

Impact of the Implementation of the National Rural Employment Guarantee Scheme in some Selected Areas of Jharkhand

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Abstract

Generation of employment for the poor in the rural areas is one of the important components of the antipoverty and the rural development strategy adopted by the Ministry of Rural Development, Government of India. None of the earlier programmes could lead to the production of sustainable rural infrastructure. At the same time, none of those programmes ensured to the rural populace, the right to work, enshrined in the Constitution as a fundamental right to every citizen of our country. Keeping this shortcoming in mind, and to provide ensured wage employment to the rural population, the United Progressive Alliance (UPA) Government introduced the National Rural Employment Guarantee Act (NREGA) in February 2006. The present study was conducted to assess the impact of the National Rural Employment Guarantee Scheme in Bokaro district of Jharkhand in four villages; two from each of the Petarwar and Chas blocks. A total four villages namely Lukaia, Jaruatand, Radhanagar, and Pindrajora and 100 beneficiary households were selected for the present study. The data were collected during October–December, 2011. The data was analyzed using frequency, percentage, range and paired t-test. The study revealed that the beneficiary households have developed abundant self esteem and confidence through this job scheme. The biggest problem, according to the implementing agencies, is the lack of coordination among the various government departments and the refusal, especially by the railways and forest departments, to grant the no objection certificate.

Keywords: employment, rural, development, income, scheme, NREGS,

JEL Classification: H 75, I 38

Paper Submission Date : May 7, 2013 ; Paper Acceptance Date : July 10, 2013

Despite decades of planned development and poverty eradication programme at the national and State levels, poverty continues to persist in India. The National Rural Employment Guarantee Scheme (NREGS) has been a subject of lively debate. The National Rural Employment Guarantee Scheme aims at enhancing the livelihood security of people in rural areas by guaranteeing hundred days of wage employment in a financial year to a rural household who volunteers to do unskilled manual work. The National Rural Employment Guarantee, Act 2005 directed every State Government to prepare a Rural Employment Guarantee Scheme within six months in order to implement the work guarantee. The Act is a national legislation, but the scheme is State specific. The scheme has now been extended to all the 600 districts of the country from the April 1, 2008. To ensure that the maximum benefits flow to the beneficiaries, the need for fool proof systems and procedures that can manage large volumes of data across rural India has become imperative (Dey, Dreze, & Khera, 2007).

The responsibility for the implementation of the scheme at the grassroots levels lies with various implementing agencies. The basic unit of implementation of the scheme is a Block. The programme officer acts as the co-ordinator of the scheme at the Block level. His job involves sanctioning projects in such a way that all those who have applied for a job are employed within 15 days. The intermediate panchayats send a proposal of work to be undertaken by the programme officer and implement those projects which have been sanctioned by the programme officer. The power to make amends in the Act lies with the Central Government through the Parliament (Singh, 2006). Keeping all these aspects in view, this scheme has an immense potential for increasing rural incomes by creating opportunities for employment at the local level.

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Objective of the Study

The present study, in this regard, unveils valuable information about the impact of the rural job scheme. Thus, the objective of this study is to assess the impact of the implementation of the National Rural Employment Guarantee Scheme in some selected areas of Jharkhand.

Methodology

The blocks Petarwan and Chas of the Bokaro district of Jharkhand state were selected purposively for the study. Two villages from each block viz. Jaruatand and Lukaia from Petarwan block and Sutanu and Pindrajora from Chas block were selected for the study. In this way, a total of four Gram panchayats were selected for the present study. 25 beneficiary households were selected randomly from each gram panchayat. Therefore, the total number of respondents considered for the study were 100 households. The data were collected by interviewing the respondents with the help of a structured schedule by using the interview method during the months of January to March 2010. The following statistical tools were used for the present investigation for precise and meaningful analysis as well as for the interpretation of the collected data.

❖ **Frequency Distribution :** Sorting of data into categories or class leads to the formation of frequency distribution. Frequency distribution gives the number of times a category or class occurs.

❖ **Percentage :** Percentage is used for making simple comparison. For calculation of percentage, the frequency of the particular cell was divided by the total number of respondents in that particular category and multiplied by 100. In the present study, percentage was calculated up to two places after the decimal points.

