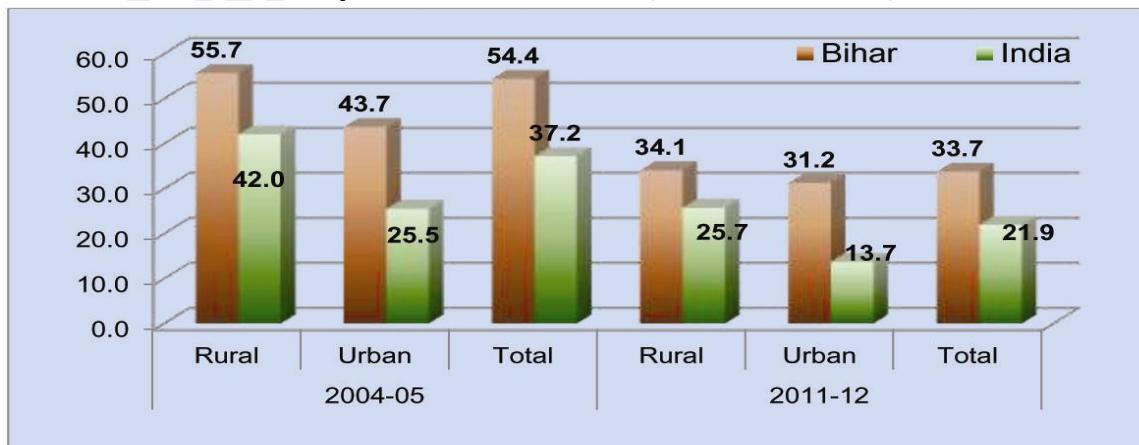
Presents study of the poverty ratios in Bihar and India, for the years 2004-05 and 2011-12, as estimated by the Tendulkar Committee. The poverty ratio of Bihar is higher in both 2004-05 and 2011-12, compared to all-India level. The ratio for Bihar is 34.1 percent for rural and 31.2 percent for urban households in 2011-12, implying an overall poverty ratio of 33.7 percent. These poverty ratios are much higher than that for India. From the table, it is also seen that, between 2004-05 and 2011-12, the poverty ratio declined by 20.7 percentage points for Bihar as against 15.3 percentage points for all-India. The pace of reduction of rural poverty has been faster than that of the urban poverty, in both Bihar and India.

**Poverty Ratio of Bihar and India**

State	2004-05			2011-12			Reduction in poverty Ratio (in % Point)		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Bihar	55.7	43.7	54.4	34.1	31.2	33.7	21.6	12.5	20.7
India	42.0	25.5	37.2	25.7	13.7	21.9	16.3	11.8	15.3

*Note : Poverty Ratio as per Tendulkar Committee Methodology*

**Poverty Ratio of Bihar and India (2004-05 and 2011-12)**



The result of the 66<sup>th</sup> round of the National Sample Survey Organisation (NSSO) reveals that, in 2011-12, the average monthly per capita expenditure (MPCE) in rural areas in India is Rs 1287.2 and, for urban areas, it is Rs. 2477.2. The same figure for Bihar is Rs 970.4 for rural and Rs 1396.7 for urban areas. In fact, the figure of Bihar is the lowest among all the major states.

**Average Monthly Per Capita Expenditure of  
Bihar and India in 2011-12 (in Rs.)**

	Rural	Urban
Bihar	970.4	1396.7
All-India	1287.2	2477.2

*Source: NSSO 66<sup>th</sup> round*

All these indicators emphasize that the programmes of the state government to alleviate poverty need to be implemented more effectively, more so in rural areas. In the following sections, an attempt is made to review the implementation of some poverty alleviation programmes in Bihar, which are expected to generate additional income and expand livelihood options for its people.

## **MGNREGS**

The MGNREGS is designed to solve the rural unemployment problem, widely prevalent in both Bihar and India. In Bihar, the problem exists because of the skewed land distribution in rural areas, resulting in a mass of agricultural labourers and marginal farmers who need additional employment opportunities. This programme aims at providing a guaranteed 100 days of employment to unskilled labourers. Simultaneously, the scheme is designed to create community assets for the benefit of the rural society. This is expected to decrease distress migration and would have multiplier effect on the rural economy.

The details about the performance of the programme are provided in below table. The Job Cards have been issued to 133.49 lakh households till 2012-13, and 18.47 percent of job card holders were provided with employment. Out of those provided with employment, only 6.4 percent were provided 100 days of employment in 2012-13, the corresponding figure being 5.1 percent in 2011-12. Nearly 82 percent of fund was utilized in 2012-13, which is much higher compared to the previous year. The total employment generated was 965.42 lakh person days in 2012-13, compared to 866.38 lakh persondays in 2011-12. Till 2012-13, 107.10 lakh bank and post office accounts have been opened for payment of wages under this programme.

