CHAPTER – I

INTRODUCTION
INTRODUCTION:

Poverty in India has often been seen as a problem of rural areas at the policy-making level. Official statistics tend to support this view since, until the late eighties, urban poverty levels were about 10 percentage points below rural levels. This is so, irrespective of the poverty lines and price indices used by the experts in their calculations. But the scenario has changed significantly in recent years. By the late eighties, the gap between the two poverty levels narrowed so much that the Expert Group on Poverty Measurement, set up by the Planning Commission, reported a higher figure for urban than rural poverty. Though rural poverty levels have once again dipped below urban poverty, the rural-urban poverty differential in the late nineties is wider than ever before.

While poverty in rural areas tends to go down smoothly with economic growth, there is no significant negative correlation between per capita income and rural poverty at the state level and the percentage of rural households covered through basic amenities does not increase with per capita income. One can, therefore, hypothesize that while in many Indian states, rural poverty is due to lack of socio-economic and educational development, in others it is due to the nature of development itself. Furthermore, the number of rural poor is increasing at a much faster rate than in urban areas. All these factors underline the need for policy focus on rural poverty.

The Government of India has adopted a multifold strategy to eradicate poverty, which is multi-dimensional. Eradication of poverty has been the overriding objective
since the beginning of economic planning in India. Eradication of poverty through overall economic and social development by ensuring equitable access in resources and skills, as well as by widening the opportunities for gainful employment to the deprived sections of the society, is enunciated as the principal objectives of all the rural development programmes initiated by the government. It has assumed significance more so in the context of ongoing economic reforms due to the apprehensions that the short-run impact of reforms may not be favorable for the eradication of poverty. It is known that economic growth alone is not sufficient to reduce poverty and there is a need for direct state intervention for poverty eradication.

It is often argued that rural areas do not need government support or budgetary resources to tackle problems as the people have higher income levels, can mobilize resources internally and attract higher levels of outside investment. While the rural sector has indeed attracted more private sector resources, most of the investment has gone to commercially viable infrastructure projects. Funds for infrastructure improvement have been extremely meager. Given the political economy, it is difficult for the local governments to mobilize resources from rich areas and provide basic amenities. Government institutions and NGOs are involved in the design and implementation of the programs. Their involvement is sought to ensure that beneficiaries have the entrepreneurial skills and the capacity to repay the loans.

Poverty in India declined from 36 percent in 1993-1994 to 28 percent in 2004-2005. However, close to 300 million people still live in chronic poverty on less than one
dollar a day. Recent assessments of poverty by the Suresh Tendulkar Committee place 37% below poverty line\(^1\). The World Bank estimates the BPL population at 40%. Unemployment and out of labour-force days of rural agricultural labourers is 104 days (76 days for male and 141 days for female)\(^2\). Extensive erosion of the natural resource base over the last 50 years has resulted in some of the worst natural disasters adversely impacting agricultural productivity and employment opportunities.

Rural India is at the centre-stage of all growth in the future. However it continues to suffer from lack of basic infrastructure. Caught in the vicious poverty-cycle, rural India, in absence of adequate infrastructure, rural India finds it difficult to undertake activities that can accelerate economic growth. Home to close to 69 per cent of India’s total population, rural India faces the daunting task of providing sustainable income and employment opportunities to a major section of the population, especially the lower-income households\(^3\). In absence of infrastructure facilities, there is lack of market-access to rural population, slow growth in organised retail and thus, limited livelihood opportunities, stagnation in agriculture and aggravation of rural poverty-levels. Absence of infrastructure also makes rural markets fragmented, characterised by high costs of transactions and high information asymmetry. The retail sector offers unprecedented opportunities for rural India, and the only thing that can hold this sector back is the lack of infrastructure. Two-thirds of India’s consumers live in rural areas and a little more

\(^{\text{1}}\) DFID Report 2005

\(^{\text{2}}\) S.Tendulakar Committee Report

\(^{\text{3}}\) MR Saluja, Impact of NREGA on Rural Livelihood
than half the national income is generated here. Therefore it is not surprising that that rural markets form an important part of the Indian market. In more than 630000 villages, there are almost twice as many 'lower middle income' households in rural areas as in the urban areas. At the highest income level there are 2.3 million urban households as against 1.6 million households in rural areas. Middle and high-income households in rural India are expected to grow from 80 million to 111 million by 2008. In urban India, the same is expected to grow from 46 million to 59 million⁴.

