

Abstract

The present study analyses the performance of Mahatma Gandhi National Rural Employment Gurantee Act (MGNREGA) in West Bengal vis a vis other states of India and West Bengal. It also analyses the multiplier impact of MGNREGA in the village economy of four sample villages in West Bengal. National Rural Employment Guarantee Act was introduced in 2006 and renamed as Mahatma Gandhi National Rural Employment Gurantee Act on 2nd October 2009 to act more beneficial to the mass. The percentage of employed household with issued job card decreased over time in most of the states in India and districts in West Bengal. It varied widely across states in India and districts in West Bengal. The average persondays was below fifty across states and districts of West Bengal. The states of India and districts of West Bengal provided 100 days employment to below five percent household. The participation of SCs/STs had been decreased over the period for both across states in India and districts in West Bengal. Again it had been failed to provide assured employment percentage for the women. The percapita expenditure increased and fund utilization was above hundred percent in the studied states and districts, but the percentage of work taken up decreased. On the basis of all the indicators relating to MGNREGA the performance Index (PI) derived across states in India and across districts in West Bengal has shown that most of the districts in West Bengal and states in India have not performed below the target level. The fluctuation of parameters under MGNREGA has reduced the effectiveness of programme both in states and in districts. The WPRs as per Usual Status for male and female increased in rural West Bengal. The share of self-employment decreased and casual employment of labour increased for males and females during 2005-06 to 2009-10. The public employment for male and female has also increased over time in West Bengal. The rural male and female migration had decreased in 2007-08 and the decrease in

female migration was more than the male. Again, MGNREGA programme has influenced the real wage rate of both male and female rural field labour. Composite Index of MGNREGA and notified real wage rate of MGNREGA are positively and significantly related with real wage rate of male and female field labour. The increase in wage rate for male labour is greater than that of female labour. This is a positive impact from welfare side. However, from efficiency side, it is better if wage increase is matched by increase in productivity. Otherwise there will be a cost push effect. For increase in productivity, asset creation through MGNREGA programme is needed to be more focused. Henceforth MGNREGA has a positive impact on rural livelihood in the studied villages. This is revealed by Probit analysis using primary data. The primary data has been collected on the basis of census method from the studied villages after selecting the studied villages through the stratified random sampling. Along with MGNREGA programme, level of education of household and percapita land holding are also negatively related with poverty and the relationships are statistically significant. However, the improvement in livelihood through MGNREGA participation would be sustained when rural productivity rises and market demand for labour increases. Multiplier results derived from Social Accounting Matrix (SAM) has shown the positive impact of MGNREGA on output and employment in the studied villages. Both the closed and open economy village multipliers are positive with respect to exogenous shock of MGNREGA. But the closed economy village multiplier is less than the open economy village multiplier, implying that expenditure on MGNREGA programme has the potential to increase national income more than the village specific income. Among the studied villages the magnitude of multiplier are different. The difference in the values of multiplier arises from the output and income structures in the village economy. The multiplier effect is relatively small due to the leakages in the village economy. The increase in household income is smaller than that in

output. The highest increase in income has gone to agricultural labour and farmers in the studied villages. The multipliers of the non-agricultural sectors are higher than those of the agricultural sectors. However, the results hold with the assumption of no supply constraint in the villages. But this assumption will not hold unless supply side constraints are properly addressed by suitable programme implementation and a proper strategy of asset creation through MGNREGA. Though the performance of MGNREGA varied across states in India and across districts in West Bengal and its implementation is not in a proper way, the effect of MGNREGA in generation of employment and increase in wage rate is significant in our study. The MGNREGA has a significant effect on rural livelihood in the study villages through the multiplier effect in the village economy with respect to income and employment via the increase in demand and production.