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## **MGNREGA - A STRATEGY TO OVERCOME LABOUR SHORTAGE IN AGRICULTURE**

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### **ABSTRACT**

The paper aims at examining the labour shortage in the agriculture sector. It suggests the measures to overcome labour shortage in the agriculture sector through Mahatma Gandhi National Rural Employment Guarantee Scheme. Over the past 60 years, employment in agriculture has decreased drastically yet productivity has increased and the number of paid workers in agriculture has stayed relatively constant. Even though India has the second largest man power in the world, all sectors of the economy have been affected by the scarcity of labour, the impact being felt more in the agricultural sector. Labourers constitute a vital input in agricultural production, but they are migrating to different parts of the country for earning a better livelihood, adding to the existing imbalance between labour demand and supply of labourers. The portion of agricultural workers to the total workers has been declining over the years, while the corresponding ratio in the secondary and tertiary sectors is on the rise.

Agriculture is the "backbone" of the country's rural economy. Labour activity in the farm sector cannot be ignored as it may lead to shortfall in food production. According to the 2011 Census, the number of farmers have dipped by over 8.6 million in the past decade. It also disproves critics who have been crying hoarse about shortage in agricultural labour—the data shows more than 37 million people have taken to farm labour in the past ten years. The statistics show that only 54.6 per cent of total workers in India are now part of the agriculture sector with a decline of 3.6 per cent as compared to 2001. Compared to 2001 census, there has been increase of 44 per cent in the male population of agricultural labourers, while for females the number has increased by 24.5 per cent.

The Planning Commission and industrial associations have long been complaining about a shortage of farm labour because of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) for a long time, but the figures in the census report present a completely different picture. MGNREGA has positive and negative impacts on agriculture and rural households as on one hand remittances from MGNREGA are being used in agriculture and household expenditure and on the other it is responsible for the increasing wage rate in agriculture. The aim of MNREGA is not to substitute agriculture labour but to provide additional income support to people or household in rural areas. MGNREGA has created a silent revolution.



The paper aims at examining the labour shortage in the agriculture sector. It suggests the measures to overcome labour shortage in the agriculture sector through Mahatma Gandhi National Rural Employment Guarantee Scheme. Over the past 60 years, employment in agriculture has decreased drastically yet productivity has increased and the number of paid workers in agriculture has stayed relatively constant. Even though India has the second largest man power in the world, all sectors of the economy have been affected by the scarcity of labour, the impact being felt more in the agricultural sector. Labourers constitute a vital input in agricultural production, but they are migrating to different parts of the country for earning a better livelihood, adding to the existing imbalance between labour demand and supply of labourers. The portion of agricultural workers to the total workers has been declining over the years, while the corresponding ratio in the secondary and tertiary sectors is on the rise.

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## Labour shortage in agriculture

Labour shortage is an economic condition in which there are insufficient qualified candidates (employees) to fill the market-place demands for employment at any price. Such a condition is sometimes referred to by Economists as "an insufficiency in the labour force.

In India, boosting the productivity of an agricultural sector that has long relied on low-wage, surplus labor in the world's second most populous country, requires sustainable and inclusive labor-saving technologies and farm mechanization. With significant movement of rural labor from farm to non-farm activities, labor scarcity has emerged as one of the burning constraints to agricultural production in India. The issue of agricultural labor shortage very closely affects poverty alleviation and basic food security of 600 million smallholder farmers in India. They are the most hit by labor scarcity, having no means to afford high wages of farm workers to carry out labor intensive production. India's labor market is beset with four major challenges – tightening of agricultural labor supply; attracting and retaining talented youth in agriculture; sustainable employment for rural labor force; and increasing labor productivity.

As per the census of 2011, 263 million people are engaged in the agriculture sector and over half of them are now agricultural labourers, a trend observed for the first time in the past 40 years. The trends for farming show that 14 per cent women and 3.2 per cent of cultivators since 2001 have abandoned farming. This extrapolates to over 8.6 million people. Interestingly, the census office claims that over the past 50 years, the decline in population of cultivators was not significant enough for absolute numbers when compared to population increase. However, due to slow rate of population expansion in the past decade, the number stands out.

With the percentage share of Indian agriculture declining in Indian GDP to fifteen percent, the ongoing high pressure of population's dependence on agriculture and increasing fragmentation of land holdings leading to decreasing availability of cultivated land area per household; the availability of such seasonal jobs is becoming more and more, scarce. The decrease in agriculture's contribution to GDP has not been accompanied by a matching reduction in the share of agriculture in employment. About 52 per cent of the total workforce is still employed by the farm sector which makes more than half of the Indian population dependant on agriculture for sustenance but the trend may change in times to come. The major chunk of farm labour are the land less peasants who do menial yet critical farm



operations such as weeding, transplanting, pesticide spraying, fertilizer application in row crops and are paid in kind.

