CHAPTER-II

THEORETICAL BASE, EMPIRICAL STUDIES AND RESEARCH GAP
Theoretical Base, Empirical Studies and Research Gap

“Poverty is the worst form of violence.”

— Mahatma Gandhi

2.1: Introduction

Poverty and unemployment are cause and effect of each other. Creation of employment opportunity is a means to fight the tribulations of poverty and poverty eradication programmes strive to mitigate the burden of unemployment. All countries are troubled by rising unemployment and are wary of consequential poverty. Willy Brandt opines that, “only economic growth can provide the means for more jobs and incomes, whether in North or South.” Literature in Economics possesses several theories proposed by world renowned economists on nexus between poverty and unemployment and ways to address these challenging issues in a country’s efforts to achieve economic growth and development on a sustainable basis. A few such models put forth by economic thinkers of international repute, pertinent to the present study are discussed in this chapter.

All the countries scourged by the dual predicaments of poverty and unemployment have been making every effort to address these challenges through well thought-off and executed employment generation and poverty alleviation programmes and schemes. Empirical studies relevant to the objectives of the present study have been reviewed in this chapter.

Research gap identified based on review of literature that helped in formulating the outlines of the present study forms the last part of this chapter.

2.2: Definitions of Poverty

“Poverty is the inability of getting choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to, not having the land on which to grow one’s food or a job to earn one’s living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it

1 http://www.goodreads.com/quotes/tag/poverty, retrieved on 21-09-2014
often implies living in marginal or fragile environments, without access to clean water or sanitation.”

- United Nations²

“Poverty is pronounced deprivation in well-being and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. Poverty also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice and insufficient capacity and opportunity to better one’s life.”

- World Bank³

“Poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information.”

- World Summit on Social Development⁴

“Absolute poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services.”

- Copenhagen Declaration⁵

“Relative poverty is defined contextually as economic inequality in the location or society in which people live⁶.”

“A state or condition in which a person or community lacks the financial resources and essentials to enjoy a minimum standard of life and well-being that’s considered acceptable in society.”

- Investopedia⁷

“A condition where people’s basic needs for food, clothing, and shelter are not being met.”

- Business Dictionary⁸

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² http://en.wikipedia.org/wiki/Poverty, retrieved on 21-09-2014
“**Absolute poverty** is synonymous with destitution and occurs when people cannot obtain adequate resources (measured in terms of calories or nutrition) to support a minimum level of physical health.”

- Business Dictionary\(^9\)

“**Relative poverty** occurs when people do not enjoy a certain minimum level of living standards as determined by a government (and enjoyed by the bulk of the population).”

- Business Dictionary\(^10\)

### 2.3: Poverty and its Causes

“Poverty is a social phenomenon in which a section of the society is unable to fulfill even its basic necessities of life. When a substantial segment of a society is deprived of the minimum level of living and continues at a bare subsistence level, that society is said to be plagued with mass poverty.”\(^11\)

In India poverty is measured in terms of ‘minimum level of living’ rather than ‘reasonable level of living’. The reason behind acceptance of ‘minimum level of living’ concept is the inability by the state to ensure, may be only till now, even the minimum quantum of basic needs. Hence, definition of poverty is shaped more by the political considerations than socio-economic one.

“Two factors account for high incidence of poverty among rural labour households. Firstly, there is a considerable degree of unemployment and under employment among rural labourers. The incidence of unemployment is the highest among casual labourers” argue Ruddar Datt & Sundharam\(^12\).

"Another major cause of rural poverty is the low asset base of the poor. 51 per cent of rural households, owning assets worth less than Rs.50, 000 accounted for only 10 per cent of total assets. As against this, 9.6 per cent of households owning assets worth more than Rs.25 lakhs accounted for 48.8 per cent of the assets," says RBI Bulletin, May 1999.

\(^8\) [http://www.businessdictionary.com/definition/poverty.html](http://www.businessdictionary.com/definition/poverty.html), retrieved on 21-09-2014
\(^9\) [http://www.businessdictionary.com/definition/poverty.html](http://www.businessdictionary.com/definition/poverty.html), retrieved on 21-09-2014
\(^10\) [http://www.businessdictionary.com/definition/poverty.html](http://www.businessdictionary.com/definition/poverty.html), retrieved on 21-09-2014
It is really distressing that on account of lack of opportunities, the rural poor are shifting to urban areas in search of livelihood and thus swelling the ranks of poor asset-less households and urban poverty. There is a close nexus between unemployment, poverty, livelihood security, consumption, nutritional security and women empowerment.

2.4: Theories related to Employment Generation, Poverty Alleviation & Economic Growth

"The less developed countries are plagued by vicious cycle of poverty caused primarily by low marginal productivity of labour which translates into less production, the resultant low income and consequently a state of poverty. Since poverty stricken society cannot create adequate savings and investment, low productivity of labour continues and the vicious cycle of poverty perpetuates."

"The vicious circle of poverty can be broken through personal effort, community support, public policies that remove barriers and open the doors of opportunity for investment. High investment translates into enhanced level of productivity of labour. High productivity of labour produces more outputs and high incomes. High income leads to low emphasis on satisfying consumption needs in the present. Less emphasis on current period means savings and investment (for future) are high. The economy will have entered the virtuous cycle and be on the path of sustainable growth."
2.4 (i): Vicious Cycle of Poverty$^{13}$

- Low productivity of labor produces low output
- Low investment translates into low level of productivity of labor
- Emphasis on current periods means savings and investment (for future) are low
- Less production results in low income
- Low income causes poverty and leads to high emphasis on satisfying consumption needs in the present

2.4 (ii): Virtuous Cycle of Poverty$^{14}$

- Personal effort, community support, public policies that remove barriers and open the doors of opportunity for investment
- Less emphasis on current period means savings and investment (for future are high
- High investment translates into enhanced level of productivity of labour
- High income leads to low emphasis on satisfying consumption needs in the present
- High productivity of labour produces more outputs and high income

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$^{14}$ Ibid
2.4 (iii): Keynesian Psychological Law of Consumption\textsuperscript{15}:

“As the income increases the consumption also increases but less than proportionate.”

The three related propositions of this law are:

i) When aggregate income increases, consumption expenditure will also increase but by a somewhat smaller amount.

ii) When income increases the increment income will be divided in the same proportion between saving and consumption. Saving is the complement of consumption.

iii) As income increases, both consumption spending and savings will go up.

2.4 (iv): Average and Marginal Propensities to Consume\textsuperscript{16}

"The relationship between income and consumption is measured by the average and marginal propensities to consume. Average propensity to consume is the ratio of consumption to income. But the marginal propensity to consume is the ratio of change in consumption to the change in income."

Thus,

\[
\text{APC} = \frac{C}{Y} \quad \text{where C stands for consumption and Y for income.}
\]

\[
\text{MPC} = \frac{\Delta C}{\Delta Y} \quad \text{Where } \Delta C \text{ is incremental change in consumption and } \Delta Y \text{ is incremental change in income.}
\]

In normal times when income increases consumption also increases, but by less than the increase in income. The marginal propensity to consume is less than 1 since the whole additional income is not spent i.e., a certain percentage of it is spent and the remainder is saved.

2.4 (v): Average and Marginal Propensities to Save\textsuperscript{17}

The income consumption relation can be used to derive the savings–income relation, for income not consumed is income saved.

\[
\text{APS} = \frac{S}{Y} \quad \text{Where S stands for savings and Y for income}
\]

\[
\text{MPS} = \frac{\Delta S}{\Delta Y} \quad \text{Where } \Delta S \text{ is incremental change in consumption and } \Delta Y \text{ is incremental change in income.}
\]

\[
\text{MPS} = \frac{\Delta S}{\Delta Y} = 1 - \text{MPC} = \frac{\Delta C}{\Delta Y}
\]

\textsuperscript{15} \text{Op.cit, Dewett, K.K. (2008)}

\textsuperscript{16} \text{Ibid, Dewett, K.K. (2008)}

\textsuperscript{17} \text{Ibid Dewett, K.K. (2008)}
2.4 (vi): **Measures for Raising Consumption**\(^{18}\):

"Since consumption function is a major factor determining the level of income and employment in the country, it is important to take up measures for raising consumption. Such measures include inter alia,

i) Comprehensive Social Security: The weaker sections of the society can be helped to increase their consumption through social security measures like wage employment programmes and unemployment allowance.

ii) Liberal Wage Policy: This will help the workers, who constitute the masses, in raising their living standards and increasing their consumption."

In Figure 2.(i) on Y-axis, consumption and savings and on X-axis, income is measured. C is consumption line, the 45° line is \( Y = C \). At point E, consumption = income. Before E, consumption is greater than income and in this region savings is negative or the individual is either using his past savings or is borrowing money to fulfill his consumption needs. After point E on the right hand side consumption is less than income.

**Fig-2(i): Propensity to Consume and Save**

\[ Y = a + bx \]

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\(^{18}\) Ibid Dewett, K.K. (2008)
2.4 (vii): Concept of Functional Finance\textsuperscript{19}

Through his concept of functional finance Lord J.M. Keynes emphasized the fact that taxation and public expenditure policy of the state affects the level of income and employment in the country. According to this concept, "when the government increases its investment expenditure on public works, the level of income and the volume of employment in the country increases many times more than the initial investment." This is in accordance with the Keynes’ Income Multiplier concept.

\[
\text{Multiplier} = \frac{1}{\text{Marginal Propensity to Consume}}
\]

This multiplier effect happens because "when the government increases its investment expenditure, at first employment increases and the incomes of people employed in those works increases. Further, when these people spend their additional income on the purchase of consumer goods, the demand for these goods increases and to meet this increased demand, their production will have to be increased. To increase production, more people will be offered employment."

