



# MGNREGA and its impact on Migration in Himachal Pradesh

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**ABSTRACT:** Since after the independence in India the programmes are being designed, keeping in view the objectives of poverty alleviation and social justice. In the every five year plan, emphasis has been placed on the common man, weaker section and the less privileged of the society. The present paper focuses on the biggest global rural employment schemes of MGNREGA. It lays the background describing the need for enactment of such a scheme for a country suffering from hunger, unemployment and widespread poverty, and then goes on to explain its important features and provisions. The paper also tries to highlight the importance of effective implementation of such a scheme, while enumerating its various objectives and results achieved so far, including poverty reduction and social empowerment. Additionally, there is a focus on the process of rural to urban and distress migration in the country and how this process has strong linkages with the MGNREGA scheme and its major components. Prudent and efficient execution of the scheme can check widespread migration, thereby improving living conditions in both urban and rural areas.

**Key words:** poverty, unemployment, employment, income, migration

## INTRODUCTION

India has grown to become the 5<sup>th</sup> largest economy in the world. As a country, we are touching new strides of development in all spheres. What still clouds this development is poor performance on human development indicators, lack of employment opportunities and subdued standard of living, particularly in the semi-urban and rural areas. There is growing incidence of evils like illiteracy, hunger, disease, malnourishment, starvation deaths, anemic pregnant women, farmer suicides, migration resulting from inadequate employment and the failure of subsistence production during droughts. These issues culminating in high poverty rates and unemployment plague the Indian economic and social landscape and act as a major hurdle in our vision of becoming a global super power. Governments over the decades have taken cognizance of this situation and enacted multiple schemes and policies to address these issues. One such watershed policy initiative has been the adoption of MGNREGA, Mahatma Gandhi National Rural Employment Guarantee Act on Aug 25 2005 in the name of NREGA. It was adopted with the aim to reduce rural unemployment and poverty. It is the largest public work programme and has gathered attention from all spheres of researchers, social workers, policy makers and the direct stakeholders in the rural areas. Unlike previous employment initiatives and programmes launched by government of India, MGNREGA acknowledges the right to work of rural household and focuses on generating demand driven employment. Despite varied criticisms on the implementation aspects of the scheme, it has brought about significant changes in the rural landscape.

Among the many other achievements, one lesser talked about is the impact on rural-urban and distress migration. The paper focuses on this very aspect while giving a broad comprehensive overview of the act.

## REVIEW OF LITERATURE

A myriad of studies have looked at and discussed both the good and bad of MGNREGA. A study by Usha Rani Ahuja, Dushayant Tyagi, Sonia Chauhan and Khyali Ram Chaudhary (2011) analyses data from the districts of Haryana to assess impact of MGNREGA on rural employment and migration. The impact of MGNREGA in a district has been analyses in terms of migration, income and employment security, level of participation in MGNREGA works, socioeconomic status. The author observes and concludes that despite being a robust source of employment, MGNREGA did not check migration owing to the presence of higher market wage rates at destinations. The paper also points to how rural households with larger landholdings and more number of animals are not actively involved in MGNREGA work.

Mitra and Murayama (2008) in their paper on migration found that intra-state migration rates are significantly larger than the inter-state rates. There is also a close interconnection between male and female migration rates whether they migrate from the rural areas within the state or outside the state, suggesting how women usually accompany men as they migrate. It's mostly the backward and poorer states witnessing large mobility in search of a livelihood, considerable migration is also seen amongst males in the advanced states of Maharashtra and Gujarat. In all cases, prospects for better job opportunities are a major determinant of migration.

Bhagat (2009) explains that the push factors such as low income, low literacy, dependence on agriculture and high poverty and pull factors like high income, high literacy, dominance of industries and services at the place of destination are major drivers of migration.

Casswell, G and G De Neve (2012) enumerate the positive spillovers of MGNREGA including benefits for the poorest households and Dalit women helping in poverty reduction in Tamilnadu state.

The B. Prasad (2016) paper identifies reasons for rural urban migration, availability of employment opportunities being a major one. While discussing several government programs for the purpose of rural-urban migration, the study goes on to highlight the impact of MGNREGA on the same in Rangareddy district in a Telangana State, along with analyzing features of migration families and the performance of MGNREGA program at grass root level in the area.

## OBJECTIVES

The following of the objectives of the present paper:

1. Overview of MGNREGA – its main features and objectives
2. Relation between MGNREGA and migration
3. Contribution of MGNREGA in reducing distress migration

## RESEARCH METHODOLOGY

The analysis leverages secondary data which has been taken from journals, articles and selected government websites, government reports and existing literature in this field from earlier published studies.

