

RESEARCH NOTE

Implications of MGNREGS in Agricultural Labour Market: A Kerala Study

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ABSTRACT

A study was conducted in Palakkad District of Kerala, to analyse changes in agricultural work participation and wages of beneficiary agricultural labourers after introduction of MGNREGS in paddy cultivation. The study revealed that agricultural work participation of women labourers was decreased by 68.42 per cent post MGNREGS. Thus MGNREGS aggravated already existing labour scarcity in agricultural sector. Though the wage income of the beneficiary respondents was increased, their agricultural wage income during the study period was decreased. Wage rate of women agricultural labourers was increasing in tune with the increase in MGNREGS wage rate.

Key words: MGNREGS; Agricultural labour; Rice;

MGNREGS (Mahatma Gandhi National Rural Employment Guarantee Scheme) is the ever largest employment generation programme implemented in rural India, with the objective of enhancing livelihood security of rural households by providing 100 days of assured wage employment annually. Agricultural labourers constitute a major sector among rural households and hence the scheme could influence the agricultural labour market dynamics. Agriculture accommodates nearly 56 per cent of Indian workforce (GoI, 2012). The proportion of agricultural workers to the total workers has been declining over the years since 2001, while the corresponding ratio in the secondary and tertiary sectors is on the rise (Prabhakaret al., 2011). The labour productivity in agricultural sector is very less with seasonal variations in employment generation. This coupled with rapid urbanization has led to the migration of rural workforce to urban areas causing labour shortage in the sector. The high level of literacy rate of farm labourers and the changing socio-economic scenario of the state has elevated the social status of farm labourers in comparison with other parts of our country. Resultant to social movements and land reforms, they are in better living condition. Since paddy is a labour intensive seasonal crop with peak and slack seasons of

labour utilization, there is disguised unemployment among paddy labourers. The study analysed the changes in agricultural labour availability, wages and labour days after introduction of MGNREGS.

METHODOLOGY

The study was carried out in Palakkad district of Kerala purposively as it is one among the 200 districts where the scheme was implemented in its first phase in 2006 and it is the granary of Kerala contributing nearly 40 per cent of total paddy production of the state. Paddy is the major labour intensive crop grown in the state. Two block panchayats were selected from the district, the one which was provided maximum employment under MGNREGS and the other with maximum area under paddy cultivation. In the next stage, two grama panchayats were selected from the two block panchayats based on the same criterion. Forty (twenty each from each grama panchayat) MGNREGS beneficiaries and forty farmers were selected as respondents for gathering primary data. Primary data was gathered using pre-tested interview schedule prepared for each category. The data pertaining to the years 2005-06 ("before MGNREGS") and 2011-12 ("after MGNREGS") were analysed for drawing

conclusions. Secondary data from official records and published sources were also used for the study. The relationship derived was as follows:

$$Y=0.036-0.193X_1+0.02X_2-0.297X_3+0.171X_4$$

Where,

Y= Agricultural labour days during 2011-12

X₁= MGNREGS labour days during 2011-12

X₂= Beneficiary income during 2011-12

X₃= Education status of beneficiary

X₄= Age of the beneficiaries in years

RESULTS AND DISCUSSION

Impact of MGNREGS on agricultural work days:

All the MGNREGS beneficiary respondents were females indicating high women participation in the scheme. Women participation was more than 95 per cent in the state, district and block levels. Impact of MGNREGS on agricultural labour supply was analysed based on data gathered from MGNREGS beneficiaries who were agricultural labourers. Agriculture was the major employment provider for the respondents before MGNREGS while after its introduction, the scheme was the major employment provider for them. Though they were not completely abstaining from agricultural works, their work participation in terms of agricultural labour days per year was decreased from 64.6 to 20.4 (Table 1).

There was 68.42 per cent reduction in average agricultural labour days per year after introduction of the scheme. This indicates that though MGNREGS is regarded as a supplementary employment provider, beneficiary respondents were choosing MGNREGS to agricultural works leading to labour shortage in agricultural sector. The result is in agreement with the observations of *Nair et al., (2009)* who reported that MGNREGS induced labour shortage was 22 per cent

in Kasaragod district of Kerala. It was also evident that, though the total annual income of the respondents was increased by 142 per cent, their annual income from agricultural wages was decreased by nearly 42 percent at constant prices. MGNREGS wages has contributed to 73.75 per cent of beneficiary annual income during 2011-12 and they had earned an additional annual income of Rs. 5581/- (at constant price) from the scheme. At the same time the contribution of income from agricultural works had fallen from Rs. 3061 to Rs. 1810. The average annual income at constant price would have been increased further by Rs. 3921 in 2011-12 leading to a total increase of Rs. 11489 (263%) from that during 2005-06, if there had been no reduction in the agricultural work days of the respondents.

