



IMPACT OF MGNREGA ON AGRICULTURAL WAGE RATES

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ABSTRACT

Wage differentials in different activities, among beneficiaries and non-beneficiaries: Evidently, non- agricultural casual labor wage rates compares unfavorably to agricultural wage rates both for males and females. The ratio of non-agricultural to agricultural wage rates of both the males and females worked out to 1.12. Across the category of households, the ratio stood at 1.11 for male beneficiary and 1.14 for male non-beneficiary counterpart. In case of females' non- agriculture-agriculture wage ratio also varied across beneficiary and non-beneficiary households, the ratio being 1.11 for beneficiary and 1.13 for non-beneficiary households.

The gender issue has figured prominently in respect of receiving wage rate both in agricultural and non-agricultural activities. For agriculture operation on an average, female wage rate formed 86.38 per cent of male wage rate and the same for non-agricultural activities worked out to 88.20 per cent. Under the NREGA, females are paid the same wage rates as males which stood at Rs. 100.00. It is also noticeable that NREGA wage rates are higher than market wage rates for agricultural and non-agricultural casual labor. This is especially noticeable in the case of females who are paid markedly lower market wage rates as compared to males in agricultural activities working as casual laborer. As a whole, gender disparity is noticed in respect of female–male wage ratio for agricultural and non-agricultural wages while under NREGA wage payments, gender disparity is totally removed.

Key words: Wage differentials, beneficiary and non-beneficiary, market wage rates

INTRODUCTION

Salient Features of the Act

One of the most important features is that wages are to be paid every week not later than a fortnight. In case of any delay in the payment of wages, laborers are entitled to compensation as per the Payment of Wages Act, and no gender bias is permitted. Provisions made for compensation and treatment in case of injury and for on-site safe drinking water, care of small children, periods of rest and a first-aid box are some of the other features of the scheme. Between Government and laborers, contractors and machines have



been banned. The National Rural Employment Guarantee Act 2005 directs every State Government to prepare a Rural Employment Guarantee Scheme (REGS) within six months, in order to implement the work guarantee. Thus, the Act provides the legal foundation of the work guarantee, and the Scheme is the means through which this guarantee comes into effect. This has brightened the hopes that have been built on MGNREGA as it is an Act which comes under national legislation, unlike previous scheme which were state-specific.

Today, the MGNREGA has millions of workers' unresolved and un-addressed grievances and problems to be dealt with. A response system could not only radically improve the MGNREGA, but can impact and transform the whole face of rural governance. The concept of employment and wages can be noticed even during the times when Lord Buddha was alive where he is quoted to have said that men work to satisfy the primary or basic urges of hunger, thirst, and sex, as well as host of secondary wants and desires created by a commercial civilization. It is the active man who lives purposefully, who blesses the world with wealth and wisdom. So work is essential for happy living. Life without work would be an eternal holiday, which is the hell of boredom. Buddha state, a hungry man is an angry man. A man poisoned by discontent is hardly in a fit frame of mind to develop his moral and spiritual life. Unemployment and economic insecurity leads to tension, irritability, and loss of self-respect without which a healthy mental life is impossible.

MGNREGA was implemented in 3 phases. In phase I, 200 rural districts were covered in 2006-2007. These districts covered under the programme, which were the highest number of districts, were from the eastern region and western region which was followed by the northern and southern regions. In percentile weight age way it is 44 %, 27%, 17% and 13% respectively (National Council of Applied Economic Research, 2009, pp 8) in phase II and III, 130 and 274 districts were covered. From Rs 11,000 crores in 2006-07, funding has seen a surge. Rs 39,000 crores have been allotted in 2010 and Rs 40,100 prearranged in 2011.

MGNREGA workers should be available for agriculture work in the farmers' field. MGNREGA has positive and negative impacts on agriculture and rural households as on one hand earning of the labor/small farmers from MGNREGA are being used in agriculture and household expenditure and on the other it is responsible for the increasing wage rate in agriculture. MGNREGA gives equal opportunity to men and women in terms of work



and wage rates. Women are happy with MGNREGA because of on time payment of wages, whereas in agriculture they get lower wages than men (Sivanandan, 2012). It has improved rural socio-economic conditions among landless and marginal farmers, as well as improved environmental related components. These components are water and soil conservation (Tiwari, et al., 2011).

