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Kumar, Dr.B.Pradeep

Department of Economics, Government College, Ambalapuzha

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Inclusive Growth via Labour Market Integration:

A Study of MGNREGS in Kerala

By

Dr.B.Pradeep Kumar

Assistant Professor of Economics

Government College, Ambalappuzha,

Alappuzha District, Kerala.

1. Introduction

The mantra of ‘inclusive growth’ has been a contemporary debating point in the development discourses in India. It is presumed that the emphasis on this strategy of development has emanated from the pitfalls that have been created by the neo-liberal development strategy being implemented in India over years since 1991 (Thakur, 2009). Economists and sociologists suggest a plethora of ways towards attaining the broad objective of inclusive growth. Among such ways, the argument put forward by the supporters of ‘social integrationists approach to inclusion’ deserves to be indomitably deliberated in any discourse pertaining to the inclusive growth strategy. This approach upholds that the better way of integrating a person with the mainstream society or economy is to integrate that person first with the whole gamut of the labour market, preferably the formal labour market. Theoretically speaking, participation in labour market assumes importance as it, on prima facie, offers ample opportunities to connect to the economy through both sides of the market: the supply side and the demand side. On the supply aspect, participation in labour market would enhance the level of output, pushing up aggregate supply, bringing down the price level and thereby benefitting the poor and the disadvantaged to a great extent. On the demand side, the compensation to workers preferably in monetized form would add to the buying power of workers, which would in turn fuel the aggregate demand in the economy. Thus, integration through the labour market has an incredible dual effect for both the included (the micro effect) and the economy as a whole (the macro effect). The much-touted employment guarantee programme, the MGNREGS, which has been implemented in India since 2006, is a fitting example for accomplishing the objective of ‘inclusive growth’ through the labour market integration.

In Kerala, MGNREGS was implemented in three phases. When it was implemented in 2006 in two districts, Wayanad and Palakkad, apprehensions were raised as to the success of this programme in a State where the problem is not about the unemployment of casual unskilled laborers but of educated youths (Raman, 2010). Allaying all such fears, the evidence has shown that the programme has been a success throughout the State. Further, the participation of women in MGNREGS has also been remarkably high in the State. Moreover, the overwhelming demand for Job Cards (JCs) under the MGNREGS by the socially and economically disadvantaged segment of the State population residing mainly in the Wayand district, viz. the Scheduled Tribes has been hailed as a pointer towards the enormous potential of this programme to ensure the inclusion of all segments of people under its ambit. Setting against this background, this paper intends to evaluate the implementation of MGNREGS in Kerala, a state where educated unemployment has been an unabated problem for many years, and its various dimensions and implications for the State economy. Apart from this, the study also makes an interstate state comparative analysis of the MGNREGS.

2. Participation of Marginalized Communities in MGNREGA

Since participation in the labour market is important to ensure the all-inclusive growth of marginalized sections, the MGNREGA has been found to be a helping hand in this respect to many who belong to the marginalized communities. The unskilled labour force from the marginalized communities find it better to be absorbed in works under the MGNREGS as it can be a source of supplementary income to them especially in times of lean season. Since, the agricultural operations where they find employment are seasonal in nature, 100 days of guaranteed employment is a boon to the unskilled casual agricultural workers. The trend of SC/ST participation in MGNREGS as is evident from the Table No.1 validates unequivocally the notion that it is the most of vulnerable that seek employment under the scheme (Dreze & Khera, 2011). The rate of participation of SC/ST in MGNREGS far exceeds their share in the total population in India. State wise, it is obvious that barring Maharashtra, in all other states the same condition prevails. Coming to the case of Kerala, it is apparent that share of SC/STs in her total population stands at just 10.9 percent whereas as far as the participation in the scheme is concerned it is as high as 15.1. These prove that the participation of socially disadvantaged in the scheme is commendable, and the scheme can be deemed to be a better way to accomplish the participation of all people in the labour market.

Table 1 State-wise Share of SCs and STs in Total Population
And MGNREGA (FY 2006-07 to 2011 to 2012)

State	Share of SCs and STs	
	State In total population	In MGNREGA
Andhra Pradesh	22.8	36.1
Assam	19.3	43.2
Bihar	16.6	43.8
Chhattisgarh	43.4	52
Gujarat	21.9	55.2
Haryana	19.3	37.6
Himachal Pradesh	28.7	33.5
Jammu and Kashmir	18.5	28.6
Jharkhand	38.1	56.6
Karnataka	22.8	26.2
Kerala	10.9	15.1
Madhya Pradesh	35.5	60.4
Maharashtra	44.6	43.3
Odisha	38.6	57.7
Punjab	28.9	60
Rajasthan	29.8	50.3
Tamil Nadu	20	43.1
Uttar Pradesh	21.2	46.3
Uttarakhand	20.9	24.3
West Bengal	28.5	42.5
All India	24.3	51

