



## A CASE STUDY OF THE IMPACT OF MGNREGA ON RURAL HOUSEHOLD IN RANCHI DISTRICT, JHARKHAND

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### **Abstract:**

The central government formulated the national rural employment guarantee act (NREGA) in 2005; it is the wage employment program to fight the poverty more effectively. With its legal framework and right based approach NREGA provides employment to those who demand it and it is a paradigm shift from earlier programs. NREGA aims at enhancing livelihood security by providing at least 100 days of guaranteed wage employment in a financial year. The purpose and the aim of the study are to examine the socio economic background of the sample respondents during the survey and to analyze the determinants of annual income of the sample households and to also know the perceived benefits from the scheme. The study concludes that overall MGNREGA is an effective scheme to eradicate rural poverty and to make the livelihood conditions of the rural poor more better.

**Key Words:** MGNREGA, Rural Households, Ranchi, Employment, Challenges & Impact

### **1. Introduction:**

Rural poverty and unemployment has grown in an unprecedented manner during last few decades in India. There is a growing incidence of illiteracy, hunger, malnourished children, migration resulting from inadequate employment and the failure of subsistence production during droughts. MGNREGA is the biggest poverty allocation program in the country with an outlay of over 40k crore. The minimum wage in this program varies from state to state. According to the act minimum wage can't be less than Rs 60. NREGA aims at enhancing livelihood security by providing at least hundred days of guaranteed wage employment in a financial year to the rural household. The act covered 200 districts in the first phase, implemented on Feb 2006 and was extended to 130 additional districts in 2007-08. On October 3, 2009 NREGA became Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

**History of MGNREGA:** NREGA has come into effect after almost 56 years of experience of other rural employment programs which include centrally sponsored schemes and those launched by state government. These program comprises national rural employment program (NREP) 1980-89; Rural landless employment guarantee 1993-99 ; Jawahar Gram Samridhi Yojna 1999-2002; Sampoorna Grameen Rojgar Yojna from 2001 ; national food for work program from 2004 were national rural employment schemes. Among these the SGRY and NFFWP have been merged with NREGA in 2005.

**Significance of MGNREGA:** MGNREGA aims to achieve the objective as enunciated in the article 41 of the Indian constitution that is "giving citizens the right to work". The act is significant due to the following reasons. While the earlier wage employment programs did not provide any guarantee of job, this act provided guaranteed job. This guarantee for wage employment is now uniformed all over the country like never before. It is a development initiative chipping in with essential public investment for creation of durable assets, without which the growth process can't be possible in the most backward regions of rural India. Almost all the previous programs were allocation based rather than demand based. NREGA, which was launched in 2006, is considered to be unique from this stand point. The key element of MGNREGA is the provision of employment by the state to those people who are unable to find alternative employment which provides a form of social safety net to the rural unemployment people.

**Decentralized Planning and MGNREGA:** MGNREGA is a unique act which recognizes the legitimate role of panchayats in addressing their fundamental duty as expressed in the 73<sup>rd</sup> constitutional amendment of providing "economic development and social justice" in their area. The recognition of PRI as the principal agency of implementation under MGNREGA has opened up enormous opportunities for decentralizing development respecting local solutions to local people.

**The Main Objective of the Study:** The main objectives of the present study were to survey the socio economic background of the sample respondents during the survey and to analyze the determinants of annual income of the sample households. Study also aimed to know the perceived benefits from the scheme, its problem and suggestions given by the sample respondents.

**Methodology:** The research has been conducted in the rural area of Ranchi district of Jharkhand which includes field survey of a randomly selected two blocks, namely Kanke and Ratu. The data of the study has been has been collected during December 2016- 17 using the pre tested schedules. The research study mainly targets the unemployed people who get employed by MGNREGA also who are mainly seasonal workers. The data has been analyzed using simple averages, percentages, ratios, besides using pie charts and bar graphs.

**Scope and Importance of the Study:** The present research was to study the importance of the employment assurance programs and its effects on the rural unemployed population in the district Ranchi state Jharkhand. The information on these aspects could be used to develop new strategies to improve the implementation of the MGNREGA scheme.

**Limitation of the Study:** The present study is a simple attempt to make an understanding of implications of employment program like MGNREGA and the experience of MGNREGA workers on the ground reality. Since the study is part of learning process, the area covered under this study is very small and is based on limited sample size too which forms a major limitation of the study. Present study excluded some important aspects related to MGNREGA like its effects on GDP growth of the country, consumption and expenditure pattern of the country. The study can be extended by adopting more scientific sampling like stratified sampling.

## **2. Review of Literature:**

Various studies have been conducted regarding the implementation of NREGA since when it has been come as an act in the year 2005. The national rural employment guarantee act, 2005 is an act to provide for the enhancement of livelihood security of the households in rural areas of the country. These studies look into the benefits of the act among the rural poor of the country and also pointed to the several loopholes and weakness of the administration to successfully implement the act. Several studies had been conducted by the social scientists and several NGOs which highlight the positive trend and various impacts of NREGA program on the rural households.