Villages were using 75 per cent of their earnings from MGNREGA in improving irrigation and infrastructural facilities and have therefore increase land rent. Card holders have used their money to introduce chemical fertilizers and machinery in their fields. The National Rural Employment Guarantee Act (now Mahatma Gandhi NREGA) was launched in 2005-06 for rural poor to provide 100 days of public works in 200 districts, and in 2008 all the districts of the country were covered under MGNREGA in three phases. Under this scheme a below poverty line (BPL) household head has one job card for 100 days in a year.

This developmental programme has played a major role in the rural areas and has led to increased household income, empowerment of women through wage rates equal to their male counterparts, independence of labor from land owners for survival and given labor the right to job. If a job card holder is unable to get work within 15 days, the state government is entitled to pay unemployment allowance to the card holders.

The goals of MGNREGA are to provide social protection to the most vulnerable people living in rural India; livelihood security for the poor through creation of durable assets, improve, water security, soil conservation and increased land productivity; drought-proofing and flood management in rural India; empowerment of the socially disadvantaged, especially women, scheduled castes and schedules tribes, through the processes of a rights-based legislation; strengthening decentralized, participatory planning through convergence of various anti-poverty and livelihoods initiatives; deepening democracy at the grass-roots by strengthening Panchayat Raj Institutions; and effecting greater transparency and accountability in governance. These goals are thus indirectly related to agriculture.

In 2012 a quantitative achievements of MGNREGA and these are (i) 1200 crores person-days of employment has been generated; (ii) 85 per cent of households are being paid directly through bank/post office accounts; (iii) wage rate have gone up to Rs. 122 and 191 in Bihar and Haryana respectively; (iv) 51 per cent of the card holders are SCs/STs and 33 per cent



reserved for women in which 47 per cent of the women are card holder at present; (v) 146 lakh works have been taken up since the beginning of MGNREGA of which 60 per cent have been completed. Of these completed works- 19 per cent relate to rural connectivity, 25 per cent relate to water conservation and water harvesting, 14 per cent related to irrigation canals and renovation of traditional water bodies, 13 per cent relate to flood protection and drought proofing, 14 per cent relate to work done on private lands which belong to small and marginal farmers, and SC/ST/BPL families.

Most of the MGNREGA work is agriculture related. Labor shortage in agriculture will lead to focus on technological advancement in agriculture which will in turn raise agricultural productivity. But, the key question here is whether advanced agricultural technology is at present accessible and feasible for the poor who are mostly marginal and small farmers. MGNREGA has increased farm income of the small and marginal farmers, because they have been able to increase input in their farms such as irrigation, fertilizer and hybrid seeds. But, medium and large farmers face low labor supply in agriculture, because of MGNREGA work as farmers are unable to provide the wage rates more or equal to MGNREGA.

Experts have found four main causes of agricultural labor shortage in the rural areas i.e., rural out-migration, MGNREGA work and its wage rate, lack of interest of rural youth in agriculture, and political influence on labor. The most affected farmers were the medium and large farmers, because they are not able to manage agriculture only with the help of family labor, because as they have large land holdings. Sometimes these farmers are unable to hire labor because of the unavailability of labor, even if they are ready to pay higher wage rates. The small and marginal farmers have managed labor from family members. Most of the MGNREGA household and migrant's households belong to the small and marginal farmers. Most of the farmers cannot perform harvesting, irrigation and weeding without hiring labor.

