



NREGS (National Rural Employment Guarantee Scheme) under financial inclusion with special reference to Patna District (Bihar)

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The quest for food and basic needs and the battle for employment seem to have found a shore with the enactment of the employment act; the NREGA – NATIONAL RURAL EMPLOYMENT GUARANTEE ACT(5th Sep, 2005). It was brought into force by the Union Government on February 2, 2006 covering 27 states and aims to cover the whole of rural India by 2010. It is “An Act to provide for the enhancement of livelihood security of the household in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto.” “Every person who digs a pond, renovates an irrigation canal and plants a tree contributes a bit to poverty alleviation in India. Under NREGA more than one percent of India's population should have done that in the last ten months.” Finance means money, and inclusion means including the unprivileged people of the society in the economy of the country. ‘Financial Inclusion’ concept gained importance with the Rangrajan Committee set up by the RBI which means the process of ensuring access to financial services and a timely and adequate credit to vulnerable groups at an affordable cost . NREGS -National Rural Employment Guarantee Scheme and the Financial Inclusion concept had similar goals hence they were combined in the 11th five year plan ,to reach the maximum number of beneficiaries. The main aim of this paper is to Develop a comprehensive understanding of the Government policy- NREGS .As NREGA is a widely discussed public policy and a knowledge about it is the need of the hour. An attempt has been made to analyse.” How much effective employment has been made and how is the scheme helping in financial inclusion via wage payment through banks in Patna district.” A study of NREGA is important from the economic point of view as it includes employment as well as Financial Inclusion. It is also Important from the social point of view as it is a nationwide discussion regarding the low living standard of workers of Bihar and their migration out of the state in search for work. It also aims to find out Other benefits derived with the implementation of this scheme and study the problems coming forth in its implementation and measures adopted.

Key words: NREGA, NREGS, Financial Inclusion, Employment.

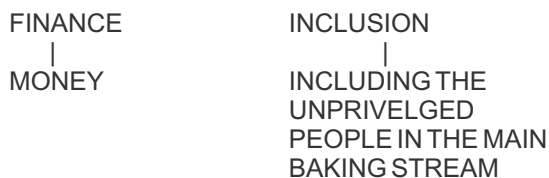
UNDER FINANCIAL

The NREGA, a flagship programme of the UPA government with an opportunity for rural renewal is a boon for BIHAR boosting finance on one hand and on the other raising wages, pulling down migration rate and creating productive assets. It is making a difference in rural life; slowly but surely.

Introduction :The NREGS (NATIONAL RURAL EMPLOYMENT GUARANTEE EMPLOYMENT SCHEME) It is first ever employment scheme having a legal backup as by the Act of NREGA (5th Sep, 2005), which “provides for the enhancement of livelihood security of the household in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household

whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto”. NREGA work can be with speed, reliability, low transaction costs and leakages, if each worker has a bank account in which wages are transferred periodically. At the same time this process helps in boosting Financial Inclusion; the concept which came in existence at first in the Rangrajan Committee (2006-07)

and then under the Eleventh Five year plan (2007-12).



Thus Financial Inclusion means the process of ensuring access to financial services and timely and adequate credit to vulnerable groups at an affordable cost.

“I was working in factory of Colgate in Gujarat. Life there was difficult as the money was less and my family at distant in Bihar. But from when on NREGA came, I returned back to my homeland Bihar and am now living happily with my family here working under NREGS. It's better to work near home than go far away.”

— Ram Babu, 32 years (Phulwarishrif block, Patna, Bihar)

These testimonies and the statistics of 68% workers agreeing that NREGS has helped in preventing migration and 65% giving a positive nod for the scheme being helpful for them depicts that its introduction in Patna District in its very first phase on 26th Feb., 2006 promises unprecedented hopes and expectations.

Suddenly the NREGA has become a buzz word. It stands vindicated by the mandate of the people in its most basic evaluation in a democracy — the general elections. The NREGA has opened up a unique legal space for the poor, with a consequent, legally-mandated obligation on the administration to deliver as it is a LAW meaning thereby work under it can be claimed in court of law if not provided. It came to narrow in the gap between the revenue generated and expenditure incurred with the GOI deciding to include the unprivileged people of the society in the economy of the country. Thus by the Eleventh Five Year Plan, the NREGA workers began to be paid via bank accounts for work, preventing corruption on one hand and on the other including rural people in the ambit of banking thus helping in two-fold economic development and well-knitting three concepts: NREGA – FINANCIAL INCLUSION – NREGS.