Since 1971-72 the percentage share of agriculture work force has gone down from 10.64 to 5.12% which means a big chunk of 50% has moved away to either cities and or employment in other sectors. And, similarly, but with amore aggressive intensity the percentage of draught animals has also come down from 52.86% to 8.55%. Most draught-animal farmers are small and marginal in the <2ha category or maximum medium. Therefore, maintaining these animals without proper land holding is becoming an extremely expensive proposition. For the cost of animal feed is constant or only going up but the work is seasonal and so the proposition is becoming less remunerative. He trends are also upward in case of Power tillers, which has grown quite insignificantly from 0.11% to 0.52%.

**Table - 1**  
**PERCENTAGE SHARE OF DIFFERENT FARM POWER SOURCES IN**  
**INDIAN AGRICULTURE**

Year	Agriculture workers	Draught animals	Tractors	Power tillers	Diesel engines	Electric motors	Power/kw/ha
1971-72	10.64	52.86	8.45	0.11	17.16	10.79	0.424
1981-82	9.2	33.55	18.46	0.11	22.85	15.82	0.592
1991-92	7.22	20.5	26.14	0.16	21.14	24.84	0.907
2005-06	5.39	9.97	38.45	0.44	20.09	25.66	1.498
2009-10	5.12	8.55	41.65	0.52	19.01	25.13	1.658

### **Overview of MGNREGS**

The Act was notified in 200 districts in the first phase with effect from February 2<sup>nd</sup> 2006 and then extended to additional to 130 districts in the financial year 2007-2008 (113 districts were notified with effect from April 1<sup>st</sup> 2007, and 17 districts in UP were notified with effect from May 15th 2007). The remaining districts have been notified under the MGNREGA with effect from April 1, 2008 covering 34 States and Union Territories, 614 Districts, 6,096 Blocks and 2.65 lakhs Gram Panchayats. Thus MGNREGA covers the entire country with the exception of districts that have hundred percent urban population.

The Mahatma Gandhi NREGA has given rise to the largest employment programme in human history and 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. The Act provides a legal guarantee of wage employment. It is a demand-driven programme where provision of work is triggered by the demand for work by wage-seekers. There are legal provisions for allowances and compensation both in cases of failure to provide work on demand and delays in payment of work undertaken. The Act overcomes problems of targeting through its self-targeting mechanism of beneficiary selection. Unlike the earlier wage employment programmes that were allocation-based, Mahatma Gandhi NREGA is demand-driven and resource transfer from Centre to States is based on the demand for employment in each State. This provides an additional incentive for States to leverage the Act to meet the employment needs of the poor. There is also a concomitant disincentive for failing to provide work on time, as the States then bear the cost of the unemployment allowance.

Progress of MGNREGS at the national level for the 2012-13 and 2013-14 is given in Table – 2. It is observed from the table that approved Labour Budget for the 2012-13 is Rs.278.71 crores. Persondays Generated so far during this period are 230.41 crores. The percentage of SC persondays as of total persondays is 22.22, while it is 17.79 in the case of ST persondays. It is interesting to note that percentage of women Persondays out of total is 51.3. Average days of employment provided per Household is 46.2. Average persondays for Scheduled Castes HouseHolds is 44.92 and average persondays for Scheduled Tribe households is 49.97. Average Wage rate per day per person is Rs.121.41/-. Total number of households completed 100 Days of Wage Employment are 51,73,482. The percentage of payments generated within 15 days is 57.53. The data pertaining to 2013-14 reveals that approved Labour Budget is Rs.258.57 crores. Persondays Generated so far are 220.34 crores. The Scheduled Caste persondays percentage as of total persondays is 22.62, while it is 17.39 in the case of Scheduled Tribes. The Women Persondays out of Total persondays is 52.79 per cent. The average days of employment provided per Household is 45.97. Average PersonDays for SC HouseHolds is 45.36 and Average PersonDays for ST HouseHolds is 48.96. The Average Wage rate per day per person is Rs.132.7, which is Rs.121.41 in 2012-13. Total number of households completed 100 Days of Wage Employment are 46,58,811. The percentage of payments generated within 15 days is 45.24, while it is 57.53 per cent in 2012-13.



