CHAPTER - II

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2.1 INTRODUCTION

In Indian rural scenario, the problem of poverty and unemployment have always been and still continue to attract the attention of our policy makers. The pace of development among different States of the country and within the State among different districts has not been uniform, because there are not only regional differences, but also the divide appears to be ever widening. There are still districts which are lacking basic infrastructure facilities and employment opportunities. These districts report of starvation deaths from time to time and massive migration of labour. It is, therefore, quite imperative that such of the districts should be identified and sincere attempts have to be made to bring them out on par with other developed districts. Several strategies have tried to find out a workable solution for achieving the phased regional development.

Employment policy, inter alia, continues to be an integral part of the successive Five Year Plans in India. Despite more than five and half decades of development planning and tenacious efforts of the Government, the unemployment situation presents an alarming picture. To alleviate poverty and generate employment to the rural masses, the Government of India launched a good number of anti-poverty programmes in the rural sector. For instance, programmes such as Rural Works Programme (which was started in 1961), Crash Scheme for Rural Employment (1971-72), Pilot Intensive Rural Employment Project (1972) the Maharastra Employment Guarantee Scheme (1972-73) the Food for Work Programme (1977), National Rural Employment Programme (1980), Rural Landless Employment Guarantee Programme (1983) were some of the programmes aimed at rural employment generation in the rural sector. In view of the broad similarities in the objectives of both NREP and RLEG and shortcomings observed in their implementation, attempts were made to merge these two wage employment programmes into a single and integrated wage employment programme. In the light of the suggestions made by the Sub-Group on Rural Employment Programmes for Seventh Plan, constituted by the Government of India in 1983, the National Seminar
on Poverty Alleviation Programmes organized by the Union Ministry of Rural Development in New Delhi in 1988 and the Working Group for the Eight Five Year Plan (1990-95) in respect of NREP and RLEG, the Employment Assurance Scheme (1999), Sampoorna Rojgar Yojana (2001) National Food for Work Programme (2004), National Rural Employment Guarantee Act (2005) wide an amendment in the NREG Act called the National Rural Employment Guarantee (Amendment) Act 2009. The name of NREG Act has been changed to the Mahatma Gandhi National Rural Employment Guarantee Act and the corresponding Act shall be deemed to have come into force on 2nd October 2009 and National Rural Employment Guarantee Scheme were launched on February 2, 2006 by merging erstwhile NFFWP.

The National Rural Employment Guarantee Scheme (NREGS) was launched by the Government of India in February 2006. The NREGS was a wage employment programme and it is indeed the first tangible commitment to the poor that they can expect to earn a living wage without loss of dignity and demand. So far, the scheme that was geared to alleviate the rural poverty and create natural resource assets has been extended up to 200 districts and is targeted to 583 districts in five years.

2.2 REVIEW OF LITERATURE

The available literature on National Rural Employment Guarantee Scheme is scanty. A review of the literature available on erstwhile National Rural Employment Guarantee Scheme (NREGS) viz., National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEG), Jawahar Rogar Yojana (JRY) (in which both NREP and RLEG are merged), National Food for Work Programme (NFFWP) is made in the following pages.

R.K. Tiwary (1990) made an attempt to understand the processes involved in the implementation of the National Rural Employment Programme (NREP) and the problems confronted in the realization of its objectives in Durg and Raipur Districts of Madhya Pradesh. One of the important observations he made in the study was that some of the problems confronted at the planning level were due to the vague or indistinct instructions issued by the State Government. The study observed that almost similar type of works were taken up years after year which did not really reflect the genuine felt needs of the target groups.
Prasad Rao (1985) had undertaken a study on evaluation of NREP in Kottayam District in the State of Kerala. The results revealed that the co-ordination among the higher officials was very good to make the works successful. It was found that the food-grains distribution system failed dismally in this area. A series of problems occurred in the delivery of food-grains to the workers. Similarly, Tripathi (1984) conducted a study in Gop Block in Puri District in the State of Orissa. It was found in their study that majority of beneficiaries opined that they could be gainfully employed and their income levels increased by participating in NREP works.

