



TRENDS AND PATTERNS OF FUND ALLOCATION AND UTILISATION UNDER MGNREGA IN KARNATAKA: EMERGING ISSUES AND EVIDENCE

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Abstract

The National Rural Employment Guarantee Act (NREGA) of 2005 is the most significant social policy initiative in India in the last decade. MGNREGA introduced MGNREGP. Therefore in the entire thesis it is referred to as MGNREGP. The main objective of MGNREGP is to provide livelihood security to the households in rural areas of the country by providing at least 100 days of guaranteed wage employment to every household in unskilled manual work. The MGNREGP performance is also crucial to the success of the Millennium Development Goals of halving global poverty by 2015 as rapid reduction in poverty in India will have an important bearing on the global poverty numbers. This act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or unskilled work to people living in rural India, whether or not they are below the poverty line. The MGNREGA is being implemented in Karnataka since 2006. The districts classified based on the GP performance rank like More developed (90-100 Value), developed (86-90), backward (81-85) and more backward (70-80 values) 2015-16. MGNREGA was introduced in only five districts of Karnataka in the first phase. The five districts are Bidar, Chitradurga, Davanagere, Kalaburgi and Raichur, which have the maximum number of poor. Later it was extended by 11 districts in 2007-08, by adding six more districts. These districts are Belagavi, Ballari, Chikkamagalur, Hassan, Kodagu and Shivamogga. This programme extended to remaining all districts in Karnataka during 2009-10. Thus poverty and employment are the two major issues in Karnataka in rural areas. More poor people are living in the rural areas. The rural people have earned the agriculture wage, small and marginal farmers and some workers in non-agriculture activities.

Keywords: MGNREGA, Karnataka, Poverty reduction, Employment.

1. Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is an Indian job guarantee scheme, enacted by legislation on August 25, 2005. On February 2, 2006, amidst great hype and hope, the MGNREGA came into force in 200 of India's backward districts. The scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage. The law was initially called the National Rural Employment Guarantee Act (NREGA) but was renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) on 2 October 2009.

The National Rural Employment Guarantee Act (NREGA) of 2005 is the most significant social policy initiative in India in the last decade. MGNREGA introduced MGNREGP. Therefore in the entire thesis it is referred to as MGNREGP. The main objective of MGNREGP is to provide livelihood security to the households in rural areas of the country by providing at least 100 days of guaranteed wage employment to every household in unskilled manual work (Ministry of Law & Justice, 2005). The MGNREGP performance is also crucial to the success of the Millennium Development Goals of halving global poverty by 2015 (compared to 1990 levels) as rapid reduction in poverty in India will have an important bearing on the global poverty numbers. This act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or unskilled work to people living in rural India, whether or not they are below the poverty line. The MGNREGA is being implemented in Karnataka since 2006. Now it covers all the 30 districts of the State. The objective is to ensure livelihood and food security by providing unskilled work to people through creation of sustainable assets.

The poor face absence of basic capabilities to function in society and lack opportunities such as access to public infrastructure and income earning. A majority of them earn their livelihood through unskilled, casual manual labour and exploitation of the natural resource base. This dependence makes them more vulnerable to crises, like climate shock, natural disaster, ill-health, all of which adversely impact their employment opportunities and reduce their ability to move out of the poverty trap. According to the latest estimates of Planning Commission (2011-12), around 21 per cent of total population is living below poverty line. On the other side, 25 percent of rural people are poor. The rate reduction in poverty especially in rural areas of Karnataka in 2011-12 compared to 2009-10. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), a self-targeting labour intensive public works programme, in the first phase was implemented in most backward 200 districts of the country from February 2006. In April 2007, additional 130 districts were included under phase II, bringing the total districts under it to 330 districts. From April 2008, under phase III, MGNREGA has been extended to all 644 rural districts in the country to guarantee at least 100 days of wage employment to every rural household every year and to reinforce the commitment towards livelihood security in rural areas.



The act is aimed to improve the livelihood security of the households 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. The act was structured so as to harnessing the rural work-force, not as recipients of doles, but as productive partners in developmental journey. Obtaining regular wage employment is the dream and the first demand of the poor in India. A majority of the poor in India continue to depend on wage labour for their survival. Guaranteeing the right to work calls for an "Employment Guarantee Act, whereby the Government is legally bound to provide work to all those who are able bodied. This would enable people not only to feed themselves and their families, but also to achieve a minimum standard of living. It is important to examine the performance of NREGP and offer policy hints to ensure effective impletion of it (Biradar).