The developing countries like India are caught up in the vicious circle of poverty and a large section of their population may be lying in the first region where consumption is greater than income. Their main problem is to break this circle so that widespread unemployment, under employment is reduced and the living standard of people is increased. Public expenditure through programme like MGNREGS may improve the consumption and savings of the masses through providing assured income and thereby livelihood security.

However "the ability of Keynesian Theory to address the problem of unemployment, poverty and livelihood security in the developing countries is limited by the fact that if there is any surplus income, it is spent on consumer’s goods but their supply cannot be increased (Supply being inelastic). Hence their prices rise. Such inflationary trend in prices starts both in agricultural and industrial sector." This has happened in India. Mounting investment undertaken under the Five Year Plans financed by deficit financing has raised prices all round. The multiplier has not worked. So, in resorting to Keynesian policies one must bear in mind the inflationary effects and use it with caution, keeping it within proper limits\textsuperscript{20}.

\textsuperscript{19} Ibid Dewett, K.K. (2008)
\textsuperscript{20} Ibid Dewett, K.K. (2008)
To ensure that rural poor are ensured of a minimum basic livelihood security, the Government has legislated Minimum Wages Act, 1949. Under this legislation each state fixes the minimum wages for different classes of labourers, depending upon the socio-economic conditions of the regions and revises them periodically.

**2.4 (vii): Minimum Wage Laws**

Gregory Mankiw states that "when a minimum wage law forces the market wage to remain above the level that balances supply and demand, it raises the quantity of labour supplied and reduces the quantity of labour demanded compared to the equilibrium level. There is a surplus of labour. Because there are more workers willing to work than there are jobs, some workers are unemployed" *(Figure 2.(ii)).*

**Fig- 2(ii): Unemployment from a Minimum Wage above the Equilibrium Level**

In Karnataka, since market wage rate for male labour (Rs. 120 to Rs.150 per person per day) was above the minimum wage rate fixed by the state government, in most of the districts this type of unemployment might not have been seen in their cases. "As per the Notification No. KAE 96 LMW 2005 dated 30.07.07, Prescribed Minimum Rates of Wages per day for all the types of cultivated land and VDA (variable DA) in Karnataka from 01.04.2009 to 31.03.2010 was Rs. 119.41 (Rs. 100 + Rs. 19.41)."

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However this concept may prove to be true in case of women labour, whose market wage rate (Rs. 50 to Rs. 80 per woman per day), was well below the MGNREGS wage rate.

2.4 (viii): Hirschman's Theory of Unbalanced Growth

"Under developed countries are beset with problems like larger dependency on agriculture, higher rates of unemployment and under employment, low levels of income, large income inequalities, wide spread poverty, high proportion of consumption and low savings." Albert O Hirschman argues that "these characteristics of an economy leads to inadequate infrastructure to exploit scarce resources and in the absence of investors and entrepreneurs, it is not advisable to direct cash flows in to various sectors to achieve balanced economic growth." He further states that "the objective of development is to achieve increase in national income, not once for all, but to continue over the years. For a smooth process of development, creation and maintenance of deliberate imbalances in the economy becomes necessary." His theory is based on two propositions.

i) We may find technical complementarity among various industries in the economy. However, the degree of complementarity in some industries will be more than in the others. Hence, the economic development programmes should aim at establishment of those industries where such complementarities are greatest.

ii) Based on the theory of balanced growth, if investment on a number of complementary industries is done simultaneously, it may achieve a once for all growth in the national income. But, the economy will become stabilized at this higher income level without any further growth.

Investment in either Social Overhead Capital (SOC), including *inter alia*; irrigation, drainage, education and public health or in Directly Productive Capital (DPA) is suggested by Hirschman to create such imbalances. The theory further states that, "investment made in the sectors with strong backward and forward linkages will affect the demand and supply positions in other sectors of the economy, thus leading to their expansion as well." Continuing this argument to the context of our study, it may be stated that investment on rural infrastructure through MGNREGS, especially in the economically backward regions, may have beneficial impact on the overall economy through the forward and backward linkages created.

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22 Jayeshe, What is the Theory of Unbalanced Growth?, e-article, www.preservearticles.com
2.4 (ix): Ragnar Nurkse’s Balanced Growth Theory

In contrast to Hirschman’s Unbalanced Growth Theory, Nurkse propounded that "Governments of Underdeveloped countries have to simultaneously make large scale investments in a number of industries. His theory states that underdeveloped countries remain in the perpetuation of underdeveloped state due to their poor sized market\textsuperscript{24,25}. According to Nurkse, size of the market determines the incentive for an industrialist to invest, as the investor’s production decisions are based on demand for his product\textsuperscript{26}. So, he argued that simultaneous investments by the Government will attract investment by private sector by increasing productivity and enlarging market size\textsuperscript{27,28}.

Since Nurkse believed that "expansion and inter-sectoral balance between agriculture and manufacturing sector will act complementary for the growth and development of each other by supplying essential raw materials and providing market for products of the other," he advocated attaining balanced growth in both agricultural and industrial sectors\textsuperscript{29}.

\textbf{Chart-2(a): The Process of Economic Development as Per Ragnar Nurkse’s Balanced Growth Theory}

- Large scale investment in many sectors simultaneously
- Complementarity of demand between sectors
- Size of market expand
- Economy grows and develops
- Increase in Productivity
- Increase in flow of goods and services in economy
- Consumption rises
- Size of Markets increases
- Inducement to invest for firms
- Economic Growth and Development


\textsuperscript{25} Ray, Debraj (2009), Development Economics, Oxford University Press, pp. 847.


\textsuperscript{28} Yūjirō Hayami and Yoshihisa Gōdo (2005), Development economics: from the poverty to the wealth of nations, 3rd illustrated edition, Oxford University Press, pp. 430.

2.4 (x): Nurkse’s Poverty Trap Model\(^{30}\)

“In poor countries poverty as under-consumption, results from under-production of material commodities.” This idea forms the basis for Ragnar Nurkse’s proposition that "lack of real capital forms the most important constraint in economic development. The ability and the desire to save among the people of a country determine the supply of capital. In poor countries, inflicted with low income, savings is a limiting factor, as people are forced to spend their earnings mainly for consumption, in line with Engels’ Law. ‘Demonstration effect’ is the other major factor that affects savings in poor countries, as higher standards of living in affluent economies encourage the consumption beyond their affordable limits. Inadequate capital results in low labour productivity, which in turn lowers the level of income. Thus the vicious circle is closed on the supply side. Propensity of the entrepreneurs to invest determines the demand for capital. Since the households supplying labour suffer from low purchasing power, the entrepreneurs will be reluctant to invest in such a depressing atmosphere. As a result from the demand side also the vicious circle gets closed.

The economy then will be in a state of equilibrium which is sub-optimal, termed as 'underdevelopment equilibrium' by Nurkse, analogously to Keynes' 'underemployment equilibrium' analysis. Since endogenous forces to alleviate poverty are non-existent, the economy becomes a victim of 'poverty trap'. According to Nurkse, a 'big push' aiming directly at the provision of real capital, is needed to break the vicious circle of deficient real capital and poverty in developing countries, rather than monetary and fiscal policies alone, as suggested by Keynes.

Small size of markets doesn’t permit investment for an individual entrepreneur and hence, 'a wave of capital investments' that will create demand for all the entrepreneurs is necessary to turn the vicious circle into a virtuous circle. But, for this process to sustain, private investment backed up by growing markets is necessary." Nurkse advocated that the state should mobilize domestic saving, especially in the form of disguised rural unemployment and channelize it for the construction of capital goods, essentially the infrastructure. Nurkse did not consider developing countries as resource poor and argued that the starting point for economic development should be mobilization of country’s own resources which could be, later on, supplemented with credit from international organizations. He advocated, “a balanced pattern of investment in a number of different industries, so that people working more

productively, with more capital and improved techniques, become each other’s customers.” Nurkse’s advocacy of mobilizing disguised rural unemployment and utilizing it for creation of capital goods like infrastructure, if applied to MGNREGS activities, it will make the programme more fruitful and efficient.

2.4 (xi): Dual-Sector Model (Lewis Model)\textsuperscript{31}

Sir William Arthur Lewis’ Dual-Sector Model premises that “growth of a developing country can be explained in terms of labour transition between capitalist sector and subsistence sector.” He defines subsistence sector as “that part of the economy which is not using reproducible capital” and capital sector as “that part of the economy which uses reproducible capital and pays capitalists thereof”. This model assumes that “subsistence sector of agriculture is inflicted with low wages; abundance of labour, low productivity and the production technology followed is labour intensive and that capital sector enjoys higher wage rates demand for more workers, higher marginal productivity and adopts capital intensive technology. Since capitalists invest their profits in the capital stock, capital formation occurs in the manufacturing sector over time. Because the nation gives priority to investment on the physical capital stock in the manufacturing sector, enhancing marginal productivity of unskilled labour in the agricultural sector is neglected.