❖ **Mean:** The mean is the arithmetic average. Mean is the simplest and a relatively stable measure of central tendency. It is obtained when the sum of the values of the individual in the data is divided by the number of individuals in the data.

❖ **Range:** It is the difference between the minimum and the maximum value in a given set of observations.

❖ **Paired 't' test:** It is computed when there is any kind of correspondence between the individual values in the two samples. They should be paired and the differences taken are analyzed directly as per the following formula :

$$\begin{aligned} t &= \frac{(\bar{d})}{s(\bar{d})} \\ &= \frac{\sqrt{s^2}}{n} \\ &= S^2 = \frac{1}{n-1} \left[\sum d^2 - \frac{\sum d^2}{n} \right] \end{aligned}$$

Where,

$\bar{d}$ = Mean of differences in each pair,

n = pairs of observations,

$s(\bar{d})$ standard error of $\bar{d}$.

Hypotheses

❖ **H₀ (Null hypothesis):** The mean annual incomes of the beneficiary households did not increase significantly after obtaining wage employment through the National Rural Employment Guarantee Scheme.

❖ **H_a (Alternative hypothesis):** The mean annual incomes of the beneficiary households increased significantly after obtaining wage employment through the National Rural Employment Guarantee Scheme.

Level of significance = 5%

Degrees of freedom = 3

Table 1: Socioeconomic Profile of the Beneficiary Households			
			N=100
Item	Categories	Frequency	Percentage
Caste	Scheduled Tribes	64	64
	Scheduled Caste	28	28
	Other castes	08	08
Occupation	Wage labour	33	33
	Farming	26	26
	Sharecropper	17	17
	Service	11	11
	Business	06	06
	Labourer and sharecropper	05	05
	Farming and labour	02	02
Number of family members	1-3 members	25	25
	4-5members	17	17
	Above 5 members	33	33
Land holding	No land	72	72
	Less than 4 bighas	13	13
	4-5 bighas	14	14
	More than 5 bighas	01	01
Annual income before getting a job card (₹)	Less than 5000	10	10
	5000-10,000	66	66
	10,000-15,000	13	13
	15,000-30,000	00	00
	More than 30,000	11	11
Source: Primary Data			

Results and Discussion

With a view of obtaining an overall picture of the working of the scheme and the impact of the programme in some selected areas of Jharkhand, the present study was conducted to ascertain the problems and prospects of NREGS.

It can be inferred from the Table 1 that most of the beneficiary households (64%) belonged to the scheduled tribes. With reference to occupation, the beneficiary households were primarily wage labourers as 33% of the total households belonged to this category. 26% were engaged in farming activities, 17% of the respondents worked on the fields of other farmers as sharecroppers, 11% of the respondents were servicemen, while 6% of the respondents had

Table 2: Percentage Increase in the Mean Annual Income of the Beneficiary Households In Various Villages	
N=100	
Village	Percentage Increase In The Mean Annual Income
Lukaia	106.53
Jaruatand	80.40
Pindrajora	43.00
Radhanagar	39.57
Source: Primary Data	

their independent businesses. Five percent respondents contracted work both as wage labourers as well as sharecroppers, while two percent of the respondents engaged in farming activities and worked as wage labourers as well.

A small family was certainly not the norm among the beneficiary households considered for the study as 33% of the beneficiary households had more than five family members. 25% of the respondents had between one and three family members, while 17 beneficiary households had between four and five family members. 72% of the beneficiary households contacted did not possess any land. 13% of the households had land holdings of less than 4 bighas. 14% of the households had land holdings between four and five bighas. While only one percent had landholdings of more than five bighas.

Annual income before getting a job card refers to the annual income of the beneficiary households from their primary economic activity other than their work under the NREGS. From the Table 1, it can be observed that 10% of the households had an annual income of less than ₹ 5000 - ₹ 10,000. Thirteen percent of the households had an annual income between ₹10,000 and ₹15,000. Thirty percent of the households had an annual income of more than ₹ 30,000. All these households had 'service' as their primary economic activity.

