Chapter 4
MGNREGS of India: Complementarities Between Employment and Infrastructure

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ABSTRACT
Controlling surplus population, on the one hand and use of underutilized resources on the other, have induced governments of the developing world to adopt measures so that, poverty, underdevelopment and social insecurity are managed outside the sphere of core sector, especially through rural employment generation. MGNREGS of India is one such programme. Many researchers suggested the need for government intervention in job creation. On the other hand, some researchers have criticized such policies on the ground that these programmes misallocate resources towards relatively less productive frontiers. We propose theoretically that, the problem is not so much with the revenue expenditure, rather the bottleneck lies on the supply-side and can be mitigated by introducing infrastructural factors. Moreover in this chapter, we have tried to criticize the quality of jobs done and types of infrastructure generated through MGNREGS as it seems that both fail to increase food production and thus create some conflicts between rural and urban sectors.

INTRODUCTION
Today’s globalized world often identifies growth as development. Since early 90’s India is attempting to be a part of globalized world and in many fields she has done it successfully. The success story of globalization has been reflected in the growth rate data (sometimes it is estimated over 7% per annum). But there is a flip side of the coin. Market economy, by its very nature, excludes a portion of the popu-
lation of a country. Unfortunately, in case of India, the excluded portion of the population is too large. According to RBI, there was approximately 26.4 crore persons lying below the poverty line in 2015. Rehabilitation and utilization of the large surplus population, on the one hand and deployment of some underutilized resources on the other, have induced the government of India and governments of some other developing countries to take up measures so that, poverty, underdevelopment and social insecurity are managed outside the sphere of market economy, especially through rural/peripheral employment generation. Thus, “development management” by the State aiming at the excluded population outside the dynamics of accumulation has become the dominant developmental strategy Sanyal (2007), Sanyal and Bhattacharya (2009) and Chakrabarti (2011). Even the international funding and regulating agencies are advocating for such direct policies.

In 1662, Sir William Petty argued in support of “publicly employing the unemployed for building infrastructure”, and the need for government intervention for employment generation was first felt way back in the seventeenth century, just after the Industrial Revolution Kaboub (2007). After the failure of the US government’s policy, War on Poverty, Hyman Minsky (1965) suggested employment guarantee schemes for the US economy. During the last few decades, following the footsteps of their developed counterparts, different developing countries started introducing employment guarantee programmes. Argentina’s the Plan Jefes y Jefas de Hogar Desocupados (Program for Unemployed Male and Female Heads of Households), South Africa’s Expanded Public Works Programmes (EPWP), India’s Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), etc., are a few well-known programmes which are intended towards employment guarantee to the excluded mass of people.

In September 2005, India’s parliament endorsed a significant legislation – the National Rural Employment Guarantee Act (NREGA), presently known as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The Act, in one hand, recognized employment as a right and on the other hand, defines a compulsion for the government to provide, in each year, 100 days of wage employment along with rural asset generation at a predetermined minimum wage to all rural households whose members are looking for or eager to do unskilled manual work. Government of India has allotted approximately 8.6 percent of its total planned expenditure in the FY 2015-16 (http://indiabudget.nic.in).

Programmes like MGNREGS have faced severe criticisms on the grounds of misallocation and inefficient distribution of resources. Researchers like Murgai and Ravallion (2005), Marjit and Maiti (2007), Kostzer (2008), Sjoblom and Farrington (2008) have criticized such policies on the ground that these programmes misallocate resources towards relatively less productive frontiers by channelizing government finance from the so-called efficient urban/capitalist/modern sectors. Government budget constraint is proposed to be a crucial hurdle for these types of development management policies. On the other hand, many other researchers like Dreze & Sen (1989), Dreze (2004), Patnaik (2005), and Dev (2006) argued in favour of government’s intervention in job creation outside the domain of core capitalist sector.

In India, started from 2006-07 since 2014-15, MGNREGS employment is showing an increasing trend as can be seen from Table 1. Although, there exists a very high degree of variations in performances among states/UTs, but the MGNREGS employment has been increased from 3% to 12% on an average while considering the all India figures.

From Table 1, we can see that states like Meghalaya, Mizoram, Nagaland, and Tripura perform extremely well in comparison with other states. There may be distinction in priorities among different dimensions of capacities and political commitments of MGNREGS, it is also visible from the table that most of the states fail to touch even the double-digit figure. Later, in this paper, we have tried to study empirically the MGNREGS performance incorporating its expenditure side also.