Direct provision of wage employment is obviously an attractive instrument for poverty alleviation wherever the poor depend heavily upon wage employment for their income and also suffer from considerable unemployment and underemployment. Wage employment Programmes have sought to achieve multiple objectives. They not only provide employment opportunities during lean agricultural seasons but also in times of floods, droughts and other natural calamities. They create rural infrastructure which supports further economic activity. These Programmes also put an upward pressure on market wage rates by attracting people to public works Programmes, thereby reducing labour supply and pushing up demand for labour. While public works Programmes to provide employment in times of distress have a long history, major thrust to wage employment Programmes in the country was provided only after the attainment of self-sufficiency in food grains in the 1970s.

⁴ NABARD Annual Report 2006
Despite significant advancement in industrial development, Indian economy is dependent on agro-based activities. Over 70% of the population living in rural areas is dependent on agriculture for livelihood. A majority of these families spend over 90% of their earnings on basic needs such as food, fuel, and health care. Over 50% of the rural families who are not able to meet even these essential needs fall under the category of the poor. Thus, in an agrarian country like India, for improving the economic status of the population it is not enough to enhance the per capita GNP, but it is also necessary to ensure prosperity among the poor. Industrial development and adoption of modern technologies are likely to generate additional employment in urban areas and pay rich dividend to elite and rich investors. This in turn might widen the gap between the urban and rural as well as the rich and the poor, with respect to wealth accumulation, resulting in further hardship to the poor. Therefore, we need to address the problems of the poor to ensure social justice and better quality of life.

Rural development also deserves priority for maintaining self-sufficiency in food supply. Our food security is under severe threat because of the growing population. No doubt, India has tripled her food production over the last four decades, to reach the present level of 195 million tons/year. However, with over 1.8% annual birth rate, our growing population is bound to raise the annual demand for food to 250 million tons by 2010 A.D. As food security is a pre-requisite for economic progress, agro-based rural development deserves attention.
Fortunately, the Government of India has been giving top priority to rural development. However, in the absence of well planned development programmes and efficient delivery systems, most of these resources do not benefit the target groups. It has been reported that only 18% of the rural development budget reaches the target families, while the rest is wasted due to inefficient delivery systems or drained out. In the process of assisting the poor, a significant portion of the budget is spent on relief and subsidies. Poor families have received sympathy instead of motivation which has resulted in a dependency syndrome. As a result, most of the poor have lost confidence, initiative and entrepreneurship. The inputs and cash distributed for investment in development are being diverted for household consumption. In such a situation, free distribution of inputs may not help the rural poor any more.

The time is now ripe for a change in the strategy. The rural development programme should identify the problems of the poor and address the local needs, instead of forcing them to accept pre-conceived plans. The participating families should take active part in the programme. There should be equal opportunity for the weaker sections of the society and women. The programme should facilitate sustainable management of natural resources and environmental protection and lead to better quality of life. One of the important and more useful program which is going to come and to achieve all the above said aspects is NREGS discussed in the followings:
The National Rural Employment Guarantee Programme:

National Rural Employment Guarantee Act became operational in 2005 and a large scale programme initially covered 200 districts in India under National Rural Employment Guarantee Programme. The programme in the third phase covered all the districts of the country and since October 2009 is called Mahatma Gandhi Rural Employment Guarantee Scheme (MGNREGS). Such a large scale programme guaranteeing 100 days of employment to any poor family has spent around Rs 95672.88 crore over the last 4-5 years. The programme has improved rural infrastructures particularly for enhancing water availability for enhancing agricultural productivity.