N.P. Singh (1985) in his evaluative study on the impact of NREP in the State of Andhra Pradesh, observed that the majority of the people considered the programme beneficial since it provided gainful employment to the locally unemployed, prevented migration and tended to ease food situation in a very limited way.

Hem Chandra Jain (1987) had undertaken a study in Narasingapur District in Madhya Pradesh and he observed that, 49.65 per cent got employment per year under NREP Programme. The overall position of those seeking employment under the programme was more in favour of upper caste beneficiaries. It was further observed that the number of skilled labourers who were provided employment under the programme was insignificant. The workers engaged under this programme were not solely dependent on wage employment, but also engaged in farming and other allied activities. He also observed that the supplementary employment provided was not sufficient to meet their off-farm man-days employment requirement. The increase in the income was not sufficient to affect their family income appreciably, but it had provided a bonus income, raising their consumption level as well as spending on acquiring household utensils, repairing of living houses and purchase of agricultural implements.

V.S. Singh (1988) made a critical analysis of the functioning of the poverty alleviation programmes such as IRDP, NREP, RLEG and factors accounting for their poor performance. The evaluation division of the State Planning Institute, Uttar Pradesh had conducted an evaluation study on NREP in the year 1983. It had been observed that the specific conditions mandatory for launching the programme were viz., construction of permanent assets 60:40 ratio in labour and material
components, at least 10 per cent expenditure on the works specifically benefiting the weaker section etc. It has practically made the selection of the appropriate construction works a very difficult task and some of the conditions are mutually contradictory. All concerned were of the opinion that it is rather impossible to construct permanent capital assets by maintaining a ratio of 60:40 in labour and material.

Lakshmaiah (1989), made an attempt to assess the impact of NREP on income and extent of gainful employment of the sample beneficiaries in Chittoor District in Andhra Pradesh. One of the major findings of the study was that progress of the programme was satisfactory in the sense that all the physical targets in terms of utilization of funds and creation of additional employment were achieved. The analysis revealed that the target group of land less labour are earning additional incomes and getting additional mandays of employment through this programme.

Economic faculty of National Institute of Rural Development had conducted survey (1988) in Tamilnadu and Kerala to understand the implementation process and assess the impact of the NREP on the weaker section in the rural areas. It was found in Tamilnadu the magnitude of employment generation under NREP at the village and family level was very insignificant and could not create much impact on the beneficiaries. In the state of Kerala, it was observed that the financial outlay and employment generation under NREP went hand in hand. However, pattern of expenditure against allotment of funds have been a high degree of variation amongst the districts with in the state. A high proportion of NREP workers in Trichur District turned out to be migrant workers from Tamilnadu. They came because of higher wage rates for workers in this area. Most of them worked under the Contract System of employment and accepted wages lower than that prevailed in the areas for similar works.

The International Labour Organization (ILO) (1987), conducted a survey for implementation of NREP programme in the States of Gujarat and Karnataka in the year 1984 and observed that the average employment provided per labourer was 51 days in Gujarat and 55 days in Karnataka. The survey revealed that the programme was found to be more effective in providing short-term employment, but less effective in providing long-term and continuous employment for the unemployed and underemployed in the rural areas.
George and Raju\textsuperscript{10} (1984), have attempted to assess the extent of NREP programme in Vikarabad in Rangareddy District in Andhra Pradesh. The study was focused on the need for reordering of priority in creation of areas on the basis of the local needs and to prepare area plans for income and employment generation. Preparation of area plans for employment and income generation should be given priority in the context of NREP, so that there would be right synchronization between schemes taken up under NREP and those prescribed for development purpose. Further, they suggested that highlighting the importance of integration of funds and programmes, systematic planning for area development and selection of projects and strengthening of the block-level administrative set-up for effective implementation of the programme.

