



Mgnrega : A Case Study of Kolasib District, Mizoram

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KEYWORDS :

INTRODUCTION

Addressing the challenge of unemployment in the rural areas of the country is central to the development of the rural sector for ameliorating the economic condition of the people (Tomar & Yadav, 2009). According to Bannerjee (2009), empowerment of the poor encompasses three basic tasks - reduction of poverty, creation of employment and minimizing inequality. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was legislated to tackle the problem of unemployment in rural India. It was passed in the Lok Sabha in August, 2005, and was initially named The National Rural Employment Guarantee Act (NREGA). It came into force in February, 2006 in selected 200 poorest districts of the country. This legislation was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on 2nd October, 2009. It is now popularly known as MNREGA or MGNREGA. The scheme now covers the entire country. It guarantees 100 days of work to each rural household whose adult member is willing to do manual work at the prevailing minimum wage rate.

Through the MGNREGA, ordinary people are empowered to play an active role in the implementation of employment guarantee schemes through Gram Sabhas, social audits, participatory planning and other means. More than any other law, MGNREGA is an Act of the people, by the people and for the people (Awasthi & Kumar, 2009).

Review of Literature

Shah (2007) in his study highlighted that, if effectively implemented, the MGNREGA would not only provide relief in times of distress but also ensure a shift in the economy towards a sustainable growth path which is less vulnerable to the vicissitudes of nature, and social infrastructure would be more developed.

Ambasta, Shankar and Shah (2008) observed that the MGNREGA holds the prospect of transforming the livelihoods of the poorest people in the country.

Sjoblom and Farrington (2008) in their study found that MGNREGA has stabilized income for rural households as more work has been provided in the agricultural off period. This has assisted in income smoothening among the poor reducing their need to cut down on consumption expenditure.

According to Awasthi and Kumar (2009), the positive impact of enhanced incomes is the resultant increase in expenditure on food and non-food items. There have been positive movements of beneficiaries on the consumption ladder.

In poor agrarian economies, diversification of crop enterprises and sources of off-farm income and employment are the most important strategies adopted by the rural households to stabilize their income and consumption, Girish (2009).

Banerjee and Saha (2010) in their study stated that provision of work and creation of durable assets are the economic mechanism of the MGNREGA. Both these objectives have important implications in terms of livelihood strategies in rural India.

Manikandan (2011) in his study concluded that the works in the food crop sector, especially works in the small and marginal paddy field

owned by vulnerable sections like SCs/STs/women should be treated as the MGNREGA works. This will help in improving not only production of paddy but also the net return of small and marginal farmers belonging to SCs/STs and women.

The present study assesses the functioning of The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and its impact on consumption patterns of households in Kolasib District of Mizoram. This Act was introduced with an aim of providing employment to the unemployed people living in rural area for improving their purchasing power. Under this Act, any person living in rural area who is willing to do unskilled manual works can apply for a job card even if he or she is not from a BPL (Below Poverty Line) family. However, a single household can own only one job card. The MGNREGA was implemented in Kolasib district in 2008. There are a number of studies on functioning and impact of MGNREGA, but such a study in Mizoram in general and Kolasib district in particular are rare. Thus a study, based on primary data, is required to study the impact in the proposed area.

Objectives of the study

- To study the functioning of MGNREGA in Kolasib District of Mizoram.
- To study the impact of MGNREGA on the consumption patterns of households.

Research Methodology

The study is an exploratory research. It analyzes the functioning of MGNREGA and its impact on consumption patterns of job card owning households in Kolasib district. There are 47 village councils spread across Kolasib District. These village councils fall under two Rural Development Blocks, namely Thingdawl and Bilkhawthlir. The number of households having job cards in Kolasib District was 19,150 (i.e. 12,885 households in Bilkhawthlir Block and 6,265 households in Thingdawl Block) as on 28th February, 2011.

Sampling

The sample was drawn from 12 selected village council areas in Kolasib District. The sample selected one-fourth from the total number of Village councils in Bilkhawthlir Block (i.e. 8 out of 30VCs) and one-fourth from the total number of village councils in Thingdawl Block (i.e. 4 out of 17 VCs). These 12 village councils have been purposefully selected from village council areas with the highest number of job cards from each block. Then, 120 households, i.e. 10 each from each village council is selected as respondents for the sample, through the purposive sampling method.