The wage differential between agriculture and manufacturing sector induces the surplus labour who suffer from disguised unemployment in subsistence sector to migrate to capital sector over time to take advantage of higher wages in that sector. By this transition the marginal productivity of migrant labourers will increase. Though, initially increased investment in manufacturing sector results in larger capital formation that boosts marginal productivity of labour, over time, output per unit of labour employed will be driven down by the transition of more number of workers from agriculture sector to capital sector. The end result of this process will be that wages in both the sectors will be equal, marginal product of labourers in both the sectors will also be equal, workers from subsistence sector will lose the incentive for transition and further enlargement of manufacturing sector will no more be feasible\textsuperscript{32}.


The positive relationship between surplus labour and growth of the economy can be explained with the following graph. "It is prudent to encourage movement of labour from agriculture sector to manufacturing sector to enhance productivity in agriculture. To initiate labour movement from subsistence sector, the capitalist sector needs to pay wages that would be compensatory as determined by the potential wages outside the sector they are currently employed plus cost of living in the adopted sector and changes in the profit levels in the existing sector. It may amount to a margin of about 30 per cent above the average subsistence wage, represented by WW1 in the Figure 2(iii) OW is the industrial wage. OM represents employment of labour in the industrial sector, at the level of which marginal product of labour (represented on N) will be equal to the wage rate, so that the capitalist maximizes his profits. However, in the subsistence sector wages could be equal to average product or the level of subsistence. The total product of labour (ONPM) comprises of wage payment to labour (OWPM) and surplus to capitalist (NPW). The mode of utilization of capitalist’s surplus decides the growth of capitalist sector and the pace of labour absorption from subsistence sector. Assuming constant wages, the marginal product curve can be shifted to N1 and the employment level can be increased by MM1 if the total product of labour rises to ON1PM1 as a result of reinvestment of capitalist’s surplus.

**Fig-2 (iii): Graphic Representation of a Dual-Sector Model**

As a consequence of rightward shift in the marginal product of labour curve and increase in the total product of labour, the capitalist’s surplus rises from NWP to
Reinvestment of this additional surplus will continue this cycle till all the surplus labour in the subsistence sector is exhausted. Increase in labour productivity will cause a rise in the real wages and the economy will enter a phase of self-sustaining growth.\(^{33}\)

Because of the wage differential in agriculture and non-farm sectors, labour transition from subsistence sector to capitalist sector is already in a fast paced mode. This is resulting in hike in agricultural wages and enhancement in marginal productivity of agriculture labour is observed in the recent years as indicated by the preference of rural labour force for the non-farm employment over employment available in agriculture sector as well as under MGNREGS.

2.4 (xii): **Technological Dualism: Benjamin Higgins**\(^ {34} \)

Higgin’s theory of Technological Dualism explains that "underdeveloped countries are characterized by dualistic economy one being the modern sector and the other one is the traditional sector. The main features of the traditional sector include (a) agriculture, cottage industries and small scale industries are the main occupations (b) existence of variable technical coefficients of production makes it possible to produce products with various combinations of labour and capital, employing diverse techniques and (c) resource endowment is such that labour intensive technique dominates the production scenario. On the other hand the modern sector is characterized by (a) large scale industries, plantation and transport as the main occupations (b) extensive use of capital intensive technique (c) inability to apply different combinations of production methods as the technical coefficients of production are fixed and (d) fixed technical coefficients of production limiting the degree of substitutability of factors of production."

Contrary to the arguments presented in Lewis’ model, Higgins opines that "traditional sector with variable technical coefficients and labour intensive production process attracts and absorbs unemployed labour from the industrial sector. In the early stage of labour absorption, a constant labour to land ratio will be maintained through extensive cultivation and the capital and labour combination will also be constant,

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while production expands. However, with passage of time and continuing influx of labour from the industrial sector, labour to capital ratio rises, resulting in traditional sector becoming increasingly labour intensive and marginal productivity of labour falling below zero. At this stage disguised unemployment sets in and the producers in traditional sector become hesitant to invest in this sector, despite having the ability to invest. Neither the producers nor the workers will have any incentive to effect a change. The sector will be besieged with labour intensive production methods and low economic and social welfare."

Higgins argues that, "technological dualism, meaning disproportionate technological progress in capital intensive sector (with higher and faster progress) and labour intensive sector (with lower and slower progress) has led to disguised unemployment, a serious problem in the rural sector for over two centuries." He further states that "population growth outpaces rate of industrialization and development of modern sector needs the catalytic role to be played by foreign capital."

2.4 (xiii): Trickle-down Economics

Coining of the term “Trickle-down Theory” has been attributed to the humorist Will Rogers who made the widely appreciated comment, “money was all appropriated for the top in hopes that it would trickle down to the needy”, during the Great Depression of 1930s.36

Trickle-down economic theory is based on the principles of supply-side economics. According to this theory "a lower tax regime acts as an incentive for the individuals and the businesses to strive hard to earn more income, since they can retain more of their earnings. The surplus income will then be either spent by the individuals driving demand or invested by the businesses that will have a multiplier effect and drives the demand further. In both the cases the net result will be faster economic growth"37&38.

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37 Op.cit.,
38 Op.cit.,
2.4 (xiv): Wage-Goods Model of Development: Vakil and Brahmananda\textsuperscript{39}

The Wage-goods theory is based on the proposition that "wage-goods gap is the root-cause for poverty and unemployment and this problem can be addressed by expanding the supply of wage-goods. An expansion in the productive capacity or in other words, increase in the capital stock will accelerate production and supply of wage goods. To achieve this, paramount importance must be given to supply of capital goods to agriculture and other wage goods industries while planning investment. Increased production of capital goods can be realized by augmenting the proportion of saving to national income in the economy and investing the additional savings in wage-goods complex.

The logical framework of Vakil and Brahmananda’s argument is as follows:

a) Less developed countries are characterized by low investment resources. So, investment in wage goods industries with lower capital-output ratio will be a more desirable option than investing in heavy industries with high capital-output ratio to achieve the target growth rate.

b) With less foreign exchange requirements, the wage goods model will ease the burden of balance of payments gap. In addition, wage goods industries including inter alia; agriculture, cotton textile and sugar have large export potential. Thus, lower import requirements and higher export prospects will result in net earnings of foreign exchange which can be used to import capital equipment needed for widening the capital goods base. It will help in expansion of agriculture as well as industrial sectors and attaining self reliance.

c) High rate of growth in agriculture and subsidiary sectors will absorb the open and disguised unemployed workforce, thus solving the predicament of poverty and unemployment.

d) Majority of the workers who get employed so will be from the poor households. In that way the wage goods strategy will promote economic growth with social justice.

e) The development of wage goods industry, mainly the agriculture sector, will cause a fillip in the demand for manufactured goods. This will not only strengthen the linkage between agriculture and manufacturing sectors, but also acts as a catalyst for rapid industrial development.

\textsuperscript{39}http://www.yourarticlelibrary.com/economics/the-wage-goods-model-and-strategy-of-economic-development/38333/
f) As Nurkse puts it and Vakil and Brahmananda endorse, 'Disguised unemployment in labour-surplus developing countries contains saving potential in the form of wage-goods.'

g) Growth in employment outside the agriculture sector by way of creation of capital assets under rural works programme depends upon the marketable food surpluses. The food surplus in agriculture is a function of productivity per head in agriculture and consumption per head of the individuals engaged in it. Hence, a significant increase in productivity per head in agriculture will lead to a swift expansion in wage-employment opportunities outside agriculture.

The functional form of Wage-Goods model may be written as
\[ E_2 = f(b-w) E_1 \]

Where, \( b \) = food output per person employed in agriculture
\( w \) = consumption of food per person in agriculture
\( E_1 \) = Total number of persons employed in agriculture
\( E_2 \) = Employment outside agriculture

Then, food surplus per person employed in agriculture will be \( (b-w) \) and total food surplus in agriculture will be \( (b-w) E_1 \) and the extent of total food surplus in the agricultural sector determines the degree of employment generation outside agriculture. Since productivity per head of workers \( b \) and consumption per head \( w \) of \( E_1 \) number of persons in agriculture sector decides the total quantum of food surplus available in agriculture, which has the potential to generate additional employment opportunities in the economy and thereby help in tackling the problems of unemployment and poverty, priority must be accorded to enhancing productivity in agriculture sector."

2.4 (xv): Women Empowerment

Women bear almost all responsibility for meeting basic needs of the family, yet are systematically denied the resources, information and freedom of action they need to fulfill this responsibility. "Women receive less education than men and are over-represented among the poor and powerless. Achieving change requires actions through policy and programme that will improve women's access to the scarce and valued resources of their societies (particularly secure livelihoods and economic resources), alleviate their disproportionate household responsibilities, remove legal
and social impediments to their participation in the public sphere and raise social awareness through effective programmes of education and mass communication."

Women's empowerment has five components: i) women's sense of self-worth ii) their right to have and to determine choices iii) their right to have access to opportunities and resources iv) their right to have the power to control their own lives, both within and outside the home and v) their ability to influence the direction of social change to create a more just social and economic order, nationally and internationally.

Singh and Titi (1995) identified following necessary conditions for empowerment:

- local self-reliance, autonomy in the decision-making processes of communities at village level, and direct participatory democracy in the larger process of representative governance;
- Provision of space for cultural assertion and spiritual welfare and experiential social learning;
- Access to land and other resources, education for change, and housing and health Facilities;
- Access to knowledge and skills (both endogenous and external) for the maintenance of constant natural capital stock and the environmental sink capacity;
- Access to skills training, problem solving techniques, and best available appropriate technologies and information; and
- Participation in decision-making processes by all people, in particular women and youth.