After the implementation of the NREGS, there was a significant increase in the annual income of the beneficiary households. The percentage increase in the mean annual incomes of the beneficiary households in various villages is depicted in the Table 2. It is clear from the Table 2 that the highest percentage increase in the mean annual income was in the Lukaia village, where the mean annual income of the beneficiary households more than doubled after obtaining wage employment under the NREGS. The lowest percentage increase in the mean annual income of the beneficiary households was in the Radhanagar village. The major reason for this trend can stem from the fact that all the beneficiary households surveyed in the Lukaia village had obtained 100 days of wage employment under the job scheme. As a result of which, the increase in the annual income in each of the surveyed households was ₹ 7300 (Wage rate - ₹ 73/ day). In Jaruatand, the wage rates were higher - at ₹ 86/ day. However, all the households surveyed found work only for 65 days, and therefore, the mean increase in their annual income was only ₹ 5590. In Pandrajora and the Radhanagar villages, the work was taken up in various phases and, therefore, not all the households chose to work for 100 days. Furthermore, the mean annual income of the beneficiary households before obtaining a job under the NREGS was more than what it was in the Lukaia and Jaruatand Villages. Therefore, the percentage increase in the mean annual income was quite less in these two villages, since the percentage increase is inversely proportional to the initial mean annual incomes. The manner in which the households utilized their increased incomes have been provided in the Table 3.

Table 3: Spending Pattern of Increased Income by the Respondent Households (N= 100)		
Item	Frequency	Percentage
Bought new furniture	40	40
Opened new savings bank accounts	38	38
Bought implements	20	20
Bought radios	15	15
Repaid loans	12	12
Married off their daughters	10	10
Opened Fixed deposit accounts in post office	10	10
Changed roof of the house from thatched to tiled roof	05	05
Paid the unpaid dowry	05	05
Source: Primary Data		

It is clear from the Table 3 that most of the households utilized their income to buy new furniture. 40% of the households bought new furniture, mainly chairs and *machiyas* (27%), plastic tools (6%), study tables (4%), and wooden tools (3%).

Table 4: Problems Enumerated by the Beneficiary Households in Obtaining the Benefits of NREGS

N=100

Problem	Frequency	Percentage
Payment of wages are not timely	90	90
Complex system of payment of wages through the post offices	80	80
Drinking water facilities inadequate at the work site	75	75
Involvement of the shadow contractors	60	60
Little information regarding the rights of the workers	56	56
Ignorance regarding the rules of payment	55	55
Illiteracy	40	40
Probability of accidents is too high at times	30	30
Crèche facilities not available at the work site	25	25
Nonpayment of unemployment allowance	25	25
Job cards are not issued despite application of job	20	20
Source: Primary Data		

Table 5: Suggestions given by the Beneficiary Households to Overcome the Problems Coming in the way of Gaining the Benefits of NREGS

N=100

Suggestions	Frequency	Percentage
The implementing agencies should keep a proper track of the implementation of the programme.	85	85
The system of payment of wages should be simplified.	45	45
Timely payment of unemployment allowance.	25	25
Crèche facilities should be provided.	25	25
Source: Primary Data		

38% of the beneficiary households opened saving bank accounts in various banks and put their increased income in the same. 20% of the beneficiary households bought various farming implements using their increased income, while 15% of the households bought radios. 12% of the households repaid their loans using their increased income. 10% of the households used their increased income to marry off their daughters. Another 10% of the households opened new fixed deposit accounts in the nearby post offices. Five percent households changed the roofs of their houses from thatched to tiled roofs, and five percent households used the increased income to pay the unpaid dowries for their daughters. Sharma, Malhotra, and Gupta (2008) reported that the National Rural Employment Guarantee Scheme reduced distress migration in Rajasthan, Jharkhand, Orissa, Chhattisgarh, Madhya Pradesh, and Bihar. Furthermore, the increased incomes earned through wage employment under the scheme have provided better opportunities for health care and have increased access to education for children.

The Table 4 depicts that untimely payment of wages is a major problem faced by the beneficiary households. 90% of the beneficiary households were of the same opinion with reference to the problems that came in their way of benefitting from this scheme. Another problem, as perceived by the households, was the complex system of payment of wages, which is done through post offices. The major problem in this system of payment of wages is the paperwork involved, and the inaccessibility of the post offices from the residences of the beneficiary households. Furthermore, the whole process of receiving the payment wasted one day, which means the loss of a day's income, especially for the daily wage earners. Jain (2006) reported that lack of awareness among beneficiaries and less than adequate funds were hampering the progress of the National Rural Employment Guarantee Scheme.