Lingamurthy and Radha Krishna\textsuperscript{11} made an attempt to examine the impact of NREP in Khammam District in Andhra Pradesh. The study revealed that the NREP had emerged as a very good substitute to off season employment in the study area as it was able to provide, on an average, 115 days of employment in a year. But the programme could not create durable assets to a significant extent as most of the works remained incomplete due to non-release of funds in time. The wages paid under the programme were higher than the minimum wages fixed by the Government to the area. There was no discrimination in the payment of wages between male and female labourers. It was concluded that if the programme was implemented throughout the year, by plugging all the loop-holes, the programme would, doubtless cause a significant impact on wages, incomes and employment in the area.

Anitha Sarma\textsuperscript{12} made an attempt to study in Chittoorgah District in the State of Rajasthan in order to examine the processes involved in the implementation of the NREP. The study was identified some bottlenecks which affected the realization of its objectives. But the study was suggested some suitable measures for more effective execution of the programme to create employment and building up of socio-economic, infra-structure in the rural areas.

Ranga Rao S.P.\textsuperscript{13} dwelt on one of the salient features of JRY that of distribution of funds to districts on the basis of the proportion to the size of the population which falls below the poverty line. Similarly, Rural Landless
Employment Guarantee Programme (RLEGP) 14 aims of generating additional employment opportunities to the unskilled rural landless labourers in the rural areas. The investments under the programme are made in projects. Which strengthen the rural economic infra-structure and there by create long-term employment opportunities for the under employed and unemployed in the rural areas.

Angsuman Basu (1990) 15 was of the view that conceptually JRY is an improved employment programme compared to the programmes like NREP and RLEGP. However, it suffered from certain short comings. The implementing agencies at the gram/mandal panchyats have been asked to formulate and execute economically productive schemes. But they have not been provided any technical support or adequate staff. Even through the manual on Jawahar Roz Gar Yojana insists on the doing away with middlemen and contractors in the implementation of JRY works. It was observed in actual practice that middle man and contractors continued to have a major share in the implementation of JRY works. Even under the panchayat Raj bodies.

Bhaskar G. (1994) 16 made an attempt to assess the performance of JRY programme implemented in all gram panchyats in the Karimnagar District in the state of Andhra Pradesh. The programme helped to build up socio-economic infrastructure development in the rural sector. The authors observed that the major lacuna found in the implementation of JRY programme was that the panchayat raj bodies did not ensure the participation of the rural people in the implementation programme. They were apprehensive about the collusion between the programme implementations and the middlemen and the consequent miss appropriation of funds.

Shripathi K.P. (1994) 17 evaluated the performance of JRY in Dakshina Kannada District of the Karnataka State. It was observed that the progress of JRY in 1990-91 was decreased when compared to the previous year. The implementation of the programme got delayed because of the wage rates were low as compared to the locally prevailing wage rates. Non-availability of workers and material during certain seasons caused delay in completing the works. There was no co-ordination between different agencies involved in the implementation of the programme. Similarly, Naveen Chandra Joshi (1994) 18 suggested that voluntary organizations might be involved in the implementation of Jawahar Rozgar Yojana at the district and gram panchyat level.
Parameswara Iyer (1994)\textsuperscript{19} was appreciative of the fact that in the year 1994-95 budget outlay for the JRY programme, Rs. 5055 crore had been earmarked to the rural employment sector. In the final report of the fact finding mission (1992)\textsuperscript{20} (Under agencies of the department of rural development, Government of India), it was observed that JRY is the single budget centrally sponsored public employment programme in the world today, which involves an administratively complex system of financial transfers from top to bottom which in the end give a certain financial distribution to the village panchayats to execute labour intensive works. It represents a break with the previous programme, particularly because of decentralization of decision making to the village panchayats. The villagers through the village assembly are supposed to control the use of funds.

Ashok Kumar and H.P. Joshi (1991)\textsuperscript{21} observed that Jawahar Rozgar Yojana has came into practice at a time when the Government has been pressing a head, for the establishment of the Panchayat Raj System as a gross root level administrative infrastructure for the effective implementation of developmental programmes. They were of the view that a close monitoring of the implementation of JRY programme needs to be ensured. Similarly, Sanjay Das Gupta (1990)\textsuperscript{22} viewed that Jawahar Rozgar Yojana as a qualitatively different programme of employment generation in the rural sector. They viewed that Jawahar Rozgar Yojana is in the direction of decentralized development planning, devolution of resources and greater autonomy to local bodies.