2. Review of Literature

A brief review of literature focusing on financial and physical progress in India and Karnataka is presented as follows. A study by Ashok (2016) found that the scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work related unskilled manual work at the statutory minimum wage. The objective is to ensure livelihood and food security by providing unskilled work to people through creation of sustainable assets. The study mainly concentrated on to study the performance and progress of MGNREGA in the study area. MGNREGA can efficiently contribute towards the inclusive economic growth of the country. The Mysore district has brought many positive changes in improving the livelihood of the poor people along with improvement in the infrastructure for sustainable growth. Biswas (2005) found that the performance of Mahatma Gandhi National Rural Employment Guarantee Scheme in terms of rural connectivity, flood and land development in Jalpaiguri District of West Bengal is satisfactory.

Prasad (2012) has stated that the "Performance of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA): An overview". The objective of the study was to explore the current status of MGNREGA, review the performance of MGNREGA and to explain the funding pattern of MGNREGA. The study concludes that MGNREGA serves as an effective safety net for the unemployed especially during famine and drought. It has enabled them with sufficient purchasing power and they are able to at least to supports their basic necessity. Kadrolkar (2012) has analyzed that the Mahatma Gandhi National Rural Employment Guarantees Act' (MGNREGA) In Karnataka". The aim of the study was to study the socioeconomic background of the beneficiaries of the act, the perceptions of the beneficiaries about the act and to find out the lacunas in the implementation of the act and to offer suggestions for policy implications. The study suggested that job should be provided to all job card holders and there should be redress cell in case injustice met by the beneficiary.

3. Objectives of the Study

- To examine the trends and patterns of fund allocation and utilisation under MGNREGA in Karnataka.
- To analyse the distribution of job cards by social groups in Karnataka;
- To study the employment generation and percentage of households provided with 100 days employment under MGNREGA in Karnataka.
- To offer policy suggestion for effective implementation of MGNREGA in Karnataka.

4. Methodology

The study is based on secondary data collected from various source like, Annual Reports of the Ministry of Rural Development, Government of India, New Delhi. The data such as district wise financial allocation and utilization under MGNREGA and the Social group wise job cards. A simple percentage and average are used to analyse the data collected (2006-07 to 2015-16). The districts classified based on the GP performance rank like More developed (90-100 Value), developed (86-90), backward (81-85) and more backward (70-80 values) 2015-16.

5. Result and Discussion

5.1 Allocation and Utilisation of Funds

Table 1 provides the fund allocation and utilisation under MGNREGA in Karnataka. The MGNREGA was introduced in only five districts of Karnataka in the first phase. The five districts are Bidar, Chitradurga, Davanagere, Kalaburgi and Raichur, which have the maximum number of poor. Later it was extended by 11 districts in 2007-08, by adding six more districts. These districts are Belagavi, Ballari, Chikkamagalur, Hassan, Kodagu and Shivamogga. This programme extended to remaining all districts in Karnataka during 2009-10. As the number of districts increased, fund allocation also increased. In the year 2006-07 an amount of 34133 lakh was allocated for five districts, it means the average per districts was Rs 6826.6 lakh. The programme was extended to all districts an amount also increased by 302629 lack was allocation and utilisation. The fund allocation is significantly increased by 112623.18 lakh during 2009-10 to 2015-16. The utilisation of fund is starting 73.80 percent in 2006-07 year. Later it was increasing to 88.60 percent in 2009-10. But in the year 2011-12 fund utilisation decline. The highest utilisation of the fund by 115.72 percent in 2012-13. After it was continuously decline and increase.