## ABOUT MGNREGA

Mahatma Gandhi National Rural Employment Act was enacted by the Ministry of Rural Development on Aug 25, 2005 with the main aim to reduce poverty by providing employment and the enhancement of livelihood security of the rural households. The scheme followed a long series of rural employment schemes such as National Rural Employment Programme (NREP) 1980-89; Rural Landless Employment Guarantee Programme (RLEG) 1983-89; Jawahar Rojgar Yojana (JRY) 1989-1990; Employment Assurance Scheme (EAS) 1993-99; Jawahar Gram Samridhi Yojana (JGSY) 1999-2002; Sampoorna Garib Rojgar Yojana (SGRY) from 2001; National Food For Work Programme (NFFWP) from 2004.

### Salient features:

1. It guarantees 100 days of wage employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work
2. Right to get unemployment allowance - if job not given within 15 days
3. Envisages creation of durable and productive assets like Anganwadi centres (AWC) under MGNREGA
4. Wages linked to CPI(AL)
5. Fully financed by National Employment Guarantee Fund (NEG), partially funded by NIF(National Investment Fund)
6. 1/3rd beneficiaries shall be women

*The Act provides a legal guarantee for 100 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. Thus, it is a universal programme. This minimum wage varies from state to state, in some states it is Rs. 80 whereas in others it is Rs. 125 or Rs. 120. According to the Act, the minimum wage cannot be less than Rs. 60. The 100 days of work figure was estimated because the agricultural season is only supposed to last roughly around 250 days and unskilled workers have no alternative source of income in the remaining parts of the year.*

All adult members of a rural household willing to do unskilled manual work have the right to demand employment. They can voluntarily register with the Gram Panchayat which would issue a Job Card with photograph of the adult members of the household willing to work under the programme post a verification process. The gram Panchayats are liable to provide employment within 15 days of work application. In the event of failing to do so, an unemployment allowance will be paid to all such applicants. The cost incurred between wage and material costs should be maintained at a ratio of 60:40. There is a focus on decentralized governance with Panchayati Raj Institutions playing a principal role in planning, monitoring and implementation.

### General Trends

- Employment generation: On average, 50 days of employment has been granted. The volume of wage employment under the scheme has grown from 145 crore mandays in 2007-08 to 220 crore man days in 2013-14
- Asset creation - Mizoram performed best with a 92 per cent work completion rate while Arunachal Pradesh was at the bottom at just 20 per cent work completion rate.
- Interstate comparison: NSSO data (2009-10) suggests that Rajasthan, TN and HP are states where the scheme is working well and the participation rate (percent of people who got work to those who wanted but didn't get) is >80 per cent. Participation of women, SC, ST is nearly half the total workers. Poorer states have higher demand for work under MGNREGA but most of it remains unmet due to administrative inefficiency. If we plot share of states in rural BPL households v/s the share of states in man days of work generated under MGNREGA we find that among the poor states UP, Bihar, Odisha lag behind a lot while Rajasthan has done exceptionally well. Among the richer states, Maharashtra and AP stand out in their implementation. Rajasthan also performed well in terms of number of days of work provided to those who got work (76) followed by NE states (except Assam and ~60) followed by MP, Chhattisgarh, UP and Andhra (~50). AP has been able to create an

effective system due to good IT infrastructure, Rajasthan due to active drought relief work and involvement of NGOs. In Kerala it revolves around the women SHG model based Kudumba shree. Jharkhand faced problems due to absence of PRIs.

- At its peak in 2009-10
  - Person days per household was 54
  - Dropped thereafter to 40 in 2014-15
  - 2015-16 - rise again to 49

### Realised Benefits

MGNREGA has brought about considerable development in its chief aim of Poverty alleviation. As per NCAER, it reduced poverty by up to 32per cent . It also had a Positive impact on nutrition, protein consumption, health as illustrated in a paper by Dilip Mookherjee. A report by RBI also resulted in positive changes in rural wages:

- 2001 -2006 - Declined by -1.8per cent
- 2006-2011 - Rose by 6.8per cent

The act was launched with a strong focus on women and the Scheduled Castes and Schedules Tribes. In the total work generated, the share of women stood at 57per cent in place of the targeted 33per cent. Moreover, the share of SC and ST stood at about 20per cent each.

The act has further tackled the social evil of inequality across caste and class. As per the NSSO 66<sup>TH</sup> round, there was a significant reduction in Wage differentials. It helped in providing an effective Safety net for poor especially during times of drought. The implementation structure of the act has helped further the cause of fiscal federalism by ensuring adequate participation of local level governments and the general public. 50 per cent of the projects under MGNREGA were sanctioned by Panchayat, empowering the gram sabhas for planning works. By incorporating the DBT scheme with 95 percent of wages disbursed through the banking channel, it has promoted Financial Inclusion. Around 70 per cent of all the work under the scheme is related to agriculture, with 50 per cent covering water conservation and irrigation and 20 per cent linked to rural connectivity. The projects under the scheme have had significant environment externalities by creating assets for Micro irrigation rather than massive dams. Surveys indicate rise in water table (average of 50per cent) due to construction of percolation tanks.