With the objective of developing a comprehensive understanding of this most talked of public policy we got know not only the basic structure of it but also workers viewpoint. An Act with provisions and works carried out

under it being well defined, the employment scheme works on the basis of a decentralized structure of the Government. The Act guarantees 33% reservation for women thus looks out for the empowerment of women. With gradual modifications for the best, it can be said that it is a modest dream come true which would bring a real happy economy.

Need / objective:

- Develop a comprehensive understanding of the Government policy- NREGS.
- How much effective employment has been made and how is the scheme helping in financial inclusion via wage payment through banks in Patna district.
- Find out problems coming forth in its implementation and measures adopted.
- Other benefits derived with the implementation of this scheme.
- The responses of people in our survey area.
- Widely discussed public policy. Its knowledge is the need of the hour.
- Important from the economic point of view for it not only concerns with employment but also F.I.
- Important from the social point of view as it is a nationwide discussion regarding the low living standard of workers of Bihar and their migration out of the state for work.

Methodology:

The project will be a culmination of the methods mentioned below:-

*Direct Personal Investigation

* Information through Schedules

STEP: 1. SOURCES OF DATA:

Present study is based on

* Primary Data-direct personal interview, observations and questionnaire

*Secondary Data-magazine, brochure, research, report and internet

STEP: 2. SAMPLING DESIGN:

Sampling Design was done with quota sampling technique.

STEP 4. FIELD OPERATION:

Three research scholars with one research supervisor were deployed to carry out the fieldwork.

STEP 5. QUALITY ASSURANCE:

The field operation was carried under the supervision of a supervisor.

STEP 6. ANALYSIS AND INTERPRETATION OF DATA:

Analysis of the items of the questionnaire and the interview schedule and their interpretation has been done by statistical procedure like pie chart and bar diagrams.

STEP 7. LIMITATIONS:

Data gathered may lack accuracy due to unavoidable factors.

The analysis is representative of the sample drawn and may change with a different sample drawn in the same field of operation. The study of the scheme is vast and changing on a daily basis so is relevant just till date and on a micro basis.

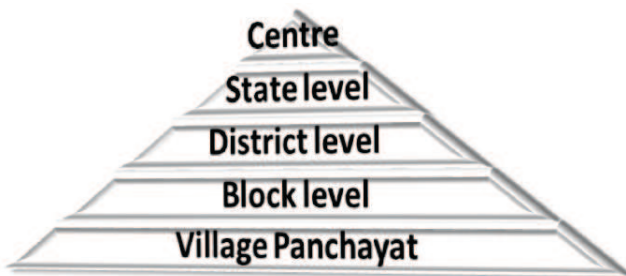
Provisions of NREGA:

- Person above 18 years and eligible for manual work will get work under the scheme of NREGA.
- 100 days guaranteed employment to every household who demands for manual work.
- Individuals who want work under NREGA must apply to Gram Panchayat.
- Jobs cards are issued within 15 days.
- Workers get equal wage for equal work, the wage being fixed at the minimum wage rate.
- Worksite within 5 kilometres from worker's home.
- Wage payment by direct means, through post office and after Eleventh Five Year plan via banks.
- If a worker doesn't get work even on demand he must be compensated with 1/4th or 50% of the total wage.
- Any enquiry or complaint may be registered to query authorities or now even via internet and telephone services.

These are some among the important provisions.

Structure and Funding :

The scheme works on the basis of decentralized structure of the government. It involves the working of all levels of government.



The centre is the apex body looking at the fund flow followed by the state with the responsibility to implement the scheme and ensure resource flow.

Then state is divided into various districts which implements scheme in every block and the block links the village panchayat with the district.

The base of the structure is formed by the village panchayat which is the nearest governing body to the villagers who are the actual workers. NREGS is a Centrally Sponsored Scheme funded on cost sharing basis between the GOI and the States in the ratio of 90:10. Further the state- block ratio is 60:40.

Table: 1 TYPES OF WORK DONE IN PATNA DISTRICT (TILL JULY 2009)

COMPLETED WORK = 2510		ONGOING WORK=3210	
Rural Connectivity	31%		32%
Water Conservation	11%		12%
Micro Irrigation	22%		12%
Land Development	6%		6%
Flood Control	11%		14%
Renovation of Water Bodies	18%		16%
Drought Proofing	0.4%		7%
Irrigation	0.6%		1%

Table: 2 TOTAL NUMBER OF BANK ACCOUNTS OPENED IN PATNA DISTRICT UNDER NREGS (TILL JULY 2009) = 56,043

BANK'S INDIVIDUAL ACCOUNT	BANK'S JOINT ACCOUNT
55523	520

Amount of wage distributed through bank account=131.120. Table 1 shows the comparison between the completed and ongoing work under NREGS in Patna district while table 2 shows the number of bank accounts opened and wages distributed via them.