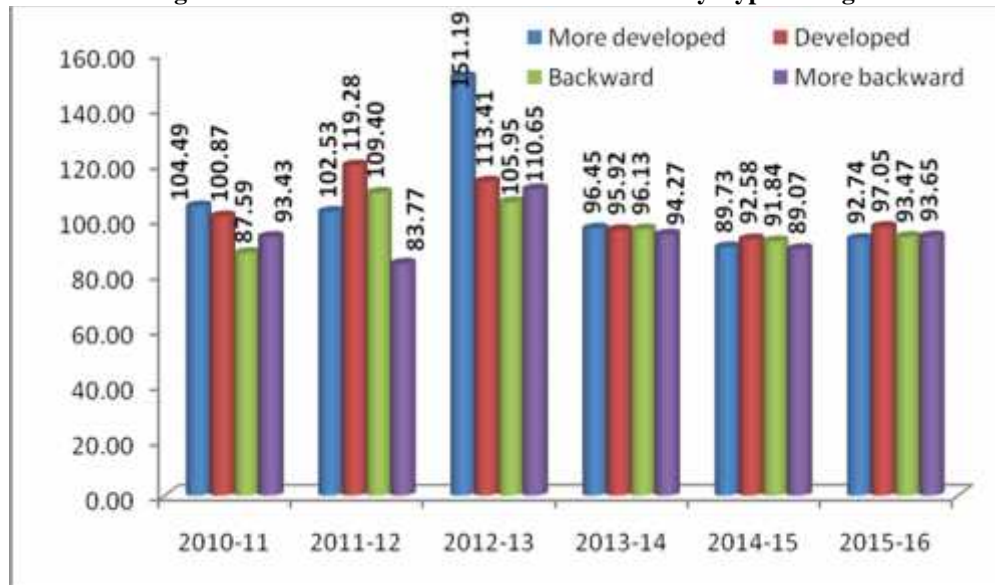
Table 1: Fund allocation and utilisation (Rs in Lakhs)

Year	Fund allocation	Fund utilisation	% of utilisation
2006-07 (5 districts)	34133	25189	73.80
2007-08 (11 districts)	41925	23651	56.41
2008-09 (29 districts)	54745	35787	65.37
2009-10	302629	256920	84.90
2010-11	234912	208131	88.60
2011-12	194087	161763	83.35
2012-13	122808	142119.27	115.72
2013-14	215548.55	206168.29	95.65
2014-15	183149.69	166337.58	90.82
2015-16	190005.82	179288.95	94.36

Source: www.mgnrega.nic.in

Figure 1 shows the classification of fund utilisation among all districts of Karnataka. More developed districts in the year 2010-11 have 104.49 percent fund utilisation and the developed districts have 100.87 percent and in the same year 93.43 percent falls in the category of more backward. Similarly the fund utilisation has increased in more developed districts having 151.19 percent utilisation in the year 2012-13. From 2013 -14 to 2015-16 the trend of fund utilisation is almost same. In the year 2015-16 more developed districts fund utilisation is 92.74 percent similarly for developed districts fund utilization is 97.05 percent and for backward and more backward districts the fund utilization is 93.47 percent and 93.65 percent respectively.

Figure 1: Percentage of Utilisation of funds under MGNREGA by Type of Regions in Karnataka

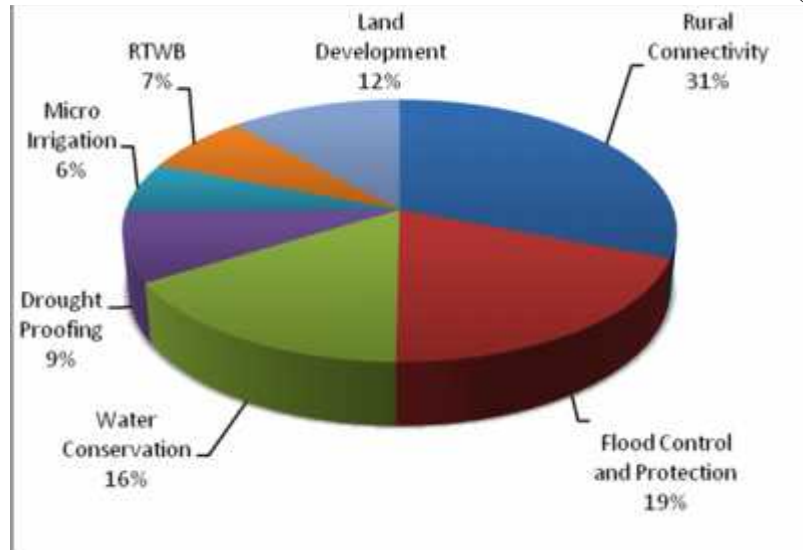


Source: www.mgnrega.nic.in

The data provided in figure 2 shows that distribution of works undertaken MGNREGA in Karnataka. The proportion of water conservation such as conversation and water harvesting having 16 percent. The rural connectivity having highest undertaken works in MGNREGA. Flood control and protection (19 %), land development (12 %), drought proofing (9 %), renovation of traditional water bodies (7%) and micro irrigation (6 %). This follows that a greatly importance was accorded to improve the natural resources base and livelihood strategies of the rural areas.