75% of the households enlisted inadequate drinking water facility as a problem, while 60% of them felt that the

involvement of shadow contractors was a huge problem that came in their way of reaping the benefits through this job scheme. 56% of the beneficiary households felt that they had little information about the rights which the workers were entitled to. 55% of the households were ignorant about the rules of payment of wages. 40% of the households were of the view that their illiteracy was a major hindrance in obtaining the benefits from the programme, since they were often fleeced by the contractors, especially during the time when the wages were being paid. 30% of the households felt that the work involved a lot of risks, and that the probability of accidents was too high in some cases.

According to 25% of the households, adequate crèche facilities were not available at the work sites. 25% of the households had not received their unemployment allowance, while 20% of the households were not issued job cards despite them having applied for a job under the scheme. 25% of the beneficiary households complained that unemployment allowance had not been paid to them, despite the fact that they had not worked for 100 days.

Table 6: Extent of Income Generation

Name of the G.P	X ₁ (Mean annual income of the beneficiary households in a village before joining the NREGS)	X ₂ (Mean annual income of the beneficiary households in a village after joining the NREGS)
Lukaia	6852	14152
Jaruatand	6952	12542
Radhanagar	17560	24508.80
Pindrajora	15760	22536.80

Source: Primary Data

It is clear from the Table 5 that 85% of the beneficiary households suggested that the implementing agencies should keep a proper track of the implementation of the programme. 45% of the beneficiary households suggested that the system of wage payment should be simplified - the wages should be paid on the spot (at the work site), and not through the post office, as is done now. For many of them, a visit to the post office to withdraw the wages meant the loss of a day's work, and a day's earnings. 25% of the beneficiary households said that the payment of the unemployment allowance should be timely. The rules of the National Rural Employment Guarantee Act state that the unemployment allowance must be paid if the implementation agency fails to provide work within 15 days of application for work, but in the case of Jaruatand village, the same had not been provided even after one year. 25% of the beneficiary households felt that the provision of crèche facilities will help them in reaping the benefits of the scheme in a better way. Bandyopadhyay (2007) reported that in West Bengal, healthcare and crèche facilities have been extended to only 13.5 % of the households enlisted under the National Rural Employment Guarantee Scheme.

The computed value of paired 't' with 3 degrees of freedom and at 5% level of significance is 392.66, which was far greater than the table value at 5% level of significance (i.e. 3.182). This implies that the difference in the mean annual income is highly significant (Table 6). Therefore, the null hypothesis that the mean annual income of the beneficiary households did not change significantly after obtaining wage employment under the National Rural Employment Guarantee Scheme, is rejected. This implies that the mean annual income of the beneficiary households increased significantly after joining the programme.

Summary and Conclusion

The study shows that the National Rural Employment Guarantee Scheme has been successfully implemented in the sample Blocks at the local level with proper guidance from the government machinery of the Bokaro district. The study reveals that the average annual income of the beneficiary households was enhanced, and so did their socioeconomic status. The beneficiary households have developed abundant self esteem and confidence due to this scheme, though there have been some teething problems both at the block level as well as at the level of the local government. The beneficiaries too have faced some problems in reaping the benefits of the programme. However, the programme is still in its initial stages and ,therefore, such problems can be expected to occur, but can be solved through the initiatives at the levels of the implementing agencies as well as the Central Government. The findings of the study can serve as a ready reckoner, as it highlights the problems faced by a) the beneficiary households in

obtaining the benefits of the programme, **b)** the implementing agencies in proper implementation of the programme.

Policy Implications

- ❖ The local self government as well as the government machinery at the block and the district level need to monitor the programme at every step.
- ❖ Encouraging banks to educate the beneficiaries of the Scheme regarding the virtue of saving, and encouraging them to save at least some part of the increased income.
- ❖ Since participation in NREGS may help families supplement their income after a bad agricultural season, policymakers could scale up NREGS in areas that are more vulnerable to weather risks to help agricultural households hedge against the same.
- ❖ NREGS, if implemented transparently, could improve household welfare in the long-run by reducing their vulnerability to risks.

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