"Empowerment is achieved if and when women set the agenda, organize mutual self help in the neighbourhood, group or network, demand accountability by the state and society for change. It is the women’s needs and visions that are at the centre point" (Young, 1993).

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40 UN Population Division (?), Guidelines on Women’s Empowerment, United Nations Population Fund, Task Force on ICPD Implementation, New York, USA.
This will require support from men to change those aspects of their behaviour, roles and privileges which currently discriminate against women. The extent of current disadvantage and inequality means that women’s empowerment may require support by development agencies at household, community and macro levels.

Longwe (1989, 1991) in his research article states that women’s empowerment as a progression can be achieved through:

**Welfare:** The level of material welfare of women, relative to men in such matters as food supply, income and medical care.

**Access:** Women's access to the factors of production: land, labour, credit, training, marketing facilities and all publicly available services and benefits on an equal basis with men;

**Conscientisation:** The understanding of the difference between sex roles and gender roles, and that the latter are cultural and can be changed;

**Participation:** Women's equal participation in the decision-making process, policymaking, planning and administration.

**Equality of control:** over the factors of production, and the distribution of benefits so that neither men nor women are in a position of dominance.

**An Empowerment Matrix from Cashe, India**

Matrix from gender training for CASHE Programme, Care-India focuses on dimensions and levels, incorporating different types of power relation into the cells. The indicators themselves are only intended as a possible guide to thinking and there are many possible indicators which could be put in each cell.

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### Table-2.1: Women Empowerment Matrix from Cashe

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>WOMEN’S ECONOMIC EMPOWERMENT</th>
<th>WOMEN’S WELL-BEING</th>
<th>WOMEN’S SOCIAL, POLITICAL AND LEGAL EMPOWERMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDIVIDUAL</td>
<td>- access to micro-finance services &lt;br&gt; - control over own income &lt;br&gt; - control over own productive assets and property &lt;br&gt; - access to markets &lt;br&gt; - reduction in burden of unpaid domestic work</td>
<td>- skills including literacy &lt;br&gt; - high health and nutrition status &lt;br&gt; - awareness of and access to reproductive health services &lt;br&gt; - access to public welfare services &lt;br&gt; - personal security and freedom from violence &lt;br&gt; - control over own fertility &lt;br&gt; - adequate leisure time</td>
<td>- assertiveness and sense of autonomy &lt;br&gt; - recognition of possibility of challenging gender subordination including cultural tradition, legal discrimination and political exclusion &lt;br&gt; - freedom of movement and access to the world outside the home &lt;br&gt; - knowledge of cultural, legal and political processes individual action to challenge and change cultural perceptions of women’s capacities and rights at household and community levels &lt;br&gt; - individual engagement with and taking positions of authority within cultural, legal and political processes</td>
</tr>
<tr>
<td>HOUSEHOLD</td>
<td>- equal influence between women and men in household economic decision-making &lt;br&gt; - equal control over all household economic resources &lt;br&gt; - equal rights to self-determination in economic role outside the household &lt;br&gt; - equal participation in unpaid household work</td>
<td>- equal control over valued areas of household decision-making including fertility decisions &lt;br&gt; - equal share of household consumption expenditure &lt;br&gt; - equal valuation of and increased expenditure on girl children and other female family members</td>
<td>- equal rights to freedom outside the home &lt;br&gt; - equal rights to political participation &lt;br&gt; - equal value given to women and men’s roles and capacities</td>
</tr>
<tr>
<td>COMMUNITY/MARKET</td>
<td>- support for women’s participation in lucrative and non-traditional occupations &lt;br&gt; - provision of wage employment for other women at good wages &lt;br&gt; - joint action to challenge discrimination in women’s access to resources (including land rights) &lt;br&gt; - elimination of gender discrimination and women’s exclusion from markets</td>
<td>- joint action for increased public welfare provision for women &lt;br&gt; - joint action to defend other women against abuse in the household and community</td>
<td>- increase in women’s networks for support in times of crisis &lt;br&gt; - local movements to challenge cultural, political and legal gender subordination at the community and macro-level</td>
</tr>
<tr>
<td>MACRO-LEVEL NATIONAL INTERNATIONAL</td>
<td>- legal economic equality affirmative action to promote women’s incomes and property ownership &lt;br&gt; - integration of reproductive services in national economic planning</td>
<td>- affirmative action to promote women’s equal education, health and nutrition &lt;br&gt; - women’s equal and independent right to public welfare provision &lt;br&gt; - enforcement of women’s legal rights to freedom from fear of sexual violence within and outside the family</td>
<td>- structures to ensure women’s equal political participation &lt;br&gt; - action to promote positive images of women in the media</td>
</tr>
</tbody>
</table>

2.4 (xvi): Backward Bending Supply Curve of Labour\textsuperscript{48}

Economic theory of 'Backward bending labour supply curve' states that "as wages of a worker increase above the subsistence level, his choice of hours or days or weeks or months to work is affected by two considerations, namely: the substitution or incentive effect and the income effect.

**Substitution effect:** As the wages increase the tradeoff between working an extra hour for a higher pay and availing an extra hour of leisure will tilt in favour of putting in more work. Hence, workers tend to offer more labour-time at higher wage than at a lower wage.

**Income effect:** As the wages increase, this countervailing effect comes in to force and encourages the worker to prefer leisure to work as the non-paid is more affordable. In other words, the higher wage makes it possible for the individual to work fewer hours, but maintain the same consumption patterns of goods and services.

While work is assumed to be an 'inferior good', non-paid time or leisure is assumed to be a 'normal good' and hence people want more of leisure as their income increases. Ceteris paribus, since increasing wage rate increases worker’s income, preference for non-paid time rises, thereby nullifying the substitution effect and resulting in the supply curve bending backwards." This concept can be illustrated with the following graph.

In the Figure 2 (iv) "When the real wages increase from W1 to W2, the worker would have a greater utility or in other words, substitution effect would outweigh income effect for that individual worker. Then, he would be willing to increase his hours of work from L1 to L2 in return for increased pay. Therefore, an increase in the real wage rate will cause an increase in the number of hours worked. But, paradoxically, a further increase in the real wage from W2 to W3, the number of hours offered to work for increased pay would fall from L2 to L3. This is brought about by income effect becoming stronger than the substitution effect or in economic parlance; utility derived from an extra hour of leisure becomes greater than the utility to be gained from additional income that could be earned by working the extra hour. Since higher wage means the worker can purchase more goods, he would substitute work for leisure until the utilities become equal, i.e., the consumer would be back in equilibrium between work and leisure\textsuperscript{49}

\textsuperscript{48}http://www.economicshelp.org/blog/glossary/backward-bending-supply/, retrieved on 19-07-2014

\textsuperscript{49}http://en.wikipedia.org/wiki/Backward_bending_supply_curve_of_labour, retrieved on 19-07-2014
However, this theory of backward bending labour supply curve holds good only until additional workers from other sectors or the unemployed persons do not enter the sector in question which pays higher wages and offer their labour. In other words, this concept applies to the aggregate labour market, without other sectors for the workers to migrate from and some workers do not suffer from involuntary unemployment.

Another factor to be borne in mind while dealing with this concept of backward bending labour supply curve is that individual workers have different characteristics and utilities. Therefore, the degree of trade off between the utility of an hour worked and the utility of an hour of leisure varies from worker to worker. This implies that the elasticity of substitution between leisure and consumption will vary. It may also be true that the low income households will tend to be less responsive to wage changes than higher income groups due to the high substitution effect.\textsuperscript{51}

\textsuperscript{50} Op cit. retrieved on 19-07-2014
\textsuperscript{51} http://www.bized.co.uk/virtual/vla/theories/labour_supply_bb.htm, retrieved on 19/07/2014


2.5: Empirical Studies

Review of past studies, relevant to objectives of the present study, conducted by other research workers, across different regions and socio-economic backgrounds, guides and facilitates designing and executing the research work systematically. It also helps in comparing the results, drawing meaningful conclusions and developing relevant policy implications. The review of empirical studies are classified into different sections viz: (a) Socio-economic features of participants in employment generation programmes (b) types of works taken up under employment generation programmes (c) impact of employment generation programmes on employment, income, expenditure and savings of the participants (d) economic empowerment of women through employment generation programmes and (e) constraints encountered in implementation of and participation in employment generation programmes.

2.5(i): Socio-Economic Features of Participants in Employment Generation Programmes

Arulprakash (2004) in his study on SGSY in Thiruvallur District of Tamil Nadu found out that 20 per cent of the SGSY beneficiaries were illiterates while 40 per cent of the respondents had primary education, 21.66 per cent and 14.17 per cent had studied up to middle school and high school, respectively and 6.67 per cent had PUC education. Of the total number of respondents, nearly three-fourth were landless, and the rest were land owners. Three fourth of the beneficiaries of SGSY were grouped under BPL category.

Anurekha Chari (2006), who did Gender Analysis of Maharashtra’s Employment Guarantee Scheme (EGS) reported that, of the 12.7 million women working in the rural areas, 89 per cent were in agriculture, of which 41 per cent as cultivators and the remaining 48 per cent as agricultural labour. Since these women were subsidiary and marginal workers, and lacked other high paying employment in the labour market, they most often took up unskilled manual work under employment generation schemes like EGS and thus, high visibility of women beneficiaries under the said scheme. This reflected gender insensitive development process and the gender insensitivity of the schemes.