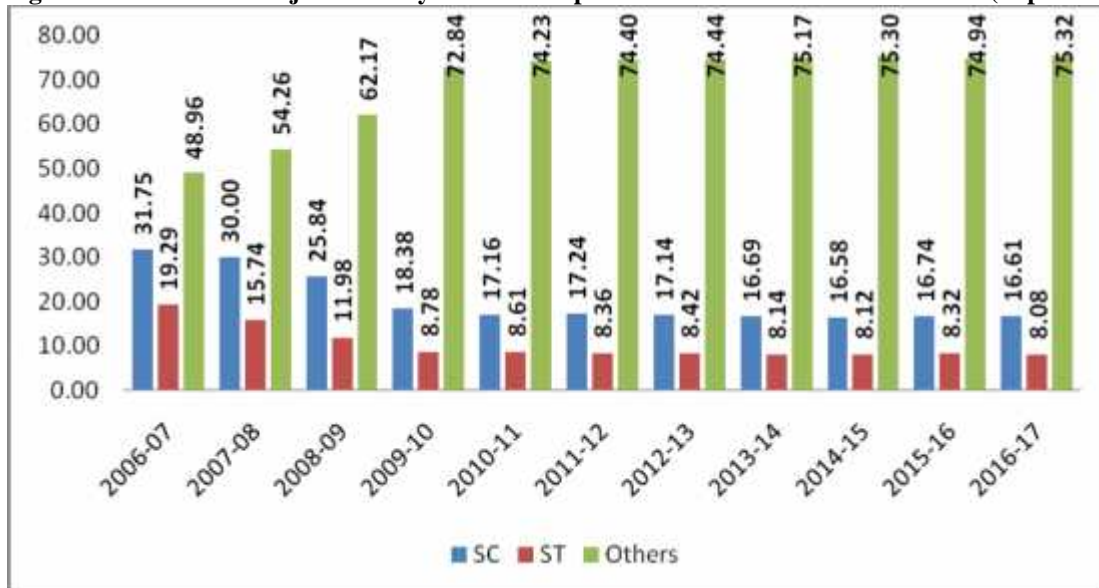
Figure 2: Distributions of Works under MGNREGA in Karnataka: 2015-16 (percent)



Source: www.mgnrega.nic.in

The figure 3 presents category wise job cards issued in Karnataka. The scheduled caste having 31.75 percent more job cards in the year 2006-07. After SCs job cards was continuously declined by 15.14 percent during the period 2006-07 to 2016-17. Similarly STs Job cards holders are also higher in the year 2006-07, having 19.29 percent job cards. After STs also continuously declined by 11.21 percent during the period 2006-07 to 2016-17. But others have starting stage having low job cards in the year 2006-07. Later others having job cards continuously increased by 26.36 percent in the year 2006-07 to 2016-17. As far as job cards issued by social groups is concerned, it has been found that the job cards issued for the members of SCs and STs was found to be quite higher as compared to those of Others in the year 2006-07.

Figure 3: Distribution of job cards by Social Groups under MGNREGA in Karnataka (in percent)