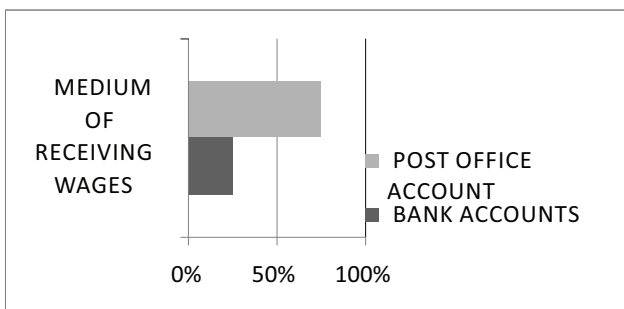
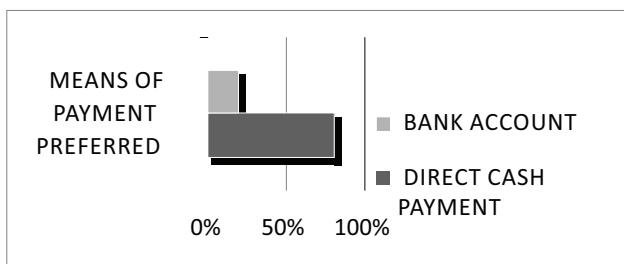
Research /Findings:

The survey conducted by us revealed that people are more or less aware of the scheme with 80% of the workers having the knowledge of NREGS in a way or other.

With just 15% making a formal application to the panchayats for job, the demand for work is still on a high through informal means.

Officers employed are carrying out work as job cards are issued on time.

With just 25% of the workers withdrawing wages via bank account and 80% of them preferring direct cash payment as better means still shows the inconvenience with the banking system.



Women are being encouraged with 33% employment is being provided to women. Over and all the workers are satisfied at some points and want more at the other and for this modifications are being. The officers are also working for the success of the scheme which holds indeed a great potential to change the scene of Bihar's economy.

Benefits:

- NREGA is a bonanza for all pulling 60% people above poverty line.
- Alternative to migration by providing work near home.
- Ecological act as it exploits natural resources available bringing sustainable development.
- Short term benefit by providing work for wage and long term benefit by creating public asset in the long run.
- Socio-economic empowerment of women.

Problems and their possible solutions:

- Flaws in System with elements of non-transparency and high techniques with gradual changes. The possible solution is to create awareness via media.
- Corruption of different kinds and at various levels which prevents fund flow to the targeted beneficiaries. Efficient bureaucracy willing to work bringing out the scheme out of paper to reality is the best solution.
- Lack of awareness about the benefits of the scheme leads the targeted beneficiaries to remain in poverty. Efficient and active village panchayat which provides knowledge to the villagers who are the actual workers can generate the most needed awareness.

Conclusion:

“Every person who digs a pond, renovates an irrigation canal and plants a tree contributes a bit to poverty alleviation in India. Under NREGA more than one percent of India's population should have done that in the last ten months.” The NREGA is significant in both letter and spirit with an aim to uplift close to 60% population above the poverty line. Covering of over 40% of India's population, it focuses on the country's poorest region. Its auxiliary objective is to strengthen natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable

development. The battle for employment which has been in news for quite some time can find peace in the success of this scheme.

From the micro study of Patna district, we found that the rate of migration has indeed decreased with the upcoming of NREGS and there is a massive demand for work. There is demand for modifications; as in increasing the number of workdays and wage rates. The negative side is that with the introduction of banking system workers are quiet puzzled. Their unfamiliarity with the banking process and delays in payments bends them to prefer direct payments for they have a hand to mouth existence. The aim to blend financial inclusion with NREGS should be done gradually and slowly and at the same time develop a comprehensive understanding of banking system among the workers. In context to rural poverty, the NREGA should be seen more as a livelihood-generating programme than a wage-earning scheme. It holds much potential to give a great turn to India's development; only the ministers need to think afresh, not repeat the mistakes of the 1980s when making changes.

The Act has been amended by the parliament and from 2nd Oct, 2009 it has been renamed as MGNREGA (MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME) with Rs. 100 per day being made the universal wage rate. The scheme is dynamic in nature and changing for better gradually, making visible development in the lives of the underprivileged.

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