Arun Jacob and Richard Varghese (2006) assessed the Status of KREGS created under the National Rural Employment Guarantee Act in rural districts like
Waynad and Palakkad. It was based on survey conducted in October 2006 by Economics Research Group of St. Stephen’s College, New Delhi. The striking feature of the survey was the overwhelming involvement of women labourers. They constituted about 60 per cent of the total applicants in all panchayats and it was anticipated since their status was better in comparison with their counterparts. Women constituted 90 per cent of the total work force employed under NREGS. The reason could be the existing attractive wage rate of Rs. 125 per day, in accordance with PWD schedule rate, which was quite higher compared with local wage rate of Rs. 60-80 per day per woman. Wages were not paid in hand to the workers instead it was transferred directly to their bank or post office accounts. Special Gram Sabhas were convened to inform people about the provisions of the Act. The researchers had documented implementation issues such as improper estimation of labour requirements and gross under-employment.

*Kiran Bhatt (2006)* conducted *Social Audit* (a process of monitoring governmental programmes by the concerned people) for the *National Rural Employment Guarantee Programme in Dungarpur district of Rajasthan*. Dungarpur is one of the poorest districts with low agricultural productivity and fewer source of livelihood in Rajasthan. Large scale migration and sporadic relief works were the main avenues of employment. NREGA had come as a boon to these people. Registration and job card issuance were at massive scale. A striking feature of the programme was the involvement of women on a large scale. At work site researcher observed more than 80 per cent of workers working were women. The likely reason for high participation could be due to the large scale migration of men to neighbouring towns in Gujarat and so on. Thus, launch of NREGA works had provided opportunity to women at large scale and for which they responded positively.

*Lalith Mathur (2007)* who conducted a study on *NREGA at the macro level* in 2006-07 found out that, 97 per cent of the 2.16 crore households which sought employment were accommodated in the scheme works generating 90 crore person days of employment at an average of 45 days per household per annum. The proportion of participation of women (41 per cent), Scheduled Caste beneficiaries (25 per cent) and Scheduled Tribe beneficiaries (36 per cent) were high. Equally significant was the proportion of expenditure on unskilled labour wage payment
which stood at 67 per cent of the total expenditure. About 8.41 lakh works, selected from the list of public works to be taken up on priority basis included in the Act, were initiated, of which 3.97 lakh were completed, and out of the Rs. 12,073 crore funds made available for the programme, Rs. 8,823 crore (73%) was utilized.

Pinaki Chakraborty (2007) has reported, from the results of her study on NREGS at the macro level, that except in Bihar and Jharkhand in all other states APL families have far exceeded BPL households in enrollment under NREGS. While the proportion of BPL households in Bihar was 50 per cent, it was 80 per cent in Jharkhand.

Ragbhendra et al (2008) based on a pilot survey of performance of NREGS in three villages in Udaipur district of Rajasthan reported that among the SC and ST households, one-third or more worked under NREGA for 51 to 90 days per annum and the rest worked for fewer days, between 1 and 51 days. Majority of the participants belonged to non SC/ST category. All agricultural labour households worked for about 51 to 90 days and some for more than 90 days. The share of participants was the highest among landless (52 per cent).

Santosh Mehrotra (2008) has reported on the performance of NREGA Programme since its launch in mid-2005. His findings reveal that the average daily wage rate in Karnataka in 2004-05 was Rs. 49 for men and Rs. 27.85 for women, whereas the NREGA wage rate was Rs.74. The share of SCs in India’s population was 14 per cent whereas their share in households which received employment under NREGA was 27 per cent. The share of STs in the total population was only 8 per cent, but they constituted 32 per cent of the total number of workers employed under the NREGA.

Sudha Narayanan (2008) from her study on NREGA in Tamil Nadu found out that two-thirds of the respondent households were landless and the remaining respondents owned on an average 0.5 to 1.0 acre of land.

Jayati Ghosh (2009) reported, from the results of her macro level study, that NREGS was more socially inclusive as it disproportionately involved women, SCs and STs as workers in the scheme. The share of women in total rural workforce of Karnataka in 2004-05 was 41.9 per cent, whereas share of women in NREGA in 2008 was found to be 51.6 per cent, the highest being in Tamil Nadu where the women
workers constituted 79.1 per cent of the total work force. In the country as a whole, women workers accounted for nearly 50 per cent of the work force under NREGS, while they accounted for 36 per cent of all rural workers in 2004-05. She also found that, share of SCs in total population of India in 2001 was 16.2 per cent, whereas their share in NREGA in 2008 was 30.9 per cent. Share of STs in total population of India in 2001 was 8.1 per cent and their share in NREGA workforce in 2008 was 24.1 per cent.

*Kareemullah et al (2009)* found out that among the 60 NREGS beneficiaries surveyed in *Andhra Pradesh*, 62 per cent were farmers and 38 per cent were landless labourers. The average land holding size of farmer beneficiaries was 1.65 ha.

*Reetika and Nandini (2009)* who conducted a survey on *NREGA activities in 6 northern states* in 2008 reported that majority of the NREGA workers belonged to the disadvantaged groups like SC and ST categories (about 70 per cent) and that 82 per cent of women workers under NREGA were illiterates.

*Anindita and Kartika (2010)* based on the results of a survey on *NREGA activities conducted in Uttar Pradesh and Jharkhand* reported that 87 per cent of the respondents had bank accounts, while 13 per cent had their accounts in post offices. Although around 40 per cent of the workers had opened their accounts over six months prior to survey, paradoxically, some of the workers were not even aware of existence of bank /post office accounts in their name. While majority of the workers (89 per cent) had individual accounts, the rest had joint accounts that included names of female members of the households. Nearly half of the workers (45 per cent) were illiterates and only about 21 per cent of them had completed high school education.

The studies reviewed show that majority of the participants in MGNREGS belonged to SC / ST households, were illiterates, either land less or having small land holdings, belonged to BPL category. Participation of women workers was also substantially higher.

### 2.5 (ii): Types of works taken up under Employment Generation Programmes

*Arun and Richard (2006)* reported that majority of the works executed under poverty alleviation programmes in *Palakkad district of Kerala* included construction of drainages and water channels or renovation of the existing ones.
Chhaya Datar (2007) in her study on NREGS in Maharashtra found that very few labourers had identification cards and no one possessed job cards. Out of the 12 villages surveyed by her, in 5 villages wage payment was done in cash and in 3 villages workers were not paid cash wages.

Pinaki Chakraborty (2007) discussed the Budgetary Incidence of the NREGA. Based on the fiscal data available, NREGA induced fiscal strain in current fiscal year by comparing the budget burden from other employment programmes prior to NREGA and NREGA allocation was examined. Central government mobilized 10 per cent of GDP as revenue and size of the government expenditure measured as a percentage of GDP was around 15 per cent. Direct expenditure on rural employment constituted 0.2 per cent of GDP in 1996-97 which later declined to 0.13 per cent of GDP in 2001 at the time when human deprivation was at its peak in rural India. There was an increase in direct expenditure on rural employment to 0.4 per cent of GDP. It had actually declined to 0.33 per cent of GDP in 2006-07 even with the introduction of NREGA programme. In terms of share in central government budget, NREGA scheme had made no difference to government expenditure on rural employment programme. In other words, government had allocated higher amount of resources in term of percentage of GDP for rural employment in the past excluding NREGA.

Kareemullah et al (2009) in their study on NREGS in Anantpur District of Andhra Pradesh for the period 2006-09 found that in the previous 3 years 22,375 works related to natural resource development had been taken up on farmers fields in the district. With a total expenditure of Rs. 16,455 lakhs the scheme provided employment to 5.66 lakh persons belonging to 3.14 lakh households. Different types of works completed under the scheme included works related to water conservation accounted for the highest share (56 per cent) followed by land development (29 per cent), irrigation facilities (4 per cent), renovation of traditional water bodies (3 per cent), drought proofing and development of plantations (3 per cent), rural connectivity (3 per cent) and micro and minor irrigation works (1 per cent).

The studies reviewed show that among different types of works executed under MGNREGS, majority are related to natural resource management.
2.5 (iii): Impact of NREGS and other Employment Generation Programmes on Employment, Income, Expenditure and Savings of the Participants

Sinha and Prasad (1980) reported that due to IRDP, Anthyodaya Programme, Food for Work Programme and other special programmes in Musahari Block of Bihar, the average increase in the income of weaker sections of the community was 41.39 per cent, while it was 66.23 cent for the group having an income between Rs. 1,000 to Rs. 2,000 and increase in income was highest for the groups below Rs. 4,000 income.

Pant (1981) evaluated the Antyodaya Programme in Allahabadh and Fatehpur Districts of Uttar Pradesh. He indicated that the income of all the selected beneficiaries had increased by 44 per cent. He reported that inspite of more coverage of landless and poorer households, the scheme had failed to raise them above the poverty line in a large number of cases.

Muthayya et al (1983) reported that the incremental income of the IRDP beneficiaries of two Blocks of a District each from Karnataka, Kerala and Andhra Pradesh were ranging from less than Rs. 200 to more than Rs. 800. The average annual household incremental income was Rs. 836. They concluded that despite increase in income, the beneficiaries could not cross over the poverty line.

Lakshmi Devi (1985) in her study on IRDP in Trichur District of Kerala found that the utilization of assistance under IRDP resulted in increase in income for 28.33 per cent of the beneficiaries, whereas it did not result either any positive change or decline in income for the remaining workers.