**Performance of the MGNREGS**

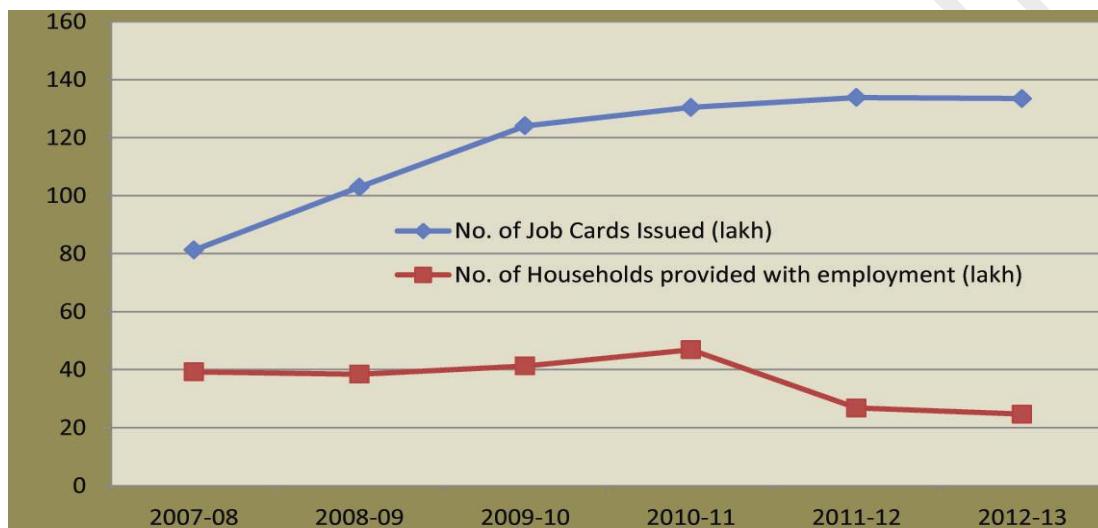
Year	2008-09	2009-10	2010-11	2011-12	2012-13
No. of Job Cards Issued (lakh)	102.99	124.06	130.45	133.82	133.49
No. of Households provided with employment (lakh)	38.42 (37.3)	41.27 (33.3)	46.85 (35.9)	26.8 (20.1)	24.66 (18.47)
No. of Households obtaining 100 days of employment	100891 (2.6)	287019 (7.0)	260919 (5.6)	137649 (5.1)	156935 (6.4)
Employment generated (lakh Person)	991.22	1137.53	1597.49	866.38	965.412

days)					
Percentage share of women in total employment generated	29.8	30	29.6	28.20	29.9
Average employment per household	25.8	27.6	34.1	32.3	39.1
Number of Completed works	53939	70491	83593	54589	64846
Fund utilized (percentage)	60	75.8	82.7	65.02	82.9
No. of accounts opened (in lakh)	48.78	84.91	102.57	107.55	107.10

*Note : Figures in parentheses denote percentages with respect to total job-cards issued.*

*Source : Department of Rural Development, GOB*

#### Overview of Employment provided to Households in Bihar



The district wise details about the implementation of MGNREGS is presented in table. In that table, one observes wide inter-district variation in the performance of MGNREGS. In 2012-13, the maximum number of job cards was issued in Madhubani (6.91 lakhs), followed by Muzaffarpur (6.4 lakhs). Less than one lakh job cards were issued in small districts of Sheohar (0.88 lakhs), Sheikhpura (0.95 lakhs) and Arwal (0.95 lakhs). The SC households represent 38.52 percent of the households with job cards. The percentage of households demanding employment was the highest in West Champaran (40.64 percent), followed by Sheohar (40.32 percent). Less than 10 percent of households had demanded job in Darbhanga (9.59 percent). East Champaran ranked first (32.27 percent) in providing 100 days of employment to those who had demanded it, followed by West Champaran (15.19 percent) and Gopalganj (10.99 percent). Begusarai (48.79 percent), Katihar (41.94), Sheohar (40.95 percent) have registered the highest participation of women in MGNREGS, each one recording more than 40 percent participation of women in 2012-13. Less than 10 percent participation of women has been registered in Buxar (5.03 percent). There is also wide inter-district variation as regards the total employment generation in 2012-13. East Champaran (82.0 lakhs) is the best district in employment generation, followed by Gaya (80.15 lakhs) and West Champaran (51.89 lakhs). The two districts with the lowest employment generation in 2012-13 were Arwal (5.38 lakhs) and Munger (7.88 lakhs). The districtwise financial progress under MGNREGS is shown in Table A 5.29 (Appendix). Jamui (94.48 percent) is the best district in the utilization of fund in 2012-13. Katihar (91.05

percent), Banka (94.47 percent), Purulia (90.43 percent) also utilized more than 90 percent of the MGNREGS fund.

Table below lists the category wise completed works under MGNREGS, during 2008-09 to 2012- 13. The rural connectivity project has dominated the scheme during this period, accounting for nearly 40 percent of the total projects. The second most important category is water conservation. These two types of projects help in developing the rural infrastructure, expanding livelihood options for the rural people.

