

The Rural Employment Guarantee under UPA-2

C.P. Chandrasekhar and Jayati Ghosh

Representatives of the UPA government – including the Prime Minister in his most recent press conference – have been at pains to point to the success of the government in terms of ensuring rural employment and providing inflation-indexed wages under the [Mahatma Gandhi National Rural Employment Guarantee Act](#) (MNREGA). But is such self-congratulation justified?

There is no doubt that the enactment of the MNREGA and its subsequent rolling out to all the districts of India must rank as one of the signal achievements of the first UPA government that was in power at the central government over 2004-09. While the actual law was the culmination of a longstanding popular demand, and there was an early precedent in the employment guarantee that was sought to be introduced in the late 1980s by the V.P. Singh government, the vision and ambition required to push for such a legislation that recognised the right to work should not be underestimated.

Nor should we fail to recognize the significant impact that the implementation of the act has had in different parts of the country, despite all the justified [criticisms](#) of uneven and often poor implementation in some states and the still very limited and household-based (rather than individual-based) nature of the right. There is much to appreciate in terms of the various different levels at which the MNREGA has worked even in less successful locations.

Thus, the programme has provided a crucial alternative source of employment and wages in rural economies where most workers were not able to access even minimally decent work for the greater part of the year. It has proved to be especially welcoming of women workers – even though the work is physically arduous and essential legal requirements like worksite crèches are frequently not made available – simply because it offers wages that are mostly on par with male workers.

It is now generally accepted that the [MNREGA has played a positive role](#) in stabilizing rural wages and in reducing gender wage gaps in much of rural India. Its significance as a built-in stabilizer and its consumption-smoothing features were greatly evident during the 2008-09 global economic crisis, when urban migrant workers who lost export-oriented employment were able to rely on some form of stable wage income being generated among their families in their rural places of origin.

It has reduced to some extent the severity of short-term distress migration, which had become a pervasive feature of rural India in the period just prior to its implementation. In states where it has been implemented with some seriousness and efficiency, it has not only provided a boost to local wage incomes and local markets, but also assisted in easing supply conditions by providing and improving minor irrigations works, improving soil quality, and so on.

Of course there are continuing problems, which are acute in some states: corruption (although probably the extent of this is actually less than in many other government programmes that get less publicity); [inadequate implementation](#) whereby most of the rules guiding the programme are ignored; lack of ensuring the right to work because the demand for work is often not registered until some work site is opened up;

delayed wage payment especially in some states, that has caused great hardship to workers; and many other issues.

Nevertheless, it may be that the almost virulent backlash against the MNREGA has been not because of its failures but because of its very successes, particularly in stabilising wages and reducing distress migration. This has caused both rural and urban private employers to complain loudly, simply because they are now forced to pay wages that are closer to (but still below) legal minimum wages.

This backlash may be part of the reason why the UPA government in its second tenure has chosen to downplay and even undermine the programme, which could still do so much to improve living and working conditions in rural areas, and why all official discussion about an urban employment guarantee appears to have been shelved.

In any case, the government's own statistics (compiled from www.nrega.nic.in) speak for themselves: for India as a whole, the peak years of MNREGA performance in terms of both financial and employment indicators were 2009-10 and 2010-11, and since then there has generally been a decline. There are some states (such as Tripura) that have continued to show improvement, but this has been against the odds, and possible only because of a very determined state government.