Ghosh, D.K. (1993) in his study on Impact of Poverty Alleviation Programmes on Agricultural Labourers in West Bengal inferred that though in terms of families crossing the poverty line the achievement seemed to be negligible (10.5 per cent per cent of the total assisted families) in reality due to Integrated Rural Development Programme (IRDP), the majority of the assisted families were able to increase their standard of living and feel the experience of better life (70.5 per cent of the total assisted families). About 82 per cent of the assisted families were able to increase their food consumption because of enhanced family income due to the various schemes under IRDP. Contrary to IRDP, JRY neither ensured continuous employment nor took care of adequate employment. Hence, impact of JRY on
agricultural labourer was minimum. For effective implementation of poverty alleviation programmes, close linkage between self employment and wage employment opportunities becomes essential.

_Sudarshan Reddy (1995)_ stated that after exposure to JRY, majority of the beneficiaries (96 per cent) had their income of Rs.3,001 and above, followed by 4 per cent of the beneficiaries in the category of Rs. 2,001-3,000. While before JRY, the income level of majority (60 per cent) of beneficiaries was in between Rs. 1,001-2,000 category, 28 per cent were in the category of Rs. 2,001-3,000, 10 per cent were in the category of Rs. 3,001 and above and 2 per cent in the less than Rs.1,000 category.

_Aralprakash (2004)_ in his study on performance of _SGSY in Thiruvallur District of Tamil Nadu_ found that around one third of the beneficiaries received an incremental income in the range of Rs. 2,001 to Rs. 3,000, whereas 27.50 per cent had generated net income in the range of Rs. 1,001 to Rs. 2,000, 15.83 per cent of the beneficiaries were able to earn up to Rs. 1,000. About 5.83 per cent and 2.50 per cent of them had incremental income of Rs. 4,001 to Rs. 5,000 and Rs. 5,001 to Rs. 6,000 respectively. With assistance from SGSY, 72 per cent of the beneficiaries became fully employed and 28 per cent changed from being wage earners to self employed. The researchers also reported that nearly half of the beneficiaries were able to get 101 to 200 man days of employment, 15.83 per cent and 9.16 per cent of them got the benefit of 201 to 300 man days and more than 300 man days of employment, respectively.

_Bharat Dogra’s (2005)_ analysis has shown that during the Eighth Five Year Plan (1992-1997) 5.120 million man days of employment were generated in the country under various rural wage employment programmes including JRY and EAS.

_Kannan (2005)_ in his study on _Linking Guarantee to Human Development_, conducted an analysis at the macro level and stated that under employment for rural labour households, had been to the tune of 140-170 days a year and the wage rates were as low as Rs. 25 to Rs. 50 for women in many parts of the rural India. As revealed by the 55th round of the _NSSO (1999-2000)_ , on an average a rural labour household in India had a family size of 4.67 and earning member strength of 1.74 (1.14 men and 0.6 women). The agricultural wage rates were low at Rs. 40.58 for men and Rs. 28.57 for women. Considering 273 days of full employment in a year, the per capita earnings per month worked out to Rs. 309.
Singh and Mishra (2006) have reported that employment guarantee scheme under Maharstra government generated 7 per cent employment in the State during the year 1987-88. Inspiration for enactment of NREGA has been its experience.

Yamini and Salimah (2006) reported from a national Ministry of Rural Development (MoRD), Government of India study that, awareness among the SGRY beneficiaries about the minimum wage rate fixed by the government under the scheme was limited to only half of them. It was also observed that around 12 per cent of the total beneficiaries were paid less than Rs. 30 per day while 65 per cent were paid between Rs. 30 and Rs. 60 per day. At the state level, minimum wages paid for unskilled labour ranged from Rs. 84 per day in Punjab to Rs. 35 per day in Andhra Pradesh. This indicated that there was a large difference between skilled and unskilled wage rates under SGRY.

Lalith Mathur (2007) from his study on NREGS across the States revealed that the number of households per district provided with employment and person days of employment availed per household was relatively higher in Rajasthan (2 lakh households, 83 person days) as compared to Madhya Pradesh (1.6 lakh households and 68 person days), Chattisgarh (1.7 lakh households, 54 person days), Orissa (0.7 lakh households, 57 person days) and Tamil Nadu (1.2 lakh households and 26 person days). Though the number of households per district was the highest in West Bengal at 3 lakh households, the person days of employment availed per household was the lowest (14 days).

Rinku and Martin (2007) reported, based on the results of their study on rural poverty, that at the wage rate of Rs. 40 per person per day, an Employment Guarantee Scheme (EGS) operating solely in the lean season brings the annual poverty rate down by 3 per cent, from 34 per cent to 31 per cent, while with a wage rate of Rs. 50 poverty incidence would fall by an additional percentage point.

Srivastava et al (2007) conducted a study on NREGS in 11 Districts of Madhya Pradesh with a sample size of 2,208 rural households. They found that inspite of the employment generation schemes implemented by the government, 86 per cent of earners in the paid employment category were agricultural labourers earning on an average a low income of Rs. 5,046 per annum, while other occupations yielded more than double this income. They also stated that 85 per cent of the self employed earners among the poor were small cultivators with an average annual income of Rs. 7,290. The researchers hoped that NREGA may prove to be an effective intervention in reducing poverty in rural areas of the state.
Vidhya and Pramod (2007) from their study on *performance of NREGS in Orissa* found that it stood out as the first state in implementation of NREGS, showing a total expenditure of more than Rs. 700 crores, with 82.39 per cent fund utilization, surpassing all the major states with respect to percentage of expenditure against available NREGS funds. The number of job cards issued and number of households that received employment were 23.30 lakh households and 11.19 lakh households, respectively. On an average, each household had availed 31 days of employment, but no household had completed 100 days of employment.

Anish Vanaik (2008) who assessed the performance of NREGS in Hazaribagh of Jharkhand found that employment generation under the scheme was quite low. In 2007-08, only 31,658 households had been provided with employment against 1.23 lakh households that demanded work and the average employment generated was only around 34 days until June 2008.

Reetika Khera (2008) based on a *survey conducted in Madhya Pradesh and Rajastan* reported that the average number of days of employment generated under NREGS during the 12 months preceding the survey in Pati block was as high as 85 days, it was only 23 days in Rajpur block. The corresponding average for the two districts surveyed in Rajastan was 71 days.

Siddhartha and Anish (2008) based on their *analysis of NREGS performance* reported that Ministry of Rural Development (MoRD) came out with calculations which suggested an average of 44 days of employment per household in India, with 10 per cent of households getting 100 days of employment. Contradicting this statement Comptroller and Auditor General’s (CAG) report stated that each household registered under NREGS received on an average 18 days of employment and only 3.2 per cent of the total number of registered households worked for the full 100 days. CAG and MoRD arrived at two different numbers pertaining to the same activity because of the fact that CAG considered registered households as the reference group, while the MoRD’s calculations focused on number of households employed under NREGS. The researchers opined that registered household approach followed by CAG does not capture the demand driven aspect of the Act.

Kareemullah et al (2009) found that Karnataka accounted for 2.3 per cent of the total households employed and 2.3 per cent of employment generated in India under NREGS. Women’s share in total employment generated in the state was 45.4 per cent. About 4.8 per cent of the participant households completed 100 days of employment and on an average 38 days of employment was provided to each
household in the state. Andhra Pradesh a leading state with respect to implementation of the scheme had 2,36,021 works completed in the country (11.2 per cent of the national total) by 2009, with a cumulative expenditure of Rs. 2,964 crores. In that state, earnings from NREGS wages accounted for 32 per cent of the participant household’s income. In terms of employment generated under the scheme, Andhra Pradesh stood second with 20.8 per cent of the total employment generated in the country, next only to Rajasthan (33.9 per cent). The share of households availing the guaranteed 100 days of employment was the highest in Andhra Pradesh (23.1 per cent). The study also revealed that during the previous 3 years ending March 2009, at the national level about 4.5 crore rural labourers had availed employment under NREGS with about 14 per cent of them getting 100 days of employment during 2008-09. On an average, 38 days of employment was provided under NREGS across the country during 2006-2009. Among the states, Rajasthan had provided the maximum employment of 58 days, on an average, to each of the households.

_Naganagoud and Uliveppa (2010)_ assessed the _relation between employment guarantee and human rights_. NREGA as a demand side approach entails citizens’ right to work. In the first year of its implementation in 200 districts, 2.10 crore households were employed and 90.5 crore person days of employment was generated. In the year 2007-08, 3.39 crore households were provided work and 143.5 crore person days of employment were generated in 330 districts in second phase. In 2008-09 it had created employment opportunities for more than 4.479 crore households. Since its inception to August 2009 the programme had benefitted over 10 crore rural households by creating 612.65 crore person days of employment.

_Harisha et al (2011)_ who studied the impact of _MGNREGS in Central Dry Zone of Karnataka_ reported that the number of days worked by the rural labour force in the study area had increased by 16 per cent with the implementation of MGNREGS.