As per Dilip Mukherjee, child labour has fallen by 10per cent as greater participation of adult workforce in non-farm jobs has taken place, reducing the pressure to earn for other household members. By providing wider livelihood opportunities for the deprived sections, it has helped in promoting self respect and social empowerment.

The World Development Report called it a major milestone and hailed it as the best known employment guarantee scheme.

MGNREGA has acquired this status because of the following:

- Adheres to the principles under Article 21 -right to life with dignity to every citizen.
- Generated on an average 50 days of employment.
- Employment under Mahatma Gandhi NREGA is a guaranteed legal right.
- Demand driven scheme- As anybody demanding job can work.
- Previous employment guarantee schemes (EGS) like 'Sampoorna Garib Karyakram' (SGRY) Programme and National Food for Work Programme (NFFWP) were merged with MGNREGA to make it more effective.

### ANALYSIS OF THE SCHEME

Till some time back, there were certain issues that surfaced hampering the full potential benefits of the act to be realized. The payments and work allotment is often marred with leakages, in many cases the Muster rolls are fudged with ghost beneficiaries. Only 40per cent of wages were paid within 15 days – to remedy this, a Faster Unemployment allowance Payment was launched aimed to pay 90per cent within 15 days in FY 17. This step, bringing forth significant improvements became possible due to Active Monitoring of states and Shows role of willpower and tech.

Average work days generated are much less than what promised - Only about 50. Moreover, work Completed has fallen - works completed to total works taken up was 47per cent in 2006-07 (4 lakh out of 8.25 lakh) and has since declined to 25per cent in 2009-10.

Regional Inequality - between 2009-2012, only 20per cent of total funds allocated under scheme were released for Bihar, UP and Maharashtra where 40per cent of the poor live.CAG report.60:40 ratio for wage and material component of work poses following issues

- Durable structures like hospital and schools cannot be undertaken
- In hilly and desert areas, cost of transportation of material is more. Hence it is not plains-equivalent ratio for difficult terrain.

The loopholes in asset creation additionally have an inflationary impact - vast expenditure without creating durable assets has caused Inflation. Though there has been a rise in rural wages, several villages encounter shortage of labour for farm work during agriculture season. As per Dileep Mukherjee, a lot of the employment tends to be provided in the spring (slack) season, because it becomes difficult to undertake construction projects during the monsoon, and *Gram Panchayats* do not want to create labour market shortages during peak harvest seasons.

As per some critics, the scheme is not sustainable in the sense that it does not provide alternate employment or raise skills after 100 days have been completed. There is still a Shortage of functionaries and lack of training among them. Since the payments have shifted from cash to bank or post office accounts, financial exclusion and distant branches cause hassles. Electronic payments are problematic due to poor connectivity and power. Reduction in budgetary allocation along with budget caps defeats the purpose of demand driven nature of this scheme. It is no longer linked with Minimum Wages Act and wages are fixed at the discretion of central government. Similarly compensation for delay is just 0.05 per cent of pending wages per day of delay. Moreover, 3 per cent quota for persons with disability is done away with.

## MIGRATION – CAUSES AND LINKAGE WITH MGNREGA

Rural to Urban migration has been following an upward trend for the past several decades in the country, this has been a response to several factors including differential economic opportunities (Mitra and Murayama, 2008) and search of livelihood. Prospects of better job opportunities and expected monetary gains determine major chunk of male migration. With large numbers swarming to the cities, the urbanization rate picks up rapid pace.

Economic models such as the Harris Todaro model and the Lewis model trace out the reasons for migration, including increasing population pressure on agrarian lands in rural areas and setting up of industries and businesses in the cities, giving birth to newer and more lucrative employment opportunities. Rural production activities had been historically characterized by low productivity and sluggish agricultural growth with limited options of non-farm sector jobs resulting in high incidence of rural poverty, unemployment and under employment. With more and more people getting driven from the villages to the cities, there is heightened pressure on limited urban resources. This manifests in worsening of conditions in the urban informal sector and a higher incidence of urban poverty. The rural to urban migration of people thus acts as a substitute for migration of rural to urban poverty i.e urbanization of poverty.

Rural to urban migration is rising at an increasing rate and expected to grow higher in the future. Over the past few years intra-district migration has decreased and inter-district migration is increasing at increasing rate. Casual migrant laborers belong to the poorer sections of the population facing lack of access to resources in their houses that force them to in search of better job opportunities and a better lifestyle.

