

NREGA: Achievements so far

With the passing of the National Rural Employment Guarantee Act (NREGA) in 2005, India created history by effecting the passage of the largest employment guarantee statute of the world. It was an Act passed unanimously across all political parties and in both houses of Parliament indicative of the broad public consensus on the need for a legislative action for an employment guarantee.

In a departure from any previous social security scheme providing work for relief and social security, the NREGA for the first time gave households of rural India the right to employment in their own villages, within 15 days of them demanding it.

NREGA has served as a lifeline for the poor with 1 out of every 3 rural households having worked in the programme over the last 8 years. In 2013-14, 10 crore people worked under MNREGA. The average employment provided to households that worked in 2013-14 was 45 which although is only half of the employment guarantee, is demonstrative of the huge potential the programme has to provide social support during the lean season. The provision of employment through this law is one of the only legally protected social security mechanisms for the millions of rural poor in the country. Some far-reaching impacts of the programme which have been evidenced from several studies conducted by researchers from reputed universities are as follows:

- By providing seasonal work of 2.5 billion persondays each year, NREGA has addressed 41% of the problem of underemployment (estimated 6.66 billion persondays) in rural areas¹.
- Where implemented properly, it arrested distress migration² and provided a safety net for the poor in the lean agricultural season. However, contrary to the common belief, it had no adverse impact on the horizontal mobility of educated and skilled rural work force to the urban areas³.
- Provided sustainable work to the rural women as evidenced by main workers (female) increasing from 54.1% in 2001 to 55.6% in 2011⁴. This has had positive impacts on the nutritional standards of the entire household⁵ especially during lean seasons.
- Around 40% of the total households employed under NREGA every year, belong to SC and ST Households according to the MIS. The programme has had large effects on consumption and poverty of SC/ST households in the lean agricultural seasons⁶. It was found that significantly increase consumption (protein and energy intake) in the short run and accumulate more nonfinancial assets in the medium term. Direct benefits exceed program-related transfers and are most

¹Garg Sandhya (2014), Mahatma Gandhi National Rural Employment Guarantee Act: Evidence of Inter-state and Intra-state disparities, Indira Gandhi Institute of Development Research, Mumbai

²Laura Zimmerman (2013), Why Guarantee Employment? Evidence from a Large Indian Public Works Programme, University of Michigan

³Upasak Das (2014), Can the Rural Employment Guarantee Scheme Reduce Short Term Migration: Evidence from West Bengal, India, Indira Gandhi Institute of Development Research, Mumbai

⁴ Census 2011 www.censusindia.gov.in

⁵Aparajita Dasgupta (2013), Can the major public works policy buffer negative shocks in early childhood: evidence from Andhra Pradesh and Bihar, University of California

⁶Stefen Klöpper and Oldiges Christian (2014), Can employment guarantee alleviate poverty?, University of Heidelberg

pronounced for scheduled castes and tribes and households supplying casual labor⁷.

- There is evidence⁸ to show that NREGA has put an upward pressure on agricultural wages which improves welfare for the poorest. Based on NSSO 64th round survey data, those who had worked under MNREGA reported having earned 12% more than the average daily earnings of casual workers⁹. Moreover it has been found that NREGA has reduced the traditional wage discrimination in public works between men and women.
- Contrary to the propaganda on its adverse impact on agriculture, studies have shown that it provided risk-resilience to the small/marginal farmers in the face of drought. It was shown that the programme reduces households' uncertainty about future income streams because it provides reliable employment opportunities in rural areas independently of weather shocks. It also allowed use of better inputs and more profitable crops. By allowing shift towards high-risk and high-profitability crops, the programme has considerably raised the incomes of smallholder farmers in the medium term¹⁰. Besides, 2/3rd of the works in MGNREGA were focused on agriculture directly or indirectly.
- The programme has had a positive impact on financial inclusion by bringing 9.37 Cr rural households into the financial inclusion network. The urban-rural divide in access to institutional finance is getting reduced.
- The 66th round of the NSSO highlights that 82 percent of MGNREGA workers belong to the low (bottom 30 percent with a monthly income of up to Rs 657) and middle (middle 40 percent with a monthly income between Rs 657 and Rs 1,058) income group
- Two-thirds of works under MGNREGA are related to agriculture, with a focus on land water and trees- MGNREGA which has strengthened the livelihood resource base of the rural poor and has also established their ownership and control over natural resources

As illustrated above, through the MGNREGA, multiple impacts such as creation of durable assets, improvement in bargaining power of agricultural labourers, generation of employment, financial inclusion, institutionalization of transparency and accountability measures in governance, strengthening PRIs have been demonstrated within 8 years of it coming into force. Most importantly, the MGNREGA has become a platform across the country for mobilizing informal labour and empowering them to claim their basic rights as workers.

⁷Klaus Deininger and Yanyan Liu (2013), Welfare and Poverty Impacts of India's National Rural Employment Guarantee Scheme, IFPRI discussion paper 01289

⁸E. Berg, S. Bhattacharyya, R. Durg and M. Ramachandra, 'Can Rural Public Works Affect Agriculture Wages: Evidence from India', Centre for the Study of African Economies (CSAE), Working Papers WPS/2012-15, 2012.

⁹C. Imbert and J. Papp, 'Equilibrium Distributional Impacts of Government Employment Programs: Evidence from India's Employment Guarantee', Paris School of Economics, 2011.

¹⁰Esther Gehrke (2014), Employment guarantee as risk insurance? Assessing the effects of the NREGS on agricultural production decisions, University of Passau and German Development Institute