Sudhansan K.R. (1994)\textsuperscript{23} observed that Jawahar Rozgar Yojana which continues to be the largest single employment programme during the Eighty five year plan has the twin objectives of creating wage employment and infra structure development going by the sectoral expenditure under Jawahar Rozgar Yojana. It is evident that it is a multifaced programme for an overall development and giving face lift to the rural India. Aiming at achieving full employment when the country is presiding to step into the 21\textsuperscript{st} century.

Lingarajamma (1998)\textsuperscript{24} made an attempt to study on the performance of Jawahar Rozgar Yojana in Mysore District in Karnataka state. From her study, it was found that about 86 per cent of the available funds were utilized in the district under Jawahar Rozgar Yojana, but 10.5 per cent of the man days were created under
the programme. The share of women was only 8.29 per cent in the employment opportunities generated because of lack of knowledge among the women about the programme.

Dandekar and Rath\textsuperscript{25} have been made an attempt to study that the need to expand the programme of FWP. The labour force is larger than 250 million and underemployment is acute and widespread. The Govt. need to substantially enlarge the food for work programme to reduce poverty.

Nurkse, R. (1976)\textsuperscript{26} suggested that the programme is necessary to expanded that for reduce the imbalance in the economy and will also overcome the constraints when the problem of inflation is very serious. Thus it is not good enough to produces some consumer goods to meet the new demand generated by itself. This point has been made repeatedly by Nurkse, and also kelaki. The evaluation study (1980)\textsuperscript{27} was completed by the end of October, 1979 the PEO interim report refers to the evaluation of Food for work programme carried out by the different units of the PEO in 10 selected states covering 20 districts, 40 blocks, 80 villages and 793 beneficiaries. Eight of the 10 states were selected where the food grains released under the programme. The study examines several aspects of the programme utilization of food gains, employment and income generation, types of assets and infrastructure created difficulties and malpractices observed in the implementation of the programme and the impact of the programme on the various sections of the village community.

Gupta D.P. (1978)\textsuperscript{28} The food for work programme was conceived and undertaken with the twin objectives of creating avenues of employment, on the one hand and constructing valuable durable assets for the welfare of the community on the others. The programme evaluation organization (1982)\textsuperscript{29} of the planning commission has pointed out the following deficiencies in the implementation of the food for work programme. In out of 20 districts, 100 per cent utilization of food gains was found in 1978-79. The additional jobs generated during the same year, over the previous year per selected household of the sample villages varied from three man days to 20 man days. Employment was created in the selected villages. In the individual districts this ranged from 535 mandays in Raigen (Madhya Pradesh) to 46.879 mandays in Bhojpur (Bihar). The additional income generated over the
previous year in the sample villages varied from Rs. 23 to Rs. 1569 per selected household. The extent of additional income generated over the last year ranged from 1.4 per cent to 97 per cent. The overall percentage increase the selected households in the villages was 17.7 per cent.

According to Thirty Fourth Report submitted to Loksabha (1979)\textsuperscript{30}. The experience clearly demonstrated that growth and increased rate of labour absorption had to go up simultaneously. It was realized that demand constraint on growth required accelerated employment generation and increased share of the depressed areas and the weaker sections of the society in the national product. For this purpose, the investment emphasis on favoured areas could yield place to areas which exhibited little growth, no growth or even negative growth in the past.

Second draft Five Year Plan have been made an attempt to study (1978)\textsuperscript{31}. That mainly arid areas, the evolution of the dry-farming technology seemed imperative and was taken up. But growth rate too was found to be an incomplete indicator of the problem of unemployment and poverty. Even states that exhibited moderate growth rate showed severe unemployment and poverty. Thus about 73.5 per cent of the total unemployment in India was found to be concentrated in seven states. The Draft Five Year Plan 1978-83 indicating that most of these states the unemployment rate was fall in the arid zone. Yet the rate of unemployment in these states is 10 per cent or more. The draft Five Year Plan observes that employment oriented policies need to be implemented with the greatest urgency in these six or seven states.