### MGNREGA and Migration

For numerous families, owning small holdings of land and having few earning members, MGNREGA provides an alternate and reliable source of income, supplementing their existing incomes. Families that are completely landless and are dependent on wage labour, look for work as agricultural laborers or daily wage workers. They are often left with no source of earning in the off-season which drives them to migrate. In such cases, work provided under MGNREGA acts as a rescue measure, catering to their needs in their native

places, thereby putting a check on migration. Thus, by securing livelihoods, it helps in eliminating seasonal/distress migration becoming a significant source of employment and income for a large chunk of rural population. However, as several studies show, MGNREGA has, in most cases, a weak correlation with out-migration. This is owing to flaws in the implementation structure. The poor execution deprives the true beneficiaries from gaining what has been rightfully guaranteed to them. No social audits, non-availability of work, corruption by officials, non-allotment or delay in allotment of job cards and bureaucratic hassles are some of the issues resulting in sub-optimal outcomes.

The Minister of State for Rural Development said that the Ministry has been taking advanced steps to increase the coverage and consistency of the scheme. The Ministry also informed that a study conducted by Ministry through independent evaluators has reported that Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has resulted in reduction of seasonal migration. Other studies also indicated direct and positive impact of MGNREGA in reduction of distress migration by providing work closer to home and decent working conditions. On the recommendation of Ministry of Rural Development, National Institute of Rural Development and Panchayati Raj (NIRD&PR) has commissioned two studies on migration, namely, Impact of Mahatma Gandhi National Rural Employment Guarantee Programme on Distress Migration: A study of selected states of India and Impact of Mahatma Gandhi National Rural Employment Guarantee Act on the Migration of Tribal Folk: A Case Study in Junglemahal districts of West Bengal. As per a Dreze and Khera study, 50 per cent surveyed sample said it helped them to avoid distress migration. Moreover, as noted by Dilip Mookherjee, with its enactment Urban Unemployment rates fell by 7 per cent.

## CONCLUSION AND RECOMMENDATIONS

The present study examined the implementation process of MGNREGA programme and its impact on rural livelihoods. By securing livelihood, MGNREGA also mitigates seasonal/distress migration which has been a significant source of employment and income for a large proportion of rural population. The above discussion reveals that though MGNREGA is a well thought-out legislation, a powerful tool in the hands of the common people to get their basic livelihood, but its poor execution deprives them from their basic rights. Though there is a little change in expenditure pattern of households but it fails to stop the flow of distress rural-urban migration, restricting child labour, alleviating poverty, and making village self-sustaining through productive assets creation. Therefore, a well thought out effort is necessary to address these problems of MGNREGA in Gram Panchayat. To make the Act more effective for securing the desired objectives of rural poverty eradication and livelihood security, there is an urgent need to ensure citizen participation in all stages of the implementation process. A proper mechanism should be developed to check the corruption in distribution of job cards, assured timely payment of actual wage and substantial asset creation.

The scale of MGNREGA is staggering: it provides employment to a third of India's rural population (about 5 crore households annually, at an average of 50 days per year), at an annual cost of about 0.3 percent of GDP. Payments through banking channels by opening more branches or placing more Banking correspondents and use of satellite technology for terrain mapping for planning of works and visualization of assets and their monitoring through geo-tagging of assets could give positive results. Skilling of MNREGA workers through Deen Dayal Upadhyaya Garmin Yojana for vertical mobility of labour towards skilled work will help in realising the dream of Skill India. It should be given priority under central and state skill development programs to those MGNREGA workers who have completed a specified number of days of work. Also this is an effective instrument of identifying the poor for other programmes. The scheme should be converged with other schemes of agriculture, irrigation, road transport and animal husbandry, water management etc. Permitting contractors within the overall ceiling of material component to include skilled workers lead to speedy and effective implementation of the projects and improve the quality of assets create Permissible MGNREGA works should include agricultural work on private farms with farmers paying the bulk of the wage (for example, 75 per cent) and MGNREGA covering the remainder. This will help in creating large volume of employment and more productive work. This would help agriculture labour to earn more than what MGNREGA offers. It will also help the farmers save on labour costs, while simultaneously ensuring that the labor remains productive. Higher labour productivity, with contained labour

costs for the farmer, will help moderate the 'cost-push' factor in food inflation. So it can be a win-win situation, and can be coordinated through Panchayats. There should be an attempt to strengthen MNREGA Sahyata Kendrass where local volunteers help workers organize and access entitlements. Decentralized planning on the lines of Yojana Banao Abhiyaan in Jharkhand where people were mobilized to plan works for their village to meet basic infrastructure needs could be adopted. Self Help Groups need to increase awareness, help workers apply for job card and open bank account and supervising work sites. Lastly, state governments should set up social audit units for planning and conducting social audits by ensuring availability of trained personnel's. These steps will definitely help in covering the remaining gap in the achievements of the scheme and effectively address the problem of excessive distress and rural-urban migration.

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