Source: Census of India, 2001 and www.mgnrega.nic.in

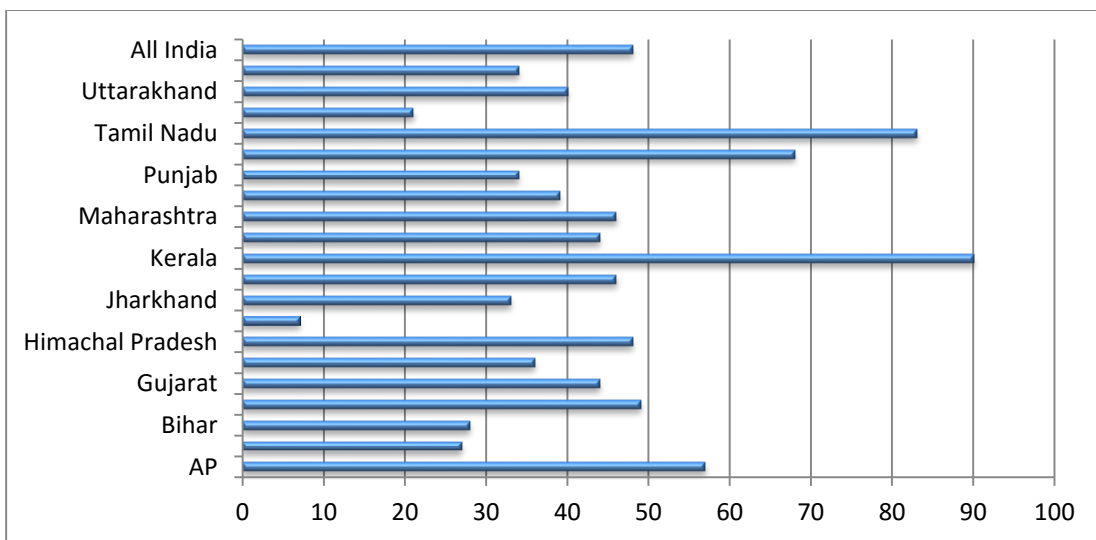
3. Gender Dimension of Labour Participation in MGNREGA

One important feature of MGNREGA programme is that it is gender neutral in the sense that the Act does not give any room for wage discrimination against the women (Dreze & Khera, 2011). The Act envisages that the participation of women in the programme should not be less than 33 percent of the total employment (Shah, 2012). Astonishingly, surpassing this statutory minimum, the women participation in the scheme has touched as high as 48 percent in the financial year 2010-11. Moreover, it is interesting to note that the female participation in the Scheme is quite higher than their participation in the casual labour market in India. One reason for this overwhelming participation is the stipulation that the work would be provided to the registered

people within 5 km of their area of living, which in fact makes working under the Scheme feasible for women (Shah, 2012).

Gauging into the interstate variations in the gender dimension of participation under the MGNREGA, it is interesting to note that Kerala has the highest female participation touching 90 percent in the financial year 2010-11. Not only has Kerala fared well in this respect, but also Tamil Nadu has registered around 74 percent participation of women under the scheme in the same financial year.

Figure 1 Female Participation in MGNREGS



As is evident from the figure, southern states have shown a remarkable improvement in ensuring highest participation of women under the MGNREGS works. Several reasons have been put forward for the better performance of southern states in this respect. One chief reason is the cultural attitude of people in the southern states, which consider women participation in job market is a socially accepted one (Boner, 2012). The widespread impact that Self Help Groups have made in these states also influence the participation of women in the MGNREGS works (Bera, 2009). Moreover, there is wide disparity between the private sector jobs and the MGNREGA scheme in these states, which tempt women to prefer to work under the MGNREGS rather than seeking employment in the private sector.

The parity in wage rate under the MGNEGS works has led to an intra household substitution effect, that is, the men prefer to go for those works the market wage rate of which is more than the MGNREGS works, and the women prefer to stay with the MGNREGS works. Through this substitution of labour, there has been an increase in the number of female participation in the MGNREGS works. Since the conditions in the casual labour market seem to be conducive for the male, the female find it easy to be absorbed in the MGNREGS works which help them a lot in supplementing the income of the household. Besides this, the shock in income that comes about via uncertainty in the casual labour market employment is likely to be solved with the guarantee of employment under the Scheme. Hence, it has been proved that MGNREGS insulates the poor rural household from the repercussion of both income and employment shock that are frequent visitors in the life of rural poor. Yet another factor, which can be attributed to higher female participation in the MGNREGS in India particularly in Kerala, is the existence of wide gap between the male and female wage rate in the casual labour market. It has been observed that the states where the difference between the male and female wage is high, the female participation in MGNREGS is also found to be abysmally high. For instance, in the case of Kerala, while the male wage rate in the casual labour market is Rs.226.6 per day per person, the female wage rate is as low as Rs.119.3 per day per person, making a difference of worth Rs.107.3, which is the highest gender inequality in wage rate in India. Note that the all India wage difference is just Rs.32.6.

Table 2 Gender Inequality in Wage Rate in Casual Labour Market

State	Male Wage in Casual Labour Market	Female Wage Rate in the Casual Labour Market	The Difference
	1	2	(3)=(1-2)
Andhra Pradesh	115.4	75.7	39.7
Punjab	133.5	91.8	41.7
Assam	94.4	74.9	19.5
Tamil Nadu	132.1	72.6	59.5
Karnataka	96.9	62.8	34.1
Kerala	226.6	119.3	107.3

All India	101.5	68.9	32.6
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4. Conclusion

Thus, it is evident from the preceding discussion that Kerala has performed relatively better in the case of the implementation of the MGNREGS programme in many respects allaying the fears, that such a programme would be failure in a State where the educated unemployment has been regarded to be a serious problem. Moreover, in respect of the participation of SC/ST, the study has found that MGNREGS has been a success in the sense that it has more households from these marginalized segments of society finding employment in the Scheme. The female participation in the MGNREGS has also been quite remarkable. Hence, it can be concluded that the MGNREGS has been a successful scheme for attaining the broader objective of inclusive growth via labour market integration even in States like Kerala.

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