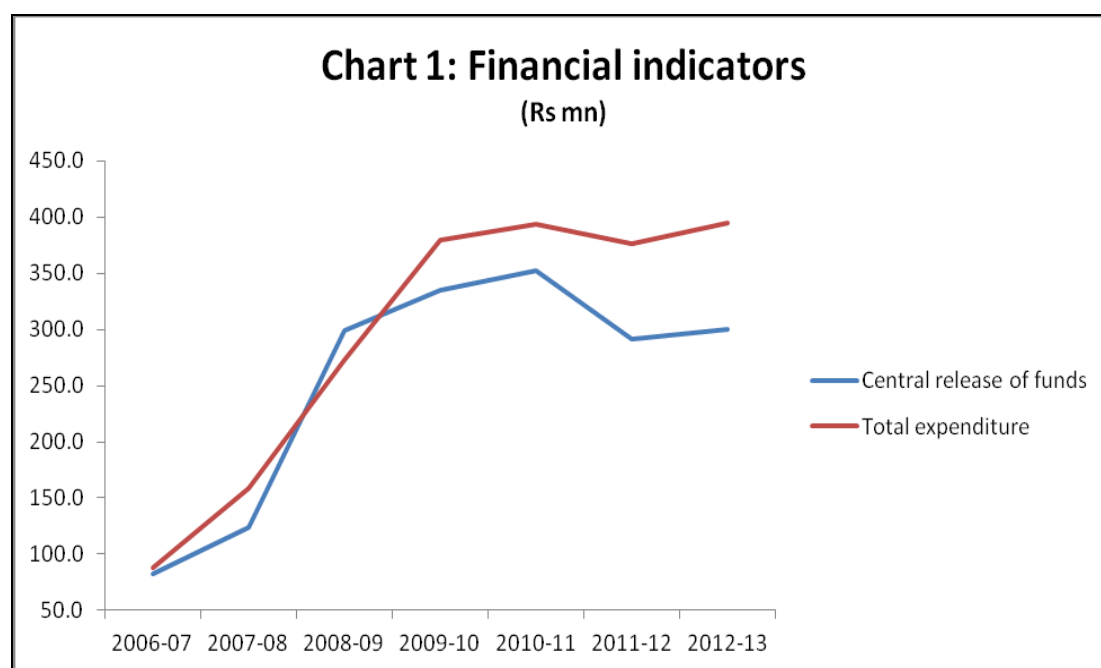
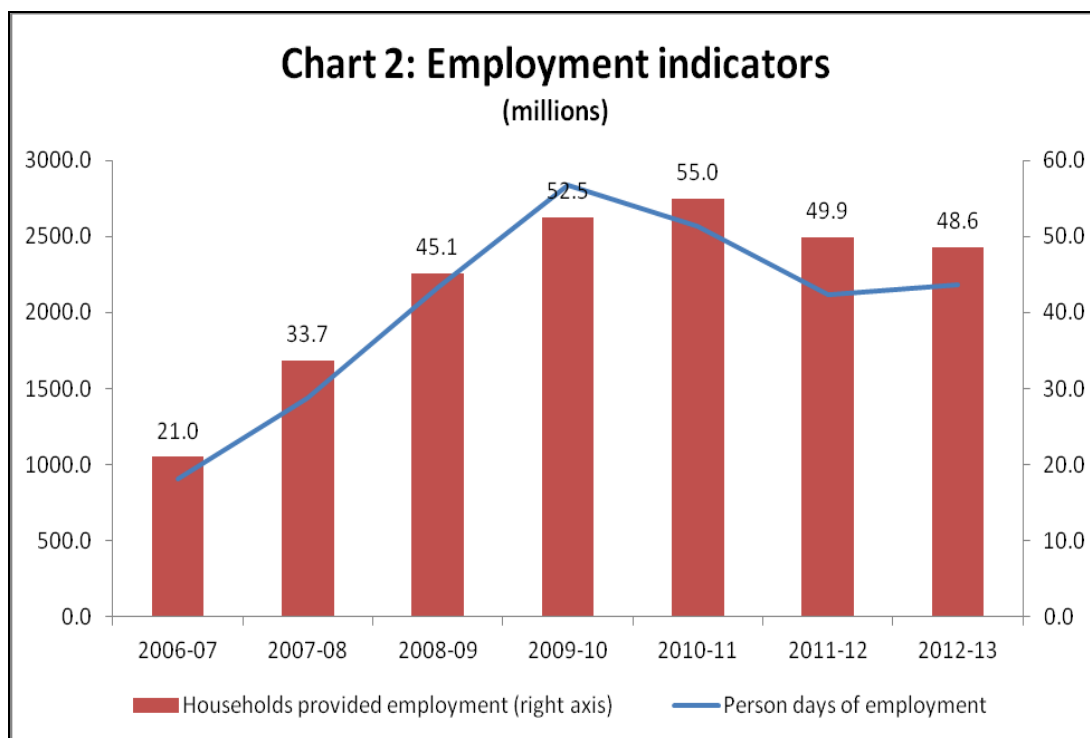
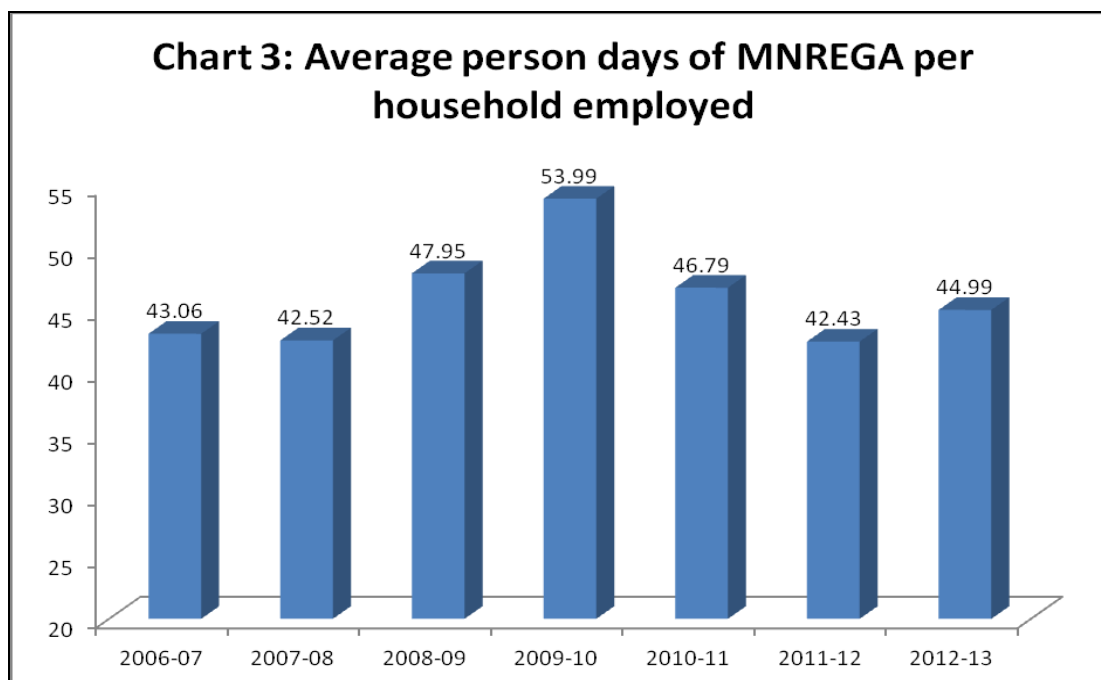