The National Rural Employment Guarantee Act, 2005 (NREGA) guarantees 100 days of employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. The Act will come into force initially in 200 districts, and will be extended gradually to other areas notified by the Central Government. It will cover the whole country within five years.

The National Rural Employment Guarantee Act is a "People's Act" in several senses. The Act was prepared through a wide range of consultation with people's organizations. Second, the Act addresses itself chiefly to working people and their fundamental right to life with dignity. Third, the Act empowers ordinary people to play an active role in the implementation of employment guarantee schemes through Gram
Sabhas, social audits, participatory planning and other means. More than any other law, NREGA is an Act of the people, by the people and for the people.

This Act is an important step towards the realization of the right to work. It is also expected to enhance people’s livelihoods on a sustained basis, by developing the economic and social infrastructure in rural areas. The choice of works seeks to address the causes of chronic poverty such as drought, deforestation and soil erosion. Effectively implemented, the employment generated under the Act has the potential of transforming the geography of poverty.

NREGA calls for the formulation of a Rural Employment Guarantee Scheme (REGS) by each State Governments within six months of the date of commencement of the Act. The purpose of the Scheme is to give effect to the legal guarantee of work, by providing at least 100 days of guaranteed employment to every rural household whose adult members volunteer to do unskilled manual work subject to the conditions of this Act.

Over the last Four years, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has delivered the largest employment programme in human history, which is unlike any other in its scale, architecture and thrust. Its bottom-up, people-centred, demand-driven, self-selecting, rights-based design is new and unprecedented. Never have in such a short period so many crores of poor people benefited from a government programme. In 2010-11, nearly 5.50 crore families were
provided over 250 crore person-days of work under the programme. Over the last four years, MGNREGS has generated more than 1,100 crore person-days of work at a total expenditure of over Rs.150,000 crores. The share of SC/ST families in the work provided under MGNREGS has been 55 per cent and 45 per cent of workers are women. Average wages of workers have gone up by 54 per cent over the last five years and wages have now been so indexed that workers will be protected from the ravages of inflation. Nearly 10 crore bank/post office accounts of our poorest people have been opened and around 80 per cent of MGNREGS payments are made through this route, an unprecedented step in the direction of financial inclusion. In many parts of the country, spectacular successes have been recorded in water harvesting. Distress migration has been arrested in several areas. Some State Governments have been leaders in this and the National Consortium of Civil Society Organisations on MGNREGS has also set up examples of excellent work⁵.

The Government of AP has established Employment Generation Mission to coordinate activities of all the concerned departments in employment generation and manpower planning. The Mission will prepare a time bound action plan for implementation. The Government acts as a facilitator and would identify in priorities key sectors with employment potential and ensure successful implementation. By the fruitful ramifications of MGNREGS, the following number of people benefited in the year of 2011-2012.

⁵ Report of Committee of Revision of MGNREGS Operational Guidelines, p-1
Emp. Provided to households  |  3.08416 Lakh  
Person days (in Lakh):   |  125(52.5 Lakh)  
Total :                  |  82.21  
SCs:                     |  21.04 (25.59%)  
STs:                     |  10.98 (13.36%)  
Women:                   |  54.49 (66.28%)  
Others:                  |  50.19 (61.05%)  
Total fund : Rs.         |  127.09 Crore  
Expenditure:             |  84.76 Crore  
Total works:             |  28210  
Works completed;         |  4338  
Works in progress:       |  23872  

Source: http://nrega.nisc.in

Hence, this study wants to investigate the actual beneficiary upliftdown by availing the employment opportunities in rural areas and it also investigate the improvement of livelihoods and quality of life, empowerment, accession of modern education, healthcare etc. and whether this MGNREGS is having impact on the people who are predominately deserve or it is going to be mis-utilisation. By the above conceptual framework, this study deals with the problems and prospects of MGNREGS.
OBJECTIVES OF THE STUDY

The main objective of this study is to understand the role of Mahatma Gandhi National Rural Employment Guaranty Scheme (MGNREGS) towards empowerment of rural people in Nalgonda District of Andhra Pradesh, and also describe the problems and prospects in implementation.