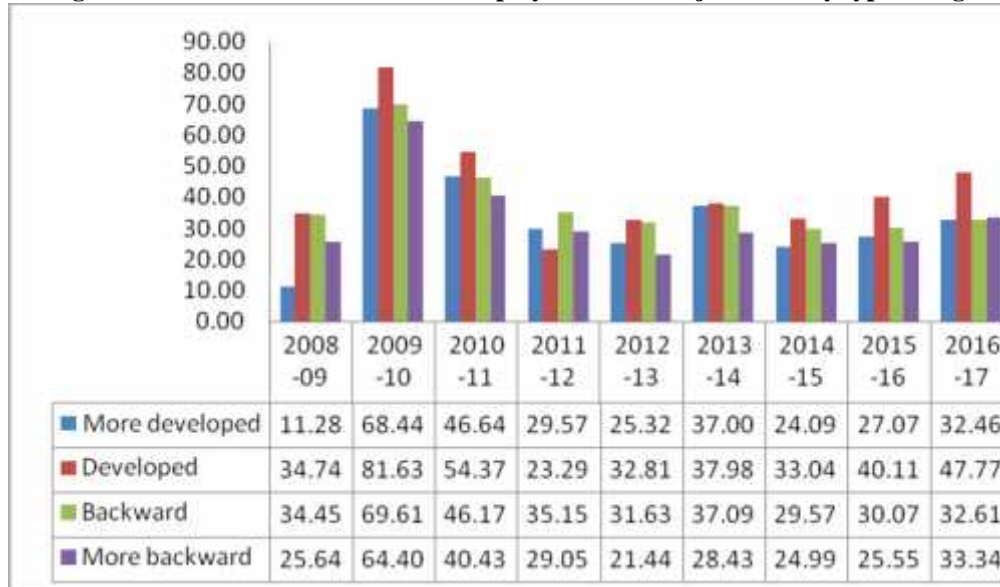
Source: www.mgnrega.nic.in

Figure 4 gives the details on year-wise percentage details of employment demanded in Karnataka state among different categories of districts. It can be seen from the Figure 4 that there are fluctuations in the percentage of employment demanded by different districts of the Karnataka. In the year 2009-10 the percentage of employment demanded among all the districts is high compared with all other periods.. More backward districts have demanded very less employment compared with rest of the districts during the study period except 2008-09. It is observed that during the whole study period districts categorized



into developed and backward have demanded more employment compared with the districts of more developed as well as more backward. It can be observed that the fluctuation in employment demanded is more among districts falling into as developed compared with the districts of the other categories.

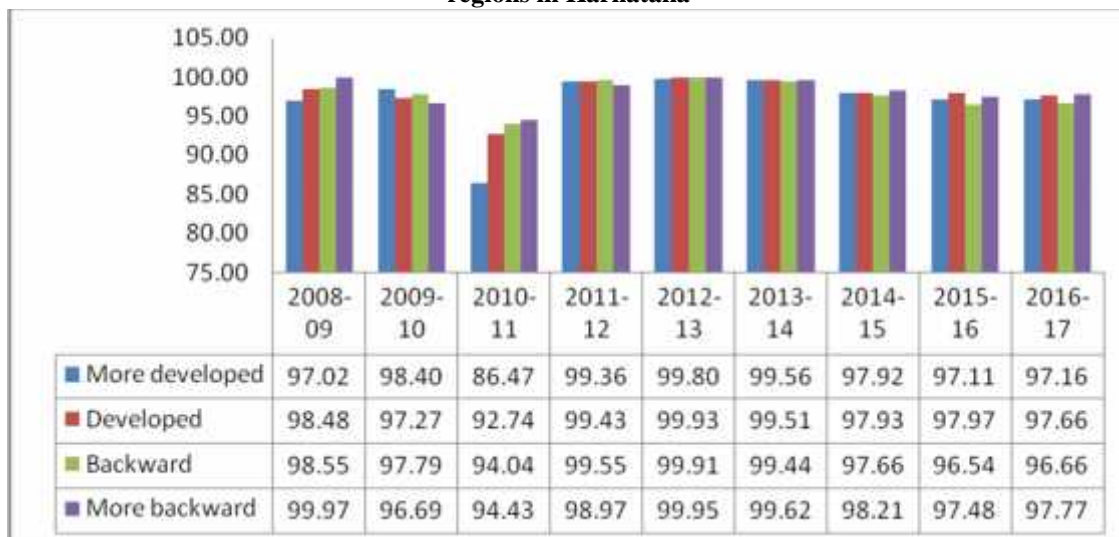
Figure 4: Percentage of house households demanded employment to total job cards by type of regions in Karnatak



Source: www.mgnrega.nic.in

The data presented in figure 5 shows that employment provided to total demanded employment in classified districts in Karnataka. The figure presents the percentage details on employment provided between the periods 2008-09 to 2016-17. It is observed from the figure 5 that there is a fluctuation in the percentage of employment provided in Karnataka except for the year 2011-12, 2012-13 and 2013-14. It can also be observed that the percentage of employment provided is very less in the year 2010-11 compared with rest of the periods. In the initial period's employment provided has decreased where as in the year 2009-10 the percentage of employment provided in more developed districts has decreased sharply compared with other districts.