Functioning of MGNREGA in Kolasib District:

As per the clauses of the Act, works permissible under Schedule 1 of the MGNREGA can only be taken up under MGNREGA works. Efforts should be primarily made to address requirements of water conservation, water harvesting and plantation. Nurseries can also be reared with funds released under the programme. The Central Government urges the states to make special efforts to take up minor irrigation works on lands of SCs & STs and Indira Awaas Yojana and land reform beneficiaries as provided for in the Act (Official Circular, 2006).

However, most of the work is concentrated on building of *Kaccha* road, in other words developing rural connectivity. This is because,

Kolasib, being a district with numerous small hills has poor connectivity. Another reason is unawareness among the local people, which prevents them from undertaking any other kind of useful works under Schedule 1.

Technical supervision of works is essential. The Central Government has advised the states to employ at least one additional technical assistant for ten village councils in addition to technical staff already available so that the works can be properly supervised. At present, the Village Level Administrative Assistant supervises the works undertaken under MGNREGA in Kolasib District

Under MGNREGA scheme, as the guideline provides, information, education and communication (IEC) and special media campaigns go hand in hand. During the implementation stage, Kolasib district along with all the other districts in Mizoram were requested to publish at least twice in all local newspapers. The masses have to be made aware of the rights under the Act. For this, pamphlet, booklet, banner, wall painting, signboard etc., have to be employed. From time to time, the campaign, using the media should also be employed. These efforts have been carried out to some extent in Kolasib District like publishing in the local newspaper. However, full details of their rights through booklet, pamphlet etc. is yet to be intimated to the beneficiaries.

Instructions from the Central Government require muster rolls to be verified by District teams. Observation suggests that entries in muster rolls don't always tally with actual workers or work done.

Works on private land is carried on extensively only in Mualkhang Village Council. Works on private land is hardly practiced in other Village Councils till today. However, works on private land is proposed to be carried out in other Village Councils as well from the new Financial Year. Also observation suggests that machinery has been used from time to time in the area under study. For example, if supply of seven days wages come, the beneficiaries would work for one day, machinery would be hired for one day and the cost for hiring the machinery would be borne out of the beneficiaries' collective one or two days wages, and the beneficiaries would be paid five or six days wages. During the time of study this kind of practise is very common in some of the village councils under the area studied

Section 3 (3) of the MGNREGA provides that the disbursement of daily wages shall be made on a weekly basis or in any case not later than a fortnight after the date on which such work was done. From September 2011, payment of wages has been switched from cash payment to post office payment in the whole Village Councils of Bilkhawthlir Block. The post office as well as bank payment mode is now carried on in all the Village Councils of Thingdawl Block. As per the guidelines of the MGNREGA, these wages are disbursed within a fortnight of completion of the works.

So far there have been cases of oral complaints to the Programme Officers. However, there have been very few cases of written complaints to the Programme Officers. Further, regular records and updates of data and photographs through Management Information System are still slow.

During April 2011 - December 2011, one Social Audit was conducted. This Social Audit was conducted with the local authorities, the MGNREGA functionaries and implementing agency in Kolasib District. The social audit was conducted in a very simple way and did not follow in detail the guidelines of the MGNREGA

If a job card holder applies for work and is not provided employment within 15 days from the date on which work is requested, an unemployment allowance shall be payable to him at the rate prescribed in the Act. However, most of the beneficiaries were not aware of this provision.

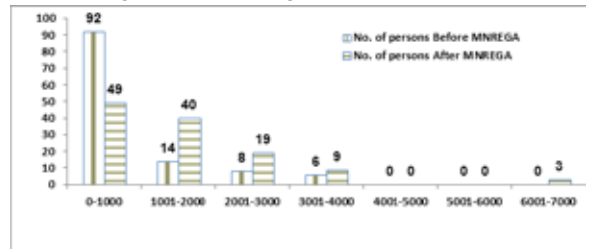
Impact on Consumption Patterns

Impact on Consumption of Health Care:

Personal healthcare includes medicines, vitamins and other forms of nutritional supplements. Average Consumption on personal healthcare before MGNREGA was Rs. 992.17 whereas, average Consumption

after MGNREGA improved toRs. 1,533.83. Hence, there is an average increase ofRs. 541.66. Wilcoxon Signed Rank Test was used to test the significance level of changes between pre-implementation and post-implementationof MGNREGA. The result is (Pre v/s Post): $Z = 7.00$ $p < 0.001$. Therefore, the change is found highly significant (see Chart-1).