1. To study the evolution of the rural development programmes and Schemes since post-Independence era.

2. To address the NREGS Scheme and its implementation mechanism

3. To evaluate implementation status of MGNREGS Scheme in India as well Andhra Pradesh state

4. To understand the socio-economic conditions of the beneficiaries

5. To describe the strategy for employment generation and action plan for implementation.

6. To measure the derive synergy of the plans and programmes of various departments working directly or indirectly for employment generation.

7. To explore the institutional and organizational mechanism for effective implementation of the Rural Employment Guaranty Scheme.

8. To examine the present trends and conditions of Rural Employment Guaranty Scheme.

9. To expose the role of MGNREGS in the poverty alleviation.
10. To know the present conditions of the beneficiaries of National Rural Employment Guaranty Scheme

11. To suggest the suitable measures to success of programme.

HYPOTHESIS:

1. NREGS/MGNREGS is reducing the poverty in the rural areas.

2. NREGS/MGNREGS promotes the semi employment for rural poor.

3. Effectiveness and efficiency in the implementation is the success of the NREGS in the rural areas.

4. NREGS has brought the social and economical development in Nalgonda district.

METHODOLOGY:

A). Area of Study

The Telangana Region of Andhra Pradesh state consists (10) ten districts namely Warangal, Nalgonda, Nizambad, Khammam, Karimnagar, Mahabubnagar, Ranga Reddy, Hyderabad, Adilabad and Medak. From this region, the Nalgonda district has been selected as the area for this study. Because, it is one of the economically backward districts, in Andhra Pradesh particularly in Telangana Region.
B). Universe and Sampling:

According to the list of Andhra Pradesh Government, about 3, 08416 Lakh people were benefited through the National Rural Employment Guaranty Scheme in Nalgonda district, so that, the researcher considered such beneficiaries as the universe for this study and further, the samples selected on the basis simple random method of sampling and on the whole, 300 samples list prepared for this study.

C.) Universe of Study

The study was carried out in two mandals from Nalgonda District namely, Kattangoor and Nakrekal by using purposive sampling method for the study area was selected.

D). Sampling Procedure

For the selection of beneficiary respondents two stages were followed. In the first stage, purposive sampling method was adopted for the selection of the study area. In the second stage, for selecting the sample respondents, random sampling method was adopted.

D). Sample Size

A sample of 150 households of job card holders were selected from each Mandal, (i.e.150X2=300) total 300 households were collected.
E). Data Collection

Data was collected both from primary and secondary sources. Primary data was collected from all the stakeholders of MGNREGS. Questionnaire, surveys with the different stakeholders engaged in MGNREGS in the study site were organised. Semi structured informal interviews also taken from selected households. Transect walk into the MGNREGS worksites were conducted to have firsthand experience on the MGNREGS works at the community level.

For gathering quantitative data household survey was conducted using the pre-tested schedules. Audio-Video accessories were also used for collecting data. The secondary data was collected from official records, policy documents, books, published reports of projects, journals and literature from social science discipline. The secondary data collected from various libraries viz. General library, state central library, seminar library, NIRD library etc.

F). Data Analysis

Both qualitative and quantitative data was analysed in the backdrop of the project objectives. Quantitative data was tabulated and statistically analysed using SPSS software. Qualitative data was interpreted based on the information collected from the field.
Chapters Scheme:

This study has been divided into eight chapters including Introduction

1. Chapter – 1: Introduction and Methodology of Study
2. Chapter – 2: Review of Literature
4. Chapter – 4: MGNREGS A Paradigm Shift in India
5. Chapter – 5: Status of MGNREGS in Andhra Pradesh
6. Chapter – 6: Socio-Economic and Geographical Conditions of study area
7. Chapter – 7: Analysis of the data
8. Chapter – 8: Findings and Conclusions