According to S.P. Pani (1980)\textsuperscript{32} the additional employment generated during the first year as reported by the state governments, was of the order of 40 million mandays. This went up to 380 million mandays during the second year. In the current year, the normal and the special drought programmes together may be expected to generate as many as 670 to 800 million man days of additional employment.

Planning Commission (2004)\textsuperscript{33}, launched the National Food for Work Programme with an allocation of Rs. 2020 crores of cash component and 20 lakh tonnes of food grains has been launched in 150 districts of the country with effect from 14-11-2004. The programme was launched by Dr. Manmohan Singh, the Prime
Minister in Ranga Reddy District of Andhra Pradesh. Amount out lay of Rs. 297.91 crores and 20 lakh tones of food grains have been released as part of the current year allocation to 150 districts of the country. The scheme is being funded 100% by the centre. For the states (Other than special category states and states in the North Eastern region except Assam) most backward districts have been chosen on the basis of an exercise undertaken by the planning commission.

According to Government guidelines (2004) the National Food for Work Programme is fully sponsored by the centre and food grains are provided to the states with free of cost. The transportation cost, handling charges and taxes on food grains are however, the responsibility of the states. Under the NFFWP, food grains are given as part of wages to the rural poor at the rate of 5kgs per man day. More than 5 kgs of food grains can be given to the labourers under this programme in exceptional cases subject to a minimum of 25 per cent wages in cash are maintained as far as possible. In the event of non-availability or inadequate availability of food grains, wages in kind may be less than 5kgs of food grains per manday and the remaining portion may be given in cash. In the event of less availability of cash, the wages in cash may be less than 25 per cent and the remaining portion may be given in kind as food grains.

Rashme Sehgal (2005) Criticized that lack of transparency in maintaining muster rolls is one example of the failure of the government to enforce the guidelines of the NFFWP. Another failure, he points out is its unwillingness, to pay the minimum wage, which works out to almost Rs. 69 per day, labourers he says, are routinely paid Rs. 25 a day less than half the minimum wage. The investigation was unable to come up with a single work site where the legal minimum wage was being paid. At some sites, in Badwani, labourers were being warned that if they asked for minimum wages they would be dismissed. In purulia a woman who had worked for three days with her son and daughter earned only 13kgs of rice.

Rashme Sehgal (2005) was carried out a survey in six districts, Badwani (Madhya Pradesh), Dungapur (Rajasthan), Palamau (Jharkhand), Purulla (West Bengal), Sonebhadra (Utra Pradesh and Surguja (Chattisgarh). Each district in investigators surveyed 10 randomly selected work sites in a block. They also attempted to verify the muster rolls at one work site. As chanting the NFFWP
slogan, 'Harnath kokaamdu. Kaam Ka Poora dam do' (work for every pair of hands, full payment for all work). The ministry of rural development guidelines make interest about payment of wages shall be made on a fixed day in a week preferably a day before the local market day. It would appear that the pragmatic government bureaucracy inserted this clause into the payment structure knowing full well that the food paid out to workers would be bartered at the weekly market in the bartering process, the poor quality grain the worker earns is invariably under valued and the commodities he buys over valued.

Venugopal K.R. Criticized on food for work programme in Andhra Pradesh as implemented these two years had untenable options such as 10 kg of rice without any cash or 8 kg of rice with Rs. 5 a manday as wages. Now a family needs about 2.5 kg of food grains a day and what is it supposed to do with rest of the grain? Also, how do we satisfy the other basic non-cereal and non-food needs the poor have without a cash component? A balanced combination of cash and kind wage together equaling the stipulated minimum wage, where the food component, does not exceed 2.5 kg of cereals is the correct answer if we are to ensure both nutritional value and real wages to the poor. No rural food for work programme can be implemented without incurring costs of transport and strict surveillance and the guarantee scheme that minimizes leakages.