## **3. Profile of Jharkhand:**

Jharkhand is located in eastern Bihar, it has been carved out of Bihar on 15<sup>th</sup> November 2000, the state of Jharkhand, popularly known as Vananchal is located in the eastern part of India. With an area of 79, 714 sq Km, the state shares its borders with Bihar in the north, Uttar Pradesh and Chhatisgarh in the west, Odisha in the south and West Bengal in the east. Owing to its abundant mineral resources the state also hosts some of the country's major industrial units such as Bokaro steel plant, which is the largest steel plant in Asia; India's first iron and steel factory in JAMSHEDPUR and many others. Ranchi is its capital while Jamshedpur is the largest and the biggest industrial city in the state. The rivers of Jharkhand play an important role in socio-economic aspects of the society. River Ganges is one of the most rivers flowing through Jharkhand, irrigation networks also come from Damodar, Barakar, Koel and Subarnarekha rivers. Being a tribe dominated state; nature has been given utmost prominence in every aspect of life and culture in Jharkhand.

## **4. Results and Discussion:**

**Socio- Demographic Profile of the Respondents:** The sample households selected for the study cover households from various caste and ethnic communities.

**Caste and Religion of the Respondents:** Caste and ethnicity plays a major role in any kind of development project. The presence of various castes and ethnicity creates a heterogeneity situation, which stands as a hurdle in the process of implementation. Religion of the household plays a vital role in rural development. The ideological differences based on the various religions influence the implementation process of any scheme. Nearly 36 percent of the sample respondents belong to the ST category, 30 percent of the respondents belong to the OBC category, 22 percent belongs to the SC community and 12 percent belongs to the General category. Nearly 60 percent of the total sample respondents belonged to Hindu religion, 25 percent belonged to Christian religion and 15 percent belonged to Muslim religion. Thus majority of sample respondents were from Hindu religion.

**Job Card Details:** Majority of households (above 80 percent) expressed that they got their job cards without waiting for much time and without unnecessary visits to GP office while nearly 15 percent claimed that they had to wait and run many times to GP office even Block office for getting job cards. It was also revealed that few villagers first got employment without card and after working some days, got their job card at the work place.

**Application for Employment:** The average number of respondents applied for employment is very low in the study area. It was just 23 percent. Those who applied for job are mostly non tribal beneficiaries and among them not a single person got unemployment allowance. Most of them feel that they used to get through MGNREGs is nothing but mercy of Sarpanch. Even in some cases it was found that those who are really needy of those cards have not received the cards. Regarding employment respondents shared that they have not availed complete 100 days in a year. The villagers of Lowadih gram panchayat worked under MGNREGs for around 15 days in last five years. Only 10 percent households received around 50 days of work in last five years.

**Poor Quality of Work:** There is no proper execution of works. Hence it is a matter of concern that throughout the GP the approved works are not always publicly displayed. It was revealed by the villagers that there was no Gram sabha meeting regarding NREGS. Drawing an example of village infrastructure a villager said that the road which was constructed 2 year back through NREGA project has not meet the needs of villagers. The quality of road was so bad that it did not continue even for a year.

**Payment of Wages:** There is a huge irregularity in payment of wages. While only 28 percent of workers claimed that they received the wages within a month, the rest claimed that there is no certainty in getting wages. Contractors used to delay in paying wages to those laborers who are illiterate and had no voice.

**Worksite Facilities:** According to MGNREGs guidelines it is mandatory to have basic facilities such as safe drinking water, first aid kits, and shades. But it was observed that except drinking water no other facilities were arranged near worksite.

**No Social Audits:** The operational guidelines detailed the procedure of social audit forums to be held by Gram Sabha on NREGA works on 6 months basis. But in this village social audit is never held. Even all most all the villagers are not aware of the social audit. Some of the NREGA workers were aware of the social audits but they said that none of them have seen any social audits taking place in their village.

**MGNREGA and Livelihood of the Sample Households:** MGNREGs are the most significant scheme to uplift the overall quality of life of rural households. One of the major objectives of the scheme is the improvement of income levels and enhancement of livelihood security in rural areas by guaranteeing 100 days of wage employment in a financial year to every registered household. However the data reflected that there is a little impact of MGNREGA on tribal livelihoods. It is found that there is an increase of 29 percent in income of beneficiaries after MGNREGA.

#### **5. Summary and Conclusion:**

Mahatma Gandhi national rural employment guarantee act is considered as a silver bullet for eradicating rural poverty and unemployment, by way of generating demand for productive labor force in village. It provides an alternative source of livelihood which will have an impact on reducing migration, restricting child labor, alleviating poverty and making of water tanks, soil and water conservation work. But the success of this act depends upon its proper implementation. Much of the pitfalls of MGNREGA implementation can be overcome if proper processes and procedures are put in place. Thus there should be continuous efforts towards creating adequate awareness on different provisions of MGNREGS amongst people. Creating awareness is necessary not only to motivate the people to work under the scheme but also to encourage them to participate in its planning and implementation.

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