FACTORS INFLUENCING DEMAND FOR RURAL LABOUR UNDER MGNREGA

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The MGNREGA is different from the erstwhile schemes in terms of being a demand driven programme. Hence, efforts have been made to assess whether the rural employment generation has remained supply-driven, or has become a demand-driven process:

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The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims at fulfillment of the right to work, as it assures employment at the household level to individuals, and guarantees a maximum of 100 days of wage employment in an year. Nevertheless, it signifies a landmark development in the sense that it highlights the confidence of the state in its economic capacity to convert justifiable rights provided in Part IV of the Indian Constitution into justifiable ones. The NREGA was passed by the Parliament of India in its monsoon session of 2005. It came into force in 200 selected backward districts of the country on February 2, 2006, and was extended to 130 more districts from April 1, 2007 onwards. It has since been extended to all the districts from April 1, 2008, extending its universal coverage.

Labour Demand, Poverty Reduction and Employment

Human labour is a resource in which the poor are relatively abundant. They own little physical capital and when they have access to such capital, it is used as a factor that facilitates the use of their labour as an asset to supplement their income. Numerous studies have established that poor households are less able than richer ones to take advantage of the opportunity of domestic and international migration, which limits their access to source of income. For the poor, the productive use of their plentiful factor, labour, is the principal way to overcome poverty.

Several previous studies on MGNREGA identified that demand for labour is highly influential to persondays generated. The jobless growth of the 1990s, stagnation or even decline in the growth of agricultural productivity, distressed farmers committing suicide in various parts of the country and increased migration from the rural to urban areas was the larger socio-economic contexts of (NREGA). It is also considered as an attempt to

moderate the consequences of economic growth which has increased income and regional inequality in the reform phase. There is a constitutional context as well. V.N. Shukla (2008) stress that Article 41 of the Indian Constitution provides a justifiable right to work under the Directive Principles of State Policy and proclaims, "the State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work in case of unemployment."

The MGNREG is different from the erstwhile schemes in terms of being a demand driven programme. Hence, efforts have been made to assess whether the rural employment generation has remained supply-driven, or has become a demand-driven process. The realization of entitlements and the process and difficulties entailed have also been examined. It is also important to consider the nature of works undertaken and the quality of assets created. The other areas that have been examined in detail include the institutional arrangements, planning process, and transparency and accountability mechanisms of MGNREGA.

Wage employment and poverty reduction linkage can be analyzed addressing certain core concerns. One of them is low wage work, especially in terms of its welfare implications. It increases the survival risks out of poverty, in spite of a person being employed and working. The relationship between poverty and low pay is not straightforward, primarily due to the different definitions and the resulting differences in measurements.
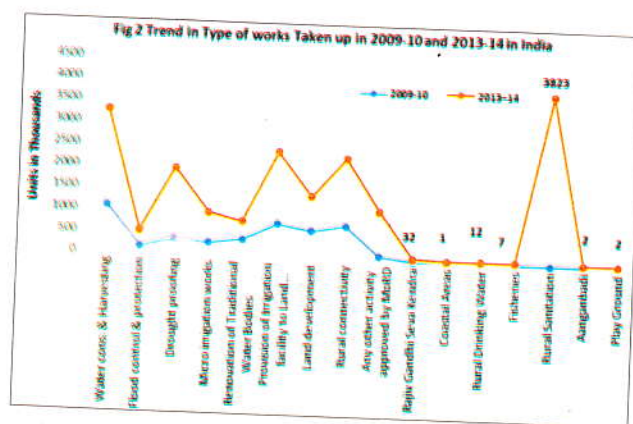
Labour Demand Determinants

The number of total works taken up consists of both public and private ownership types. In 2013-14 the total number of person days of work taken up on ST household's private land holdings is found to be significantly influencing the creation of jobs as against that on public work sites. This indicates that for ST households the MGNREGS has given a significant additional opportunity to find self-wage employment on own land also thereby to improve the land quality and farm incomes, both direct and indirect. Whereas such was not the case for SC labourers being a major weaker section group,

Fig. 1 Year wise All India Comparison of Demand Determinants
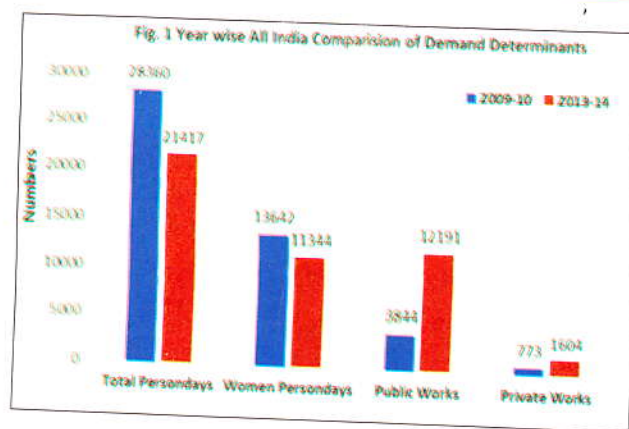
covered under MGNREGS. From the alongside figure1 it can be seen that the total and women persondays generated has declined at a rate of 24 percent and 17 percent respectively from 2009-10 to 2013-14. Whereas, the number of works taken up in public and private land has achieved more than two fold increase during the period.