In most of the studies reviewed under impact of employment generation programmes on employment, income, expenditure and savings of the participants it was observed that around 10 per cent of the households at the maximum had completed 100 days of employment under MGNREGS and in most of the States market wage rates were higher than that of MGNREGS wage rates.
2.5 (iv): Economic Empowerment of Women through Employment Generation Programmes

*Rinku Murgal and Martin Ravallion (2005)* in their macro level study on Employment Guarantee Scheme assessed the impact of the scheme providing 100 days of work to the rural people in poverty and the likely cost associated during lean season. The empirical analysis was based on employment- unemployment schedule of India’s National sample survey for 1999-2000. For each person, information on his/her principal activity in preceding year of survey and daily activities during the week preceding the survey was obtained. The rural sample included 61,000 households of which majority (96.5 per cent) had at least one able bodied adult. Their analysis was based on the sample of 17,800 adults (15-59 years) from 15 major states. The results indicated that the incidence of gains from Employment Guarantee Scheme and the impact on poverty alleviation was 30 per cent on the poorest quintile and this changed little at higher wage rate. At the wage rate of Rs. 40, the gain from the scheme represented 30 per cent of pre EGS consumption for the poorest quintile, falling to 3.5 per cent for the richest quintile. At the higher EGS wage rate, corresponding gains were 51 per cent and 6.6 per cent, respectively. The EGS wage rate of Rs. 40 brought the head count index in the lean season down from 37 per cent to 27 per cent, while at the EGS wage rate of Rs. 50, the head count index further reduced by four points of the poverty rate. Cost of the lean season EGS was equivalent to 1.3 per cent of GDP at a living wage rate of Rs. 40 and rose to 1.7 per cent at the wage rate of Rs. 50. It was estimated that 35 per cent of casual labourers would be employed by the EGS at the wage rate of Rs. 40, rising to 36 per cent at the higher wage rate of Rs. 50. The overall supply elasticity of labour with respect to EGS was about 0.2. Thus EGS providing 100 days of work during lean season at a wage rate sufficient for average rural family to reach poverty line, reduced poverty from 37 to 27 per cent in that season. The annual poverty rate fell from 34 to 31 per cent. At a high wage rate of Rs.50, poverty rate fell from 23 per cent in lean season and 30 per cent when averaged over the year at a cost of 1.7 per cent of GDP.

*Anurekha Chari (2006)* has reported on gender analysis of Maharashtra’s Employment Guarantee Scheme (EGS). She found that, of the 12.7 million women working in the rural areas, 89 per cent were in agriculture, 41 per cent were cultivators and 48 per cent were agricultural labourers. Thus, women mostly worked
as subsidiary and marginal workers. In these situations, women more often than not took recourse to short term unskilled employment offered by schemes such as EGS. Thus, the high visibility of women on EGS work sites could be due to lack of recourse to other high paying jobs in the labour market. This reflected gender insensitive development process rather than the gender sensitivity of the scheme.

Sanjay Savale (2006) analyzed the qualitative aspects in particular about the implementation and performance of two developmental programmes such as EGS (Employment Guarantee Scheme) and SGRY (Sampoorna Gramin Rozgar Yojana) using 24 qualitative criteria from 29 projects in six tehsils of Nasik district. Fifteen projects belonged to SGRY and 14 belonged to EGS. Based on five point score, projects were categorized. The summarized data enabled to compare 14 EGS and 14 SGRY projects based on range of criteria. EGS had relatively good record of employing women since it was easier for women to find work near home, drinking water was more frequently supplied in EGS than SGRY at worksite. EGS projects provided potential platform for local organization of rural labour because these projects employed local people to a greater extent than SGRY did. The most striking differences in the projects in tribal and non tribal areas indicated the enthusiastic response of tribals to employment opportunities on public works. As they relied on rainfed agriculture, during dry spells men were most likely to migrate to a long distance in search of work. Hence, people who remained and succeeded in finding employment on public works in the tribal areas were likely to be women and work generally existed close to their homes. The EGS and SGRY projects, paying the minimum wage were always not accepted with enthusiasm there. The need for employment on rural public works was greater in the tribal areas and women workers turned out in larger number. Based on these findings, the researchers opined that reshaping EGS to make more democratic and decentralized like SGRY would not solve grass root level problems.

Sudha Narayanan (2008) in her research work has shown that in Tamil Nadu, the main occupation of majority of women surveyed was working on others’ farms as agricultural labourers. Nearly 41 per cent of the respondents declared that NREGA had been the only source of income for the household. With respect to utilization of income they earned through NREGS employment, 51 per cent of the respondents mentioned that it was retained by them and about 19 per cent of the women workers
interviewed said that they shared it with their husbands. The study has also revealed that those women who were not so dependent on NREGA also felt that it gave them a sense of independence and security. The women workers also admitted that the scheme had provided them livelihood security since agricultural works were available only intermittently and they no longer had to go from place-to-place in search of work, as NREGS work was available right in their villages. The wages earned as NREGA workers enabled them to pay their debts, retrieve pawned gold to spend on their children’s health and education or saved as chit funds.

Kohli (2009) in his study NREGS has revealed that the 69 per cent of NREGA beneficiaries said that the Programme had helped them to avoid hunger and/or improve their diet, 59 per cent were able to avoid migration, send their children to school (38 per cent), cope with illnesses (50 per cent), repay debts (32 per cent) and avoid demeaning or hazardous work (35 per cent). The NREGA had provided women from rural India a unique opportunity to earn their own income. Almost 30 per cent of the women respondents had no earnings, except for their NREGA wages in the three months prior to the survey. A unique feature of the NREGA was that it paid women the same wages as men. Another important achievement of the NREGA was the reduction of exploitation of labour through increase in wage rate up to Rs. 85. Several laborers under the survey also stated that they preferred working under the NREGA than for other private land owners because the work conditions were better in terms of hours of work and productivity norms. The NREGA work also carried a certain prestige with it as it was usually looked upon as a form of ‘Government Work’. The workers as well as the survey team felt that most of community assets created under NREGA would help to address the basic needs of the rural people.

Reetika and Nandini (2009) who conducted NREGS survey at the macro level in 2008 found that two-third of the female respondents in 6 North Indian states faced less hunger because of NREGA. Earnings from NREGS’ work improved their food security status. They also reported that factors like provision of NREGS work in the village proximity, perception of that scheme as a government employment, regularity and predictability of working hours, payment of minimum wages have worked in favour of larger participation of women in NREGS works. The average wage earned by women in the private labour market ranged between Rs. 47 and Rs. 58 per day for agricultural and casual labour respectively. However, in NREGS the wage earned was Rs. 85 per day, substantially higher over other prevailing wages. Because of these
advantages, the researchers found that, 32 per cent of sample workers in the northern states were women, the highest being in Rajasthan (71 per cent), followed by Madhya Pradesh (44 per cent). But, disappointingly, the figures for Chhattisgarh (25 per cent in Surguja district), Jharkhand (18 per cent in Palaman and Koderma districts), Bihar (13 per cent in Araria and Kaimur districts) and Uttar Pradesh (5 per cent in Sitapur district) were lower than the average for the northern states, national average and MGNREGA stipulation of one-third of the total workforce. The average days of NREGS employment provided in Rajasthan was 46 days per female worker per year. In the states other than Rajasthan and Madhya Pradesh where the survey was conducted, the number of days of NREGA employment provided for women workers was low (at less than 20 days per year).

Roy (2009) has reported that in Tripura, NREGS was a means of survival to helpless old aged unskilled labourers in rural areas. The NREGS had regenerated self-belief amongst the poor that they could earn income for their family. Field study also showed that 10 per cent of women participating in NREGS had been subscribing to LIC policies and/or recurring deposits. Majority of women had reported that NREGS had enabled them to be health cautious.

Naganagoud and Uliveppa (2010) assessed the performance of MGNREGS across the states and reported that women’s participation in the scheme works was to the tune of 41 per cent of total work force at the national level in 2006-07 and it further increased to 48 per cent during 2008-09. During that year, proportion of women in the total number of MGNREGS workers was highest in Tamil Nadu (82 per cent) followed by Rajasthan (70 per cent). This was a significant increase in comparison with proportion of women participation under SGRY which stood at 25 per cent of the total workforce. However, in states like West Bengal (17 per cent), Uttar Pradesh (14 per cent), Jharkhand (23 per cent), Himachal Pradesh (23 per cent) and Bihar (27 per cent) women participation did not meet the MGNREGA stipulation that one-third of the workers have to be women.

The studies reviewed under economic empowerment of women through employment guarantee programmes showed that, women workers are participating in a large number in MGNREGS and it has paved the way for the empowerment of the rural women. The main reason quoted by them for this larger participation was the MGNREGA wage rate which was higher than the market wage rates for women.
2.5 (v): Constraints Encountered in Implementation of and Participation in Employment Generation Programmes

Shylendra et al. (2005) examined the performance of Swarn Jayanti Gram Swarojgar Yojana (SGSY), a flagship poverty alleviation scheme of the government, and reported that it is beset with problems like faulty selection, improper identification of viable schemes, sidelining of capacity building and above all lack of integration among different agencies involved in implementation of the scheme.

Arun and Richard (2006) from the results of their study state that workers reported delay in payment of wages for more than 20 days in Palakkad district of Kerala. But, on the positive side, they reported instances of NREGS works being temporarily suspended in some panchayaths of Palakkad district so as not to interfere with the agricultural crop harvesting.

Bela Bhatia, et al (2006) who conducted an appraisal of NREGS implementation in two districts of Jharkhand have stated that there is little difference between NREGA and earlier employment programmes such as NFFWP and SGRY with respect to the objectives. However, basic purpose of providing employment on demand at the statutory minimum wage was nowhere near being achieved in the earlier programmes and they were beset with irregularities such as delay in wage payments, nonpayment of minimum wages and inadequate worksite facilities in the earlier employment programmes. But, NREGA was providing vital employment opportunities to the rural poor and helping to revive the local economy.