Chart 1 shows that the release of funds by the central government rose continuously until 2010-11, but since then have actually declined in nominal terms. In real terms, adjusted for inflation, the decline would be even sharper. Total expenditure rose substantially until 2009-10, but since then has been more or less flat, with a small decline in 2011-12 but overall no increase, which again suggests a decline in inflation-adjusted spending. The gap between central funds release and total expenditure needs to be further examined; it is possible that this reflects the continued spending by some state governments that are anticipating the eventual (and legally necessary) reimbursement from the Centre.



From Chart 2 it is very evident that 2009-10 was the peak year in which more than 2.8 billion person days of employment were generated under the MNREGA. Thereafter the employment created under the programme in recent years has declined to levels of 3-4 years earlier. The number of households that were provided employment under the scheme peaked at 54 million in 2009-10.



It is only in terms of the participation of women workers that ratios have continuously improved over the years of implementation. The share of work days of women increased from 41 per cent in 2006-07 to 52 per cent in 2012-13 – but that could

simply reflect the fact that women workers' days of employment have remained largely stable while male employment has fallen.

The share of work days of Scheduled Caste workers increased from 25 per cent in 2006-07 to 31 per cent in 2010-11, but has since fallen to only 22 per cent in both 2011-12 and 2012-13. The share of Scheduled Tribes in total employment has fallen throughout from 36 per cent to only 17 per cent. However, this shift may reflect the nature of the implementation: since the programme was originally implemented in backward districts where there is a preponderance of ST population, it is to be expected that their share would fall as the programme was extended to cover all the districts of India. However, insofar as both SCs and STs are disproportionately part of the rural poor households, their current participation in MNREGA is below par.

Overall, it seems that this programme has received inadequate attention and possibly even niggardly treatment under the UPA-2 regime. Certainly several state governments have complained about the difficulties of accessing central resources and the rigidity of central rules and bureaucracy that are preventing effective implementation of the programme. Even at this very late stage, if only the UPA-2 leaders would put their money and their energy where their mouth is on this very important programme!

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