Category of Works

For the sixteen categories of works undertaken in MGNREGS, the behavior of such activities in 2009-10 and 2013-14 is illustrated in figure 2. While comparing it can be seen that major progress has been made in Water conservation & Harvesting, whereas lowest in case of Flood Control & Protection works and Rural sanitation works show remarkable progress in 2013-14 compared to 2009-10. On the contrary, under Rajeev Gandhi Seva Kendras and Rural Drinking Water, Fisheries seems with mere 32, 12 and 7 thousand numbers of works respectively and Coastal Areas, Anganwadis and Playgrounds show minimum progress with close to 2 thousand only. Hence there is a need to make a statistical analysis of these to find their significant relation with the persondays generated.

Fig 2 Trend in Type of works Taken up in 2009-10 and 2013-14 in India

Status of Labour Demand Determinants in Low Performing States in 2013-14

States	Average Persondays Generated	Rural BPL Population	Persondays Generated				Works Taken up	
			Total	SC	ST	Women	Public	Private
Gujarat	40	109.8	229.88	17.51	94.35	101.05	0.82	0.12
Uttarakhand	39	8.9	142.05	26.98	4.04	62.24	0.61	0.01
Jharkhand	38	117	435.3	55.96	161.42	138.86	1.45	0.44
West Bengal	37	188.6	2260.35	748.61	214.04	800.78	4.78	

Regression Analysis

A multiple regression analysis has been carried out to investigate strength of causal association between labour demand determinants as the predictor and rural labour utilized as dependent variable. As the study intends to identify the moderating roles of kinds of works taken up viz. on public land, private land, of persondays generated, these moderators were grouped by splitting them into specific sub-categories. Likewise, broadly three categories of works (rural connectivity, renovation of traditional water bodies, and land development) have been taken into consideration.

As the results of the correlation analysis suggested that the predictor or independent variables are significantly correlated, thus the estimation of the tolerance and the VIF Variance Inflation Factor were necessary to confirm the collinearity among the predictor variables. For any statistical analysis there is a confidence interval which covers a population parameter and to cover a fixed proportion of the population with a stated confidence there is an interval called "tolerance interval" with its end points as tolerance limits. Whereas, VIF specifically indicates the magnitude of the inflation in the standard errors and computationally it is the reciprocal of tolerance: $1 / (1 - R2)$. Any value of the tolerance less than 0.10 and any value of the VIF more than 10 would suggests high degree of multi-collinearity among the predictor or independent variables. The results of the regression analyses of the study indicated that both the tolerance and the VIF values are within the cutoff points.

For instance, the lowest estimated tolerance was 0.61 and the highest VIF was 1.63 when renovation of traditional water bodies was considered as a demand determinant for total persondays generation. The results for two other categories of works (rural connectivity, land development) in relation to tolerance and VIF were within acceptable and suggested values. As collinearity exerts, "...direct effect on the variance of the estimate" (Mason and Perrault, 1991), so the results suggest that the independent variables of the study exert acceptable influence on the variances of the regression estimates when three categories of works are independently working as determinants.

Among the key determinants of demand for rural labour as reflected by the total person days generated in the MGNREGS, the influence of number of persons living below poverty line has been very significant. This holds true for the base and end years 2009-10 to 2013-14 considered for study. The poor households are the main beneficiaries of this demand driven scheme of rural labour market interventions. It was suggested that if the number of works taken up were to be more, then the days of work availed by labourers would have been much more than present levels. Whereas, the number of works taken up in the scheme does not establish significant relationship with demand for labour. Thus the presence of constraints to initiate new works seems not adversely affecting the total labour days created.

Regional Variations

To highlight the regional differences it has been tried to portray the situation zone /region

wise. The type of works taken up and its effect on the persondays generated in 2013-14 and in particular, within the low performing states has been analyzed.

Low Performing States

The low performing States based on the average persondays generated in 2013-14 are in descending order Gujarat, Uttarakhand, Jharkhand, West Bengal, Haryana, Uttar Pradesh, Punjab, Nagaland, Arunachal Pradesh, Assam and Manipur. Among these states as one would naturally expect the reason for low work day turn out as that of non-positioning of works to the advantage of BPL population or because the works initiated are not near to the labor households demanding employment. These outcomes point to the persistence of lack of proper planning in the awareness creation and in the selection of work sites.

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MORE DAYS OF EMPLOYMENT UNDER MGNREGA

The Union Cabinet has given ex-post facto approval to provide an additional 50 days of unskilled manual work under MGNREGA, over and above the 100 days assured to job card holders, in rural areas where drought or natural calamities have been notified.

This will enable states to provide additional wage employment under MGNREGA to the rural poor in drought affected areas. The poorest rural households will benefit from this, as it will help in immediate absorption of rural seasonal unemployment, and reduce rural distress.

NREGA was passed by the Parliament in 2005 and came into force in 200 backward districts of India on February 2, 2006. The scheme was further extended to 130 districts in 2007 and to all the districts of the country by April 2008.

A household is entitled for 100 days of work in a financial year under the scheme. The work can be divided among the adult members of the family. One is entitled to get employment within 15-days of giving the application or from the day work is demanded. The duration of work shall be at least 14-days continuously with not more than 6-days a week. If eligible applicant does not get employment within 15-days he shall be provided unemployment allowances as per laid down terms and conditions.