Agriculture sector is a labor engaging enterprise and it requires around 30 to 225 man-days per hectare depending on the type of crops cultivated (pulse to sugarcane). During the 19th annual conference of Agriculture Economic Research Association (AERA) 2011, at AAU, Jorhat, on "Agriculture labor demand and Supply" MGNREGA was discussed as being a rural labor bank. It was observed during our survey that farmers would like MGNREGA to be introduced and it should be involved in agricultural work in the farmer's field. The MGNREGA labor should be



provided to the farmers at a subsidized rate. In our survey, we have found that most of the medium and large farmers were facing acute labor shortage in agriculture since 2005-06, when MGNREGA was introduced. They have reported that before MGNREGA, labor was willing to do any type of work at the wage rate of Rs. 60-80 per day, but now they were asking for wage rates (Rs. 150 to 200 per day) more than the MGNREGA wage rate. In the rural areas, wage rates in general has increased due to the MGNREGA minimum wage rate, and the farmers were facing acute agricultural labor shortage during agricultural operations especially in the harvesting period, because, the farmers were unable to pay wages equal to the wages of MGNREGA. The farmers were also unable to pay the wage on daily basis. It seems that MGNREGA wage rate has become the benchmark for wage rates in the rural areas. The labor does not prefer to work at wage rate which are lower than the MGNREGA wage and for work which was harder than MGNREGA work. During the off season when there is no MGNREGA work, laborers prefer to migrate to the urban areas to earn more money.

Though MGNREGA was introduced to check rural out-migration, it now seems that it has become the main cause of rural out-migration indirectly because of its wage rate and nature of its work. Haque (2011) has discussed that most rural youth were still migrating to urban areas in search of employment from both MGNREGA and non-MGNREGA households. Rural youth seems to regard agricultural work as strenuous and a low status job; and especially educated youths don't prefer agricultural work. Some of the rural youth state that agriculture is boring, low paid and requires hard work, and thus they prefer to move to urban areas.

As agricultural work cannot be pre-poned or post-poned and all the agricultural work in a season starts at the same time for each farmer. To be able to perform uninterrupted farming, the needy farmer should have assured agricultural labor supply on demand at a subsidized labor cost. In this situation, the MGNREGA labor is the best alternative to overcome labor shortage in agriculture. We have found that laborers don't prefer agricultural work in the fields/farms of the land owners. They either work under MGNREGA or migrate to urban areas. Laborers prefer MGNREGA work because of wage rate, timely payment, relaxation in work and short durations of work. Sometimes, farmers feel helpless and blame government policies. MGNREGA is beneficial for the poor on one side and on the other side it creates problems in agriculture for the large and medium farmers. Thus, government should implement this development schemes in a balanced way. Therefore, MGNREGA labor should be regularized and the Panchayat Raj



Institution should be authorized to distribute labor to the needy farmers on demand.

It is suggested in such a way that MGNREGA for agriculture work, the Panchayat Raj Institutions (PRIs), labors and the farmers should be on agreement. The farmers need labor during the peak period of agriculture, but not on a regular basis or per day. During the off-season of agriculture the MGNREGA job card holder should work in public works and during peak agricultural season the same card holder should work on farmers' field at the same wage rate. In MGNREGA for agriculture there should be 30-50 days more jobs per household per annum if needed, but not compulsorily.

Thus, MGNREGA job card holders would get more than 100 days of work. Wages for the MGNREGA labor for agriculture would be paid by the farmers. However, the gestation period of agricultural input is longer and farmers may not be able to pay wage on the spot. In this case the Panchayat should pay the wages to the labor. When the farmers would be able to pay the wage amount the Panchayat would collect it. In case the farmers are unable to pay the wage money to the Panchayat, except in case of natural hazards, the Panchayat would be authorized to take farmers land equal to the amount of the wage and that land can be leased out to other farmers or labor for a year. If the crops are lost due to natural hazards, government should pay or provide subsidy to the farmer.

CONCLUSION:

So, only those registered farmers should be eligible who are cultivating land whether own land or leased in land. Similarly labor and farmers can make another agreement that is "I would hire you and you would hire me" even there is no need to hire labor. Therefore, monitoring and evaluation is a must for this programme to succeed. MGNREGA should be strengthened and should be better utilized. This system of utilizing MGNREGA workers into farmers' field would build a harmonious relationship between labor and land owner. Agriculture labor shortage problem will overcome. Hence, NREGA has both positive and negative impact on agriculture by increasing investment in agriculture by the cardholders in one hand and on other hand it creates labor shortage in agriculture for the medium and large farmers. NREGA should regularize for better and efficient use in agriculture.



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