Schultz T.W. (1960) has been observed on food for work programme particularly food grains sold on the market would increase supply and can see prices for domestic producers to fall. Since then the literature has spiralled in coverage and complexity. In a recent review Maxwell (1991) identified nineteen different ways in which food aid was sold to risk discouraging local agricultural production, operating at both macro and micro levels and working through prices. Policies, food habits and labour markets, he noted that labour disincentives had been neglected in the literature compared to price and policy effects.

Renu Narala has been expressed (1990) on the novelty of the Jawahar Rozgar Yojana. The Jawahar Rozgar Yojana is a combination of all rural employment programmes, especially NREP and RLEG. The village panchayats becoming the direct recipient of funds is the novel part of this Yojana. It can be argued that the panchayats can not play ducks and drakes with the funds if they want
to be re-elected in the next election. But the tendency our rural folk display at the
election indicates that naiveté of this suggestion. The arithmetic of the scheme
makes it apparent that the Yojana cannot satisfy all objectives. This is when we have
made some ultra simplifying assumption viz., there are no leakages in the
disbursement of funds and the selection process is inspectable in all respects. This is
certainly not true because all the erstwhile employment programmes like NREP and
RLEGPS (including of Jawahar Rozgar Yojana) have been plagued by adverse
selection producers.

Saha and Agarwal (2004)\(^{41}\) made a study on the rural employment,
opportunities that would reduce migration to urban centers, and also help easy
problems in these areas. The introduction of an employment guarantee Act which
establishes employment as a right would give greater bargaining power to
traditionally disadvantaged groups and lead to greater mobilization of the rural poor.
This Act would bring down the incidence of people living below the poverty line.

Gupta S.P. special report (2002)\(^{42}\) conducted a survey on employment the
present rising unemployment is primarily an outcome of declining capacity of
growth. And similarly, Bhaduri Amit (2004) evaluated in a more recent
development the for broader vision of employment guarantee has come to accept the
policy limelight according to the common minimum programme (CMP) announced
by United Progressive Alliance (UPA). The Government was to exact a national
employment guarantee act to provide a legal guarantee for at least 100 days of
employment every year at minimum wages for at least one able bodied person in
every year at minimum wages for a middle class house hold.

Hirway and Indira (2004)\(^{43}\) made an attempt to assess the programme with
unique feature of the EGS (Employment guarantee scheme) of maharashtra for that it
provides employment on public work projects with minimum wage rate.
Maharashtra’s employment guarantee is perhaps the biggest such programme in the
world implemented for the longest period likely 30 years.

Krishnaraj (2004)\(^{44}\) made an attempt to evaluate the ongoing employment
programme in Maharashtra and it was observed that the scheme generated 110
million mandays of employment in the year 1975 and 162 million in 2001-02. Many
valuations of EGS in Maharashtra have shown that the scheme has many direct and
indirect effects. It reduced unemployment, increased incomes and seasonal benefits, acted as an insurance mechanism, made an impact on agricultural growth and wages, made the rural poor a political force and had a considerable impact on women.

Mehrotra and Santosh (2004) made an attempt to investigate the expected benefits of NREGS work involved in the programme would build infrastructure such as roads, irrigation, health facilities etc. This could help reverse the recent neglect of rural infrastructure and can be a crucial part of regenerating the rural economy. Providing employment would have a beneficial impact on health, education and other determinates of social welfare by breaking the vicious cycle of rural poverty. There may also be indirect benefits if more women are given the opportunity to work. Sumanjjeet (2005). Has pointed out that the main criticism of the national rural employment guarantee act is that it would cost too much and would expand opportunity for corruption.

2.3 SUMMING UP

The above studies of theoretical as well as empirical investigations in rural India indicate that the literature on employment programmes focused on nature of employment situation in the rural sector. The studies also focused on how the programmes are being implemented and what programmes are benefiting more and what are the policies required to strengthen the rural economy to eradicate poverty. And some studies focused on what are the constraints and impediment that exist and policy implications in order to overcome the constrains in the process of strengthening the rural sector in India.
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