



## A Comprehensive Study on Economic Evaluation of the National Rural Employment Guarantee Act ( NREGA )

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### **Abstract:-**

*NREGS has not only emerged as ray of hope for millions of poor and marginalised families in rural India but also as a massive rural investment program, which has promise to take India' s growth in top gear. This scheme is gradually building physical assets in rural India which is visible, sustainable, and technically sound and being monitored by people themselves. This study discusses the appropriateness of these structures, their economic impact on rural life and impact on livelihood of marginalised population of rural India. It was also important to study the implications of NREGS from minimum wage and employment point of view. The study also examines the multiplier effect of NREGS in context of agricultural productivity, scope for skill development in rural areas and employment generation outside NREGS.*

*Keywords: NREGS, rural investment program,*

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### **Research Methodology**

The research paper based on secondary data collected.

### **The Objective of Research:**

To study the financial and economic aspects of the NREGA.

### **Data Collection**

Data has collected from newspaper, books, magazines, reports, and websites.

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## **Introduction:-**

The National Rural Employment Guarantee Act (NREGA) is a historic legislation passed by the Government of India in September 2005. Ministry of Rural Development claims it as a revolutionary program to transform the rural economy and improvement in livelihood with a promise of inclusive growth. The government has referred to it as an Act of the people, by the people, and for the people. The NREGS guarantees a hundred days of unskilled employment to each household in every financial year at an equal wage rate for both male and female workers. Additionally, it guarantees the “right to work” as a legal right of every able-bodied adult in rural India. It is fundamentally different in a way from all other wage employment programmes operating since 1980 is that these programmes do not guarantee employment as a legal right.

It provides ample opportunities for creating rural public assets, which has been largely neglected. It helps to enhance the purchasing power of rural households, thereby contributing to poverty alleviation. The NREGS achieves twin objectives of rural development and employment. The NREGS stipulates that works must be targeted towards a set of specific rural development activities such as water conservation and harvesting, afforestation, rural connectivity, flood control and protection such as construction and repair of embankments, etc. Digging of new tanks/ponds, percolation tanks and construction of small check dams are also given importance.

NREGS is also significant act in many ways such as grass-root level participation of common citizen and beneficiary through democratic process, multi-layered social audit and transparency mechanism by involvement of civil society, comprehensive planning at village level towards sustainable and equitable development etc. The major outcome expected from this programme to improve the quality of life of rural households who are vulnerable to out-migration in search of daily wage employment by channelising the wage workforce towards developmental activities at the village level itself. This would eventually help the poor in getting the livelihood security. Many academicians and practicionors have high expectations from NREGS. Noted agriculture scientist M.S. Swaminathan described NREGS as the world's largest ecological security programme, which can successfully strengthen the ecological foundations for sustainable agriculture. Some civil society experts even claim that the NREGS is truly a historic opportunity for dramatic socio-economic transformation in rural India. The NREGS, which promises the largest ever employment programme in human history, has the potential to provide a "big push" in India's regions of distress. It has put money into the hands of

the poorest of the poor on a scale that is unprecedented in the history of independent India. Prof Jean Dreze, one of the architects and experts of the ambitious NREGS says that, ‘ NREGS represents a new hope for the rural poor. Instead of shrill rhetoric for or against the programme, what is required is serious discussion of how to make it work.’ There is little doubt that every quarter of the civil society and government are enthusiastic as well as skeptical about the direction, this massive will take.

NREGS was launched in two hundred selected districts on 2nd February 2006 in Phase I and was extended to 130 more districts in 2007-08 in Phase II. It was further extended to the remaining 285 districts from 1st April 2008 onwards, in Phase III. Since NREGS is demand-driven. People who need job will demand for it and the government is legally bound to provide the same. In case of failure to do so, the government has to ensure mandatory unemployment allowance. For the first time, rural communities have been given not just a development programme, but also a regime of rights along with it. NREGS has unprecedented commitment of financial resources by the government of India who has earmarked huge funds to insure that finances do not come on the way of success of this scheme. This outlay is justified by the financial scrutiny and the emphasis on planning of works and mechanisms of social audit means that quality of works is centrally important. This is not a welfare programme but a development initiative, chipping in with crucial public investments for creation of durable assets, which can provide much-needed momentum to growth in the most backward regions of India. The thrust is on construction of earthen dams, bunds and ponds as part of a watershed development strategy.

### **Conclusion:-**

The majority of officials involved in implementation of NREGA scheme felt that beneficiaries are fully benefited through NREGA scheme, However; it is also apparent from the study that considerable no. of i.e. 60% officials felt that beneficiaries are partially benefited and benefited to a very less extent through scheme. These results showed that there is no clear cut agreement on benefits of NREGA to beneficiaries. Officials are uncertain regarding improvement of socio-economic status of the people after execution of NREGA program/scheme were uncertain regarding their satisfaction with the quality of works executed in their Panchayat/block under NREGA program/scheme.

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### **Newspaper**

- 1) Times of India
- 2) Indian Express
- 3) Economy Times