**Table –2**  
**PROGRESS OF MGNREGS AT THE NATIONAL LEVEL**

<b>Progress</b>	<b>FY 2013-2014</b>	<b>FY 2012-2013</b>
Approved Labour Budget [In Cr]	258.57	278.71
Persondays Generated so far [In Cr]	220.34	230.41
SC persondays % as of total persondays	22.62	22.22
ST persondays % as of total persondays	17.39	17.79
Women Persondays out of Total (%)	52.79	51.3
Average days of employment provided per Household	45.97	46.2
(i)Average Person Days for SC HouseHolds	45.36	44.92
(ii)Average Person Days for ST HouseHolds	48.96	49.97
Average Wage rate per day per person(Rs.)	132.7	121.41
Total No of HHs completed 100 Days of Wage Employment	46,58,811	51,73,482
% payments generated within 15 days	45.24	57.53
Total Households Worked[In Cr]	4.79	4.99
Total Individuals Worked[In Cr]	7.39	7.97
% of Men Worked	52.06	52.93
% of Women Worked	47.94	47.07
% of SC Worked	22.73	22.79
% of ST Worked	17.72	17.92
% of Disabled Persons Worked	0.65	0.57
<b>Works</b>		
Total No. of Works Takenup (New+Spill Over)[In Lakhs]	94.56	104.62
Number of Ongoing Works[In Lakhs]	68.7	79.09
Number of Completed Works[In Lakhs]	25.86	25.53
% of Expenditure on Agriculture & Agriculture Allied Works	57.26	61

Source: www.nrega.ac.in

Total households worked during 2012-13 are 4.99 crore and the total individuals worked are 7.97 crore, while during 2013-14, total households worked are 4.79 crores and total individuals worked are 7.39 crore. The percentage of men worked is 52.93 during 2012-13, followed by women, 47.07 per cent, Scheduled Castes, 22.79 per cent, Scheduled Tribes, 17.92 and disabled persons, 0.57 per cent, whereas the percentage of the men worked during 2013-14 is 52.06, followed by, women, 47.94 per cent,



Scheduled Castes, 22.73 per cent, Scheduled Tribes, 17.72 per cent and Disabled Persons, 0.65 per cent. During 2013-14, total number of works takenup are 94.56 Lakhs, while the number of Ongoing Works are 68.7 Lakhs and the number of Completed Works are 25.86 Lakhs. The percentage of expenditure on agriculture & agriculture allied works is 57.26.

### **NREGS to solve the problem of labour shortage**

According to the latest 2011 Census of India, nearly 70 per cent of the India's population lives in rural areas. Of the 121 crore Indians, 83.3 crore live in rural areas while 37.7 crore stay in urban areas. It is evident from the reports of the Planning Commission, Government of India that the percentage of persons below the Poverty Line in 2011-12 has been estimated as 25.7 per cent in rural areas, 13.7 per cent in urban areas and 21.9 per cent for the country as a whole. But the total households worked under NREGS during 2012-13 are 4.99 crore and the total individuals worked are 7.97 crore, while during 2013-14, total households worked are 4.79 crores and total individuals worked are 7.39 crore. When concrete efforts are made to register more number of rural poor in the NREGS, it will yield better results to overcome the shortage of labour in the Indian agriculture provided NREGS is linked with the agriculture.

Further, there are also reports that work is not being provided under NREGS within the stipulated time due to lack of proper planning as regards work and also lack of works to complete. Therefore, when the scheme is linked with the agriculture, there is sufficient work for the NREGS workers.

The data available with the Ministry of Rural Development, Government of India say that during the peak agriculture season, just 2.57 per cent of the total agricultural labourers were involved in MGNREGS activities. The data says that between August and September of the last two financial years, 13.46 crore person days were generated in the rural job guarantee scheme on an average in a month. This, says the Government, is just 2.57 per cent of the total agriculture work in rural areas created in a month. During the slack agriculture season, the scheme created 21.78 crore person days a month on an average, which is only 4.16 per cent of the total person days.

According to the 2011 Census, there are 34.85 crore workers in rural areas. Of these, 26.20 crore are involved in agriculture and allied activities and 72 per cent of these are agriculture workers. The Census data also showed that 524 crore person days are available for agriculture per month in



rural India. In the last two financial years, the MGNREGS had generated 230 crore and 220 crore person days respectively per month.

Proper planning of works under MNREGA be made keeping in view of local agriculture practice so as to overcome the problem of labour availability in agriculture sector. NREGS would enable workers in rural areas to avail employment opportunity under MNREGA in non-agricultural season while simultaneously ensuring labour availability for agriculture.

### **Conclusion**

The study finds that huge percentage of the rural poor in the country are still not registered under MGNREGA. Linking NREGS with agriculture would help to overcome the labour shortage in the agriculture sector subject to registration of significant percentage of the poor under MGNREGS and proper planning of the works.

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