Chart 1: Impact on Consumption of Healthcare



Source: Field study

Impact on Personal Consumption:

Personal consumption includes consumption on clothes, trinkets, tid-bits etc. Average consumption of these items before MGNREGA was Rs. 2,292.17, whereas average consumption after MGNREGA improved toRs. 2,892.17. There was an average increase of Rs. 600 in personal consumption of the respondents after getting MGNREGA wages. The result of Wilcoxon Signed Rank Test is: $Z = 6.46$ $p < 0.001$. Therefore, the shift in consumption pattern after MGNREGA in personal consumption is also found highly significant according to this test (see Chart - 2).

Chart 2: Impact of MGNREGA wages on Personal Consumption

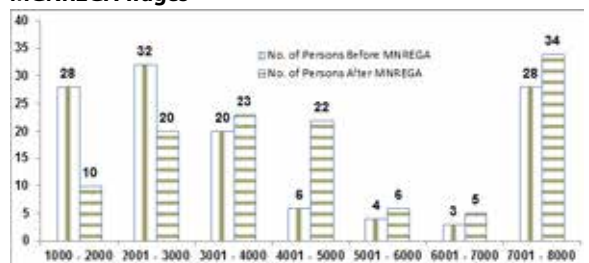


Source: Field study

Impact on Consumption of Household Durables:

Household durables include furniture, utensils, cooking gas etc. Average consumption before MGNREGA was Rs. 3,925.50, whereas average consumption after MGNREGA increased to Rs. 4,733.83. Hence, there is an average increase of Rs. 808.33 in household non-consumables after getting MGNREGA wages. According to Wilcoxon Signed Rank Test the shift in consumption of household durables after MGNREGA is : $Z=8.11$ $p<0.001$. Thus, the change is found highly significant (see Chart - 3).

Chart 3: Average increase in household durables after MGNREGA wages

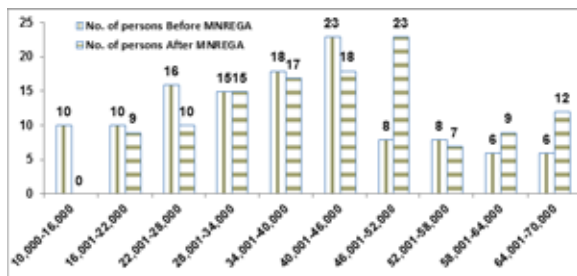


Source: Computed

Impact on Consumption of Household Non-durables:

Household non-durables include mainly food items. Average annual consumption reported by the respondents before MGNREGA was Rs. 37,000.50 whereas average consumption after MGNREGA increased to Rs. 42,950.50. The average increase in expenditure on household non-durable items was Rs. 5,949.50. The change in consumption pattern of household non-durable items according to Wilcoxon Signed Rank Test is: $Z = 10.46$; $p < 0.001$. Therefore, the change is found highly significant (see Chart – 4).

Chart 4: Average Increase in Consumption of household non-durables



Source: Computed

Conclusions and Suggestions:

The findings of the study are:

- Wide reach of the targeted beneficiaries - Majority of the respondents are unemployed. This Act channels employment to those who find no work and direct wages in the pockets of people who are poor and unemployed. It also gives employment to people who cannot find work through the whole year.
- Timely and regular payment of wages - In the area under study, wages are always paid within a fortnight after completion of the work. The implementing agency in the area under study is very prompt in this regard. The respondents did not report any incidences of payment of wages later than a fortnight. Also noteworthy is that 100 per cent of the beneficiaries in the studied area got the stipulated wage rate which is Rs. 129 per day.
- It serves as a tool for inclusive growth through positively impacting the rural poor people and lessens poverty by positively impacting their consumption patterns on durable and non-durable items. This section of the society which was not previously included in the country's development process are now included through the implementation of this Act.
- The Act helps in improving rural connectivity by building kachha roads which is very helpful.
- Access to Formal Banking - Majority of these people did not have bank accounts. Through effecting payment of wages through banks, the beneficiaries now have their own savings bank accounts and have started accessing the formal banking system on a more regular basis.
- Social audit - During the period of the study, it was found that the social audit is not conducted frequently in the area under study. There is a need to conduct it regularly.
- Employment of machinery - One of the clauses of the Act is that machinery should not be employed. The works under MGNREGA should be done only manually. However, through observation, the researcher found that a lot of work was done through machinery.
- Opportunity for making fake job cards and tampering of muster rolls - There are 14,053 households in Kolasib District (Statistical Handbook 2010). The total number of households having job cards as on 28th February, 2008 is 19,150. From observation it is learnt that there is opportunity and chances for manipulation of muster rolls when machinery is employed. It is possible to fill up the attendance sheets of the workers for the number of days the wages are supplied. Manipulation of muster rolls can also happen if fake job cards are created by personnel in the implementing agency.
- Nature of work done is limited - The nature of work done is very limited. Most of the respondents answered that they constructed kachha roads. There are adequate opportunities for other