Factors influencing Agricultural work participation of respondents: Multiple linear regression analysis with SPSS (Statistical Package for Social Sciences) was used to analyze the influence of MGNREGS on agricultural work participation of beneficiaries taking annual agricultural work days as dependent variable and MGNREGS participation and socio-economic factors as independent variables. The explanatory variables could explain 52.2 per cent change in the dependent variable viz. agricultural work days during 2011-12.

An inverse relationship between agricultural labour days and MGNREGS work days was clearly observed from the equation and it could be concluded that MGNREGS work participation has a negative effect on agricultural work participation of the respondents. Similarly, the education level was also found to have a negative impact on the agricultural work participation of MGNREGS beneficiaries. Though the problem of labour scarcity in agriculture sector was in existence in Kerala even before the introduction of the scheme, MGNREGS is also perceived as one of its causes (*Kannan, 2011*). He also stated that low wages,

Table 1. Comparison of labour days, wages and income of MGNREGS beneficiaries

Particulars	Before MGNREGS	After MGNREGS	% change
Mean work days/year	67	85	26.86
Mean MGNREGS work days/year	N/A	61.93	N/A
Mean agricultural work days per year	64.6	20.4	(-)68.42
Average MGNREGS wages (Rs./day)	N/A	150	N/A
Average agricultural wages (Rs./day)	50	150	200
Average Annual Income at constant price (Rs.)	3124(3276)	7568(12799)	142.25
Average Annual Income from agricultural works	N/A	5581(9439)	N/A
Average annual income from MGNREGS works	3116(3268)	1810(3061)	(-)41.91