*List of Category wise Completed Works under MGNREGS*

Year / Categories	2008-09	2009-10	2010-11	2011-12	2012-13
Water conservation	9271 (17.2)	8637 (12.3)	11424 (13.7)	6059 (11.1)	7009(10.8)
Drought proofing	1515 (2.8)	6601 (9.4)	6609 (7.9)	5360 (9.8)	16246(25.1)
Micro irrigation works	5479 (10.2)	6552 (9.3)	7368 (8.8)	4605 (8.4)	4335(6.7)
Provision of irrigation facility	1135 (2.1)	1489 (2.1)	1841 (2.2)	1902 (3.5)	1813(2.8)
Renovation of traditional water bodies	5472 (10.1)	7593 (10.8)	7650 (9.1)	5065 (9.3)	6828(10.5)
Land development	2139 (4.0)	2575 (3.7)	4674 (5.6)	3229 (5.9)	4090(6.3)
Flood control and protection	5307 (9.8)	5175 (7.3)	5072 (6.1)	2554 (4.7)	2265(3.5)
Rural connectivity	23621 (43.8)	5175 (7.3)	38955 (46.6)	25521 (46.8)	22056(34.0)
Any other activity	0	0	0	294 (0.5)	204(0.3)
Total Works Completed	53939 (100.0)	70491 (100.0)	83593 (100.0)	54589 (100.0)	64846(100.0)

*Source : Department of Rural Development, GOB*

## **CONCLUSIONS AND SUGGESTIONS**

Based on findings and analysis of quantitative and qualitative data the conclusions and suggestion are as follow

1. MGNREGA was initiated as a short-term intervention strategy for creation of employment in the rural society wherever there is no such scope. However, ultimate long-term success of MGNREGA lies in creating the required economic, social, and environmental empowerment and social capital in the rural society so that it graduates from one stage of development to next higher stage.
2. MGNREGA is world's largest rural employment programme in terms of financial commitment and coverage. It requires adequate and sufficient time on the part of the

implementing officers. However, it is observed that supervising and implementing officers like BDOs, Project Directors and district collectors are overburdened with other administrative and developmental works. These officers, thus, do not find enough time for this programme, which affect its quality of implementation and monitoring.

3. The process of implementation of MGNREGA in the state of Bihar is largely transparent across regions. This is primarily due to the well conceived in-built transparency and monitoring mechanisms of the Act and subsequent improvements in it. Bihar Government's transparent governance system integrated with a well ICT (Information and Communication Technology) and e-governance has also contributed to the better implementation of the scheme in that state.

4. One of the most visible impacts of MGNREGA is promotion of women empowerment. The Act provides work to women and it improves women conditions. The provision of equal wages for men and women in the Act, Working in MGNREGA has given an opportunity to workers particularly women workers to share information among fellow workers. This has led to Knowledge Empowerment in the tribal society. Similarly, MGNREGA has also brought in improvement in the health status of the women workers.

5. MGNREGA is a right based demand driven programme. It requires adequate flow of funds all through the year in response to the job demand. However, flow of funds is not normal. It is skewed towards the first few months and finishing two months of the financial year. In such situation, the officers/GP/AEC officials in charge of implementation of the programme find it difficult to implement the programme properly.

6. One of the important objectives of MGNREGA is to promote financial inclusion and empower workers socially and economically. To realize this objective and to make the payment system transparent, MGNREGA stipulated for 100% payment through banks/post offices. Although the problem of wage payment through banks/POs is difficult in some of the interior Gram Panchayats / villages in rural areas, this practice of nonpayment through banks/post offices should become a norm.

7. More than 70% of the workers agreed that, MGNREGA has given them sufficient additional Income, as result of which, their primary and secondary activities have improved. Primary activities refer to the primary occupation of the workers like farming, agricultural labor, small business, etc. Secondary activities are those activities that add to the income of the people besides their primary activities. By working in MGNREGA, the Workers have been able to improve their primary and secondary activities because of their extra income and savings from MGNREGA. All the workers who working in NREGA said that they have been able to arrange their households' daily food requirements after working in MGNREGA.

8. There has been a improvement although marginal in school enrollment after introduction of the MGNREGS in their areas respectively have stated that there has been a slight reduction in the school dropout rate.

9. Another visible impact of NREGA has been arresting of distress migration from rural areas. The impact is significant in the Rural areas. MGNREGA has curbed migration of people from rural to urban area in search of employment. MGNREGA has become a boon to them in overcoming their destitution caused by the unilateral divorce of them by their husbands and forcing them earlier to migrate to nearby towns/villages in search of employment so as to bring

up of their children. MGNREGA scheme is a better alternative for them who don't have other job in hand. Most of them agreed on it: It give income and job security for 100 days to them. 12. Finally MGNREGA is strong social safety net for rural poor people. It provides them employment, helps them in daily food arrangements, reduces migration, and poverty alleviation.

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