Figure 5: Percentage of households provided with employment to total households demanded employment by type of regions in Karnataka

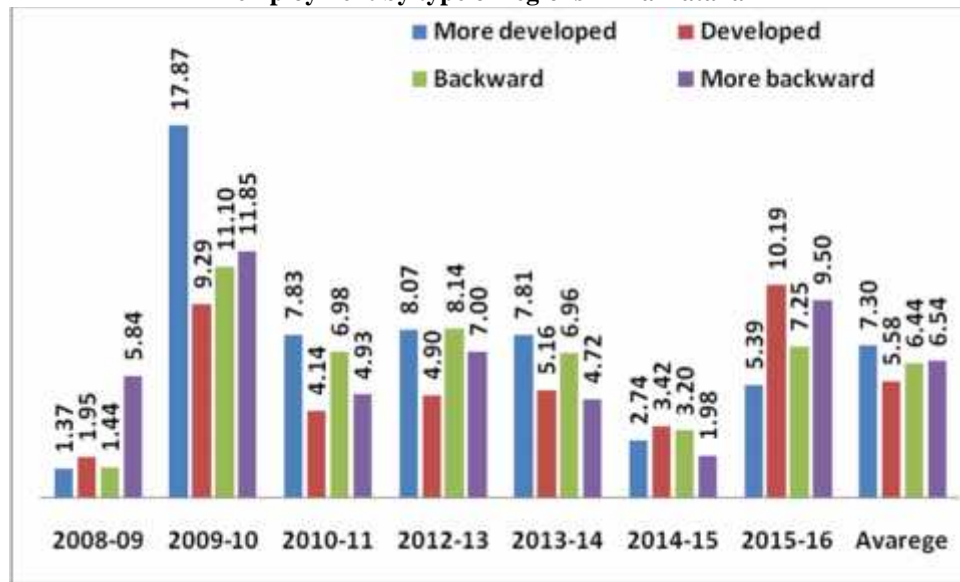


Source: www.mgnrega.nic.in



The data presented in figure 6 indicate that the classification of districts total number of households completed 100 days of employment to total provided employment under MGNREGA in Karnataka during 2008-09 to 2015-16. In the starting stage more backward districts are 5.84 percent completed households 100 days of employment and more developed, developed and backward districts are less completed 100days of employment during 2008-09. The highest household availing 100 days of employment having more developed districts are 17.87 percent; developed districts 9.29 percent, backward and more backward districts are having 11.10 and 11.85 percent during the period 2009-10. After it will declined in all classified districts in Karnataka. The households availing 100 days of employment having low under classified districts in the year 2014-15. In the average more developed districts having 7.30 percent, more backward district having 6.54 percent, backward districts are 6.44 percent and developed districts are 5.58 percent having households availing 100 days of employment under MGNREGA in Karnataka.

Figure 6: Percentage of households provided with 100 days of Employment to the total households provided with employment by type of regions in Karnataka



Source: www.mgnrega.nic.in

6. Conclusion and Policy Suggestions

MGNREGA is treated as an exercise in empowering the poor economically and politically to help them get out of poverty. Successful implementation of the MGNREG act ultimately depends on the commitment of the government to the goals of the act. A creating awareness with focus on details of the provisions and to bring awareness among rural household and general public know about the objectives of the scheme and success stories. Employment demanded registration process so that all those who will apply for work under MGNREGA are facilitated and unmet needs for wage employment are fully addressed.

The works on the land of marginalized sections SCs, STs Household should be given more priority and provide 100 days employment to these households. Poorer household in the rural area wage is the main sources income, so timely payment of wages to worker as mended in the act should be ensured. These should be the ability and willingness of local government and panchayat to plan works and run the programme. An increase in the number of days of employment per job cards in response to potential demanded for work.

Thus poverty and employment are the two major issues in Karnataka in rural areas. More poor people are living in the rural areas. The rural people have earns the agriculture wage, small and marginal formers and some workers in non-agriculture activities. Constitute the rural poor, lack of wage employment opportunities and low wage rates, discrimination between wage paid to men women and migration of labour.

The works to be selected under the scheme need to address issues related to creating better amenities, improving quality of life and increasing farm productivity, including inter alia, better sanitation, rain water harvesting, tree planting, supply of good drinking water, rural connectivity, rejuvenation of traditional water bodies and land improvement on individual farms. Ensuring good quality in work execution and financial transparency would go a long way in motivating the villagers to make the best use of MGNREGS and further strengthen the inter linkages in the village economy.



In continuation to the earlier wage employment programmes. MGNREGA has been implemented in the state since 2006-07 to eradicate poverty and unemployment by providing legally guaranteed 100 days of employment to each rural household. However by analyzing the physical and financial performance and success of MGNREGA depends on enabling workers in rural areas to receive entitlements and provides the development opportunities.

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