Figures in parenthesis indicate value at current price

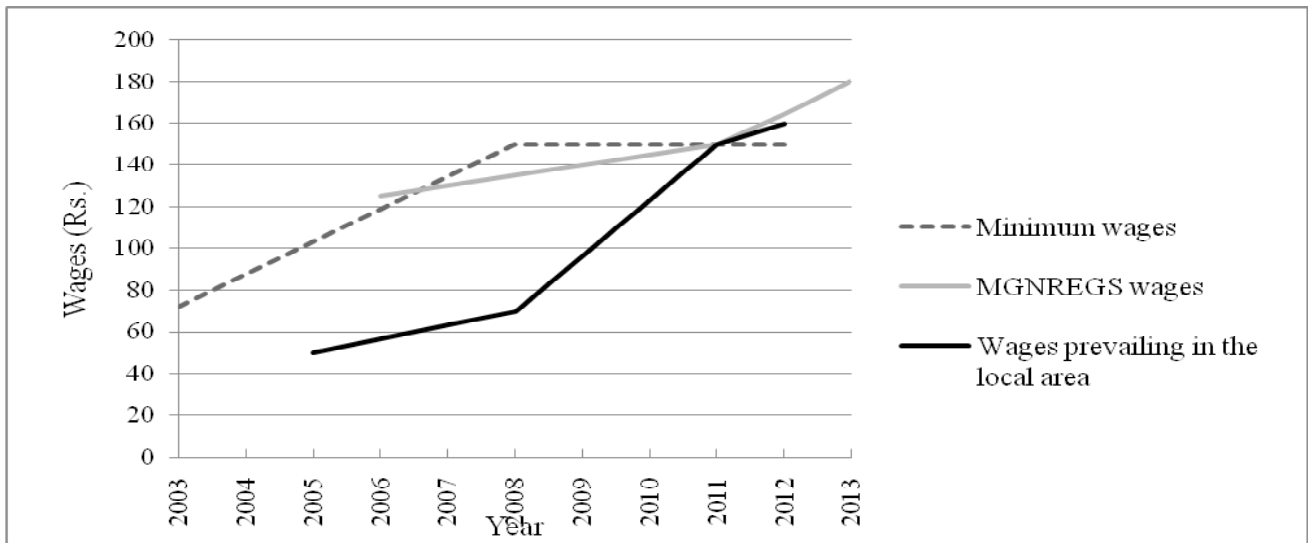


Fig. 1. Change in wage rates of female labourers

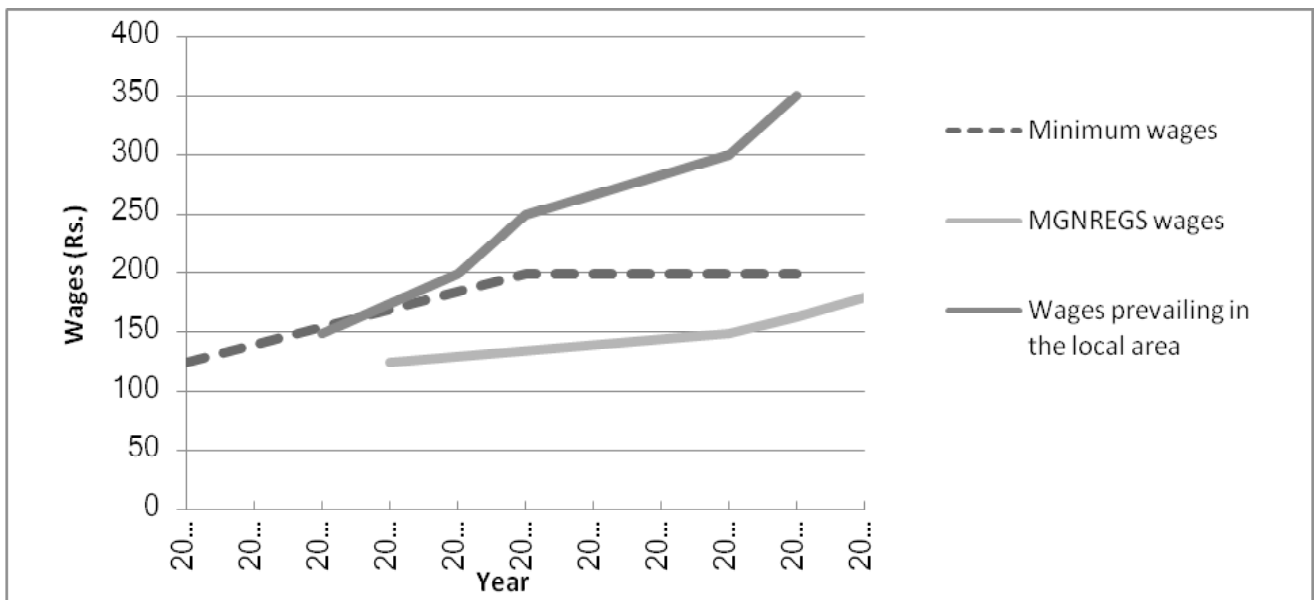


Fig.2. Change in wage rates for male labourers

drudgery, hard nature of the work and low profitability caused inhibition of youngsters to come for agricultural works. With the booming up of real estate sector, construction works became highly remunerative leading to diversion of existing agricultural labour force towards that sector. All these factors caused labour shortage which in turn has led to wage increase in the sector.

Impact of MGNREGS on agricultural wages : Three types of wage rates viz., statutory minimum wage rate notified by the state government, MGNREGS wage rate notified under MGNREGA and market wage rate prevailing in the local area paid by the farmers (local

wage rate) were compared to draw conclusion about the impact of MGNREGS on wage rate of agricultural labourers. Fig.1. depicts that the local wage rate paid to women labourers (Rs. 50/day) during 2005-06 was less than statutory minimum wages applicable to light works, during the period (Rs. 72/day). But there was drastic increase (200%) in the local wage rate afterwards and it was Rs.150/day during 2011-12. During this period local wage rate of male labourers was increased by 100 per cent from Rs.150/day to Rs.300/day. MGNREGS wage rate during its phase I roll out was Rs.125 per day and it was linked with statutory minimum

wage rate applicable to the state. The percentage increase of MGNREGS wage rate from 2008 to 2011-12 was 20 per cent. After the introduction of MGNREGS local wage rate for women labourers has been showing a tendency to equalize with MGNREGS wage rate. It is not so in the case of male wage rate. This can be linked with high women participation (>90%) in MGNREGS in the study area as in general in Kerala. *Prabhakaret al. (2011)* also reported MGNREGS induced wage hike in other parts of the country. The result is in agreement with that of the study conducted by *Sontaki and Ahire (2011)* wherein they reported that MGNREGS had led to labour shortage and wage increase in Southern states like Andhra Pradesh. The problem was severe in the case of large farmers because their farms were not included under the public works programme.

CONCLUSION

The study revealed that though MGNREGS is introduced as a supplementary employment generation scheme, the beneficiaries were considering it as an alternate employment opportunity. Regression analysis also showed that MGNREGS work participation rate has a negative effect on agricultural work days of the respondent beneficiaries. Female wage increase was in tune with MGNREGS wage increase whereas male wage increase was not influenced by the MGNREGS wage revisions. The rate of increase of female wage rate was double than that of male wage increase during the period. These can be linked with high (>95%) women participation in the scheme. Utilizing local agricultural labour opportunities along with MGNREGS employment entitlements can further improve the income status and livelihood of rural labourers.

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