Bhatia and Dreze (2006) discussed various aspects of implementation of NREGA in remote and deprived areas of Jharkhand based on field investigation. Though, there is a growing public awareness about NREGA as a new initiative in providing rural employment, there was a poor understanding of the basic features of the Act among the beneficiaries in the study area. The beneficiaries were not clear about the entitlements associated with the job card. They were unaware of the fact that NREGA is demand driven, that is, until and unless they apply for it they cannot reap the benefit from the programme. The problems were also associated with wage payments. The researcher has identified four specific problems which need immediate actions are fudging of muster rolls (the only written records of the work done at the worksite, the number of labourers employed, the person days of employment and wages due), flawed measurement of work, non-payment of minimum wages and
delays in wage payments. Problems associated with implementation issues such as provision of basic worksite facilities to labourers, failure in utilization of labour potential in creation of more productive assets such as rain water harvesting, excavation of tanks, construction of kaccha roads and so on. Thus from the field survey it can be concluded that still there exists room for better implementation of programme. NREGA has created sense of hope amongst poor which need to be further strengthened by educating people about the Act that it gives them employment as a matter of right, and claiming for this right is in the realm of possibility.

Kiran Bhaty (2006) conducted social audit, a process of monitoring governmental programmes by the concerned people for the National Rural Employment Guarantee Programme in Dungarpur district of Rajasthan. The researcher has stated that disturbing aspect of this overwhelming participation of women at worksite was the gross negligence of children. The problem of children at worksites was more complex than what it appeared. The possible solution for this disturbing factor would be the employment of women labour under NREGA to look after children below age group of five years at one of the houses rather than at worksite. The other likely possibility would be the construction of mobile structures such as tents at work site. The Dungarpur experience showed beyond doubt that NREGA could provide a much needed source of livelihood in rural areas, particularly for women, but only cause of concern was lack of childcare which calls for immediate action.

Sanjay Savale (2006) compared the EGS and SGRY programmes in Nasik district of Maharashtra. He found that in EGS instances of corruption and long delays in the payment of wages to workers were common. Whereas SGRY projects had shorter delays in the payment of wages usually up to a month. However, since EGS provided employment to labourers at times when no other work was available it met the needs of rural poor people for manual wage work in a better way. Use of heavy machinery, especially JCB and outside workers was more common in SGRY than in EGS projects. Since contractors played a dominant role in the implementation of SGRY, participation of women workers in that programme was not encouraging, whereas EGS, had a relatively good record of women participation because it was easier for women to find work near home.
Yamini and Salimah (2006) conducted surveys across the states to assess the performance of SGRY and found that the use of contractors was more extensive than officially reported, to an extent of 92.4 per cent in Orissa, 66 per cent in Kerala and 30 per cent in Jharkhand. The line department officials or the Panchayath Raj Institution members hired contractors who ruled the roost by controlling the entire MGNREGS process right from identifying works and employing labourers to disbursement of wages.

Chhaya Datar (2007) based on her study results said that there were two reasons for low demand for employment guarantee scheme in Maharashtra, one being unrealistic wages and the other being delayed wage payment to labourers. She also revealed that the officers accept that for the last few years the Employment Guarantee scheme in Maharashtra was run by contractors, who used to get work orders by paying bribes to line departments, which did not want to prepare estimates and supervise works. The poor had become disillusioned with the scheme because of lack of regularity in employment and assurance of wages. The administration also failed to pay unemployment allowances to any labourer who was not provided work. This resulted in an increase in seasonal migration.

Karuna and Sowmya (2007) from their study of Andhra Pradesh Rural Employment Guarantee Scheme (APREGS) revealed that 59 lakh job cards had been issued and 13 lakh workers had earned wages amounting to Rs 170 crores. But the poorly maintained records spoke about deviations in the wage amounts paid to the labourers and nonexistent works being shown to have been completed.

Vidhya and Pramod (2007) reported several discrepancies in the implementation of NREGS in Odisha that include poor maintenance of muster rolls and the attendance registers in 2 villages in Gajapati block, job cards being in the possession of panchayath officials instead of with the wage earners, workers not receiving wages due to them for the NREGS work done in villages like Podabandh and Pudugusil in Rayagada district, taking signatures on blank muster rolls, workers receiving wages for 12 days when they had worked for only 5 days, but e-records showing 28 days of work executed in Tikarapada village of Koraput district, payment made in the month of May for the road work completed in the month of March without making any entries in the job cards in Mahulkot village and neither making
entries in job cards, nor paying the wages in Khamtarai village for the pond work completed during the month of April.

Anish Vanaik (2008) who conducted a study on performance of NREGS in Jharkhand reported that wage payments to the labourers were made 40 to 50 days after the completion of work against a stipulated time period of 15 days.

Anish and Siddhartha (2008) in their survey of NREGA in Orissa found that the release of NREGA funds from the regional headquarters and payment of wages by the banks to labourers was taking at least 15 to 20 days. This frequent delay in wage payment was causing hardship to the labourers. In one instance they found that the workers received payment in the month of September for a work completed in the month of June. The researchers inferred that while bank payment system is improving NREGS performance, building a culture of transparency and accountability would go a long way in addressing poverty issues.

Maruti (2008) conducted a study on rural development programmes in Karnataka and reported that participation of intended beneficiaries in governmental programmes was affected by different factors including inter alia; illiteracy, lack of information, huge rents, involvement of local leaders in distribution of benefit and lack of congenial environment to avail the benefit of governmental programmes. His suggestion for improvement was to restrict the number of programmes and increase the breadth of programme beneficiaries instead of proliferating the number of programmes with similar objectives.

Pramathesh et al (2008) found out from their study on NREGA works in Saruja district of Chattisgarh that line departments were implementing 50 per cent of the scheme works using machinery.

Sudha Narayanan (2008) conducted a survey of NREGS works for crèche facilities and child care practices of working women at worksite in Villuppuram district of Tamil Nadu in July 2007. The results of her study showed that despite all the employment and income benefits from NREGA, young mothers faced difficulties on regular basis, one such important predicament was the childcare. Of the 104 women respondents, almost 50 per cent left their children at home, 19 per cent brought them to the worksite, and 12 per cent reported leaving their children at anganwadi and 11 per cent at schools. Over 85 per cent of women felt that if a crèche was provided at the worksite they would have certainly brought their children,
particularly infants, to worksite. Women workers were not entitled to childcare facilities at worksites unless at least five children were present. These were the disturbing factors which needed to be revisited to make NREGS more fruitful in the field of women empowerment and rural development.

Kareemullah et al (2009) studied the performance of NREGS in Anantpur district of Andhra Pradesh and reported that the scheme had adversely affected labour supply and wage rates for agricultural operations. They observed that while during the peak agricultural season wage rate increased by 38 per cent, during the slack season the extent of rise in wage rate was about 34 per cent. This might have rationalized the rural wage rates, but have dug deep into farmers’ pockets because of increase in cost of production and decline in their profit margin, despite a hike in output price.

Reetika Khera (2009) has summarized her research findings by saying that the Right to Food (RTF) act would have to be built on four major types of interventions which are complementary to NREGS viz; nutrition schemes for children, the PDS, social assistance for vulnerable groups and other interventions.

Anindita and Kartika (2010) reported from their survey conducted in Allahabad district of Uttar Pradesh and Ranchi district of Jharkhand that job cards were not properly maintained. In one panchayath of Ranchi, they observed that though the muster roll contained names of many workers from that village, the work was actually performed by workers from other panchayaths. In another gram panchayath of Allahabad district it was found that the wage payment order contained names of upper caste men who never participated in MGNREGS activities.

Many of the studies conducted to assess performance of NREGS in different states have revealed that irregularities like corruption, use of machineries and contractors for the execution of works, delay in or non-payment of wages to workers, the intended beneficiaries, lack of work site facilities have been defeating the basic purpose of launching such ambitious programmes.

2.6: Research Gap

MGNREGS was implemented in the year 2006-07 in 200 backward districts and was extended to all the districts of the country only in the year 2008-09. Except for a few quick appraisal studies, not much detailed research works were taken up to analyze the success of MGNREGS in achieving the objectives of its enactment by GOI when the proposal was submitted. However many studies were taken up in the later period which have looked into physical achievement of the programme in terms of number of works taken up, number of days of employment generated, number of
households covered under the scheme, number of households availing 100 days of employment, types of works executed, proportion women, SC and ST workers in the total number of beneficiaries and so on and financial aspects inter alia; total money allocated, money spent, proportion of labour payment and material cost in the total expenditure, number of bank accounts opened, additional income earned by the beneficiaries and so on.

Since no study had been taken up comparing the performance of MGNREGS in the four districts, from the economically backward and forward regions of Karnataka State, selected for primary review, and issues relating to those factors which were responsible for poor or better performance of MGNREGS in the two contrasting situations, this study assumes importance.

Studies could be taken up in the following lines:

The impact of MGNREGA on: household income, employment, wage rates, agricultural productivity, savings and investment, social capital formation, economic empowerment of marginalized groups, especially women, labour migration, opportunity cost of labour in labour surplus and labour deficit areas and its influence on different social and economic classes, stabilizing rural economy, addressing climate change issues through conservation of natural resource, factors contributing to performance in economically backward and forward regions, human development etc.