kinds of work under the scheme.

- Delay in updating MIS - The Management Information System (MIS) has to be updated frequently to ensure transparency and accessibility to information. However, the researcher finds that the area under study is very slow on updating information in the MIS. This causes delay in accessing information which can be collected through the MIS.
- Not creating permanent and durable assets - Since the nature of work is limited to construction of kachha roads in the area under study, and rare cases of community cleaning, the MGNREGA works does not contribute enough in the creation of permanent and durable assets.
- Not upgrading rural skills - The MGNREGA works involve little skills. Moreover, in the area under study sometimes the work is done by machinery. These practices do nothing to improve the skills of the rural people
- Destroying work culture - Payment of wages is done in time rate system in Mizoram. The problem with this system is that workers know they are going to be paid whether they complete their work or not. This results in low quality output.
- Lack of awareness among people - There is lack of awareness among the people. Through informal interview, it is found that most of them are not even aware that they can apply for jobs. They are neither aware of the importance of social audit nor the implications of it. Many are not aware that they can make official complaints. They are not aware of the type of work they can undertake. They are not even aware that machinery cannot be employed. All they seem to be aware of is that they are entitled to a 100 days wages a year if they have a job card.
- Using other people's job card - Informal interaction with the job card holder revealed that it is common practise that a person who is not willing to do manual work under the scheme will apply for a job card. When the job card is granted, he or she will let someone else who is willing to do manual work under the scheme do the work. When the wages are paid, the wage will be split between the worker and the job card holder with an amount agreed upon between them. This prevents the targeted beneficiaries from getting the benefits of the Act while the benefit is diverted to untargeted groups.
- Still supply based - MGNREGA is supposed to be demand-based. But till date, the works are all supply based.

Suggestions

- Active Participation of all Concerned Parties on Social Audits - The implementing agency should make the beneficiaries aware of the importance and implications of social audits to develop a responsible and responsive system. This would ensure active participation of the beneficiaries in the social audits.
- The monitoring committee exists at various levels. The committee at the Block Level, District Programme Coordinator, Programme Officers and VLAs should make sure that no machinery is hired for doing MGNREGA works.
- The nature of works should be broadened and include projects like irrigation, canals, afforestation and water harvesting so that the area can get diverse sustainable and durable benefits from the works undertaken.
- The computer assistants should not lag in updating the Management Information System. For instance, payment of wages has to be done within a fortnight, so any new developments should also be updated within a fortnight.
- The supervisors should be stricter in their supervision of works and see that workers stay from 9 a.m. till 4 p.m. as is the normal labour working hours in Kolasib District.
- Increase awareness - Seminars, workshops and training should be conducted and pamphlets and booklets should be distributed to increase awareness of their rights among the beneficiaries. In addition, translation of the MGNREGA Operational Guidelines in Mizo will be very helpful in educating the masses about their rights under the Act.
- The job cards of all the beneficiaries who are not willing to participate in manual works should be cancelled. If a job card holder sends someone else on the work, than the supervisors should report to the Village Council Members and the Programme Officers and such job cards should be cancelled.
- The importance of the MGNREGA works and its impact in building valuable assets for the community as a whole should be

stressed so that workers will be motivated to be more committed. Also workers should be asked to decide the kind of projects to be undertaken so that they will be encouraged to do better works.

- MGNREGA work is supposed to be demand driven but is still supply based. The Government should take necessary steps to make it a demand driven.
- There is a need for regular assessment and review and revision of the implementation and functioning of the Act by independent research organisations.
- MGNREGA can be used to improve the skills of the poor people of rural areas by providing technical skill based jobs. But the Act itself prohibits the jobs which are skill based. Therefore, there is a need for extending the list of permissible works to include skill based works.

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