

# EMPLOYMENT GUARANTEE AND WOMEN'S EMPOWERMENT IN RURAL INDIA: ASSESSING INSTITUTIONAL AND GOVERNANCE NEED

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## Abstract

National Rural Employment Guarantee Act (NREGA) of India, most progressive legislations enacted since independence guarantying rural employment and right to work as an enforceable legal entitlement in a rural milieu marked by stark inequalities between men and women, created opportunities for gainful socio-economic inclusion of women. However, changes in real wages and women participation indices in NREGS showed non-co parallel relations, whereas attitude changes appeared a direct function of participation index thereto. In this pretext, the present paper reviews econometric evidence of “forced employment” or “circumstantial participation in workforce” for females from BPL families in rural areas. There is clear evidence of adverse effects of women withdrawing from work in terms of awareness and empowerment. Social factors have greatly contributed in defining the participatory attitude in the post reform period which signifies the value of entity over wages. The policy gap in this regard has shown decision divides and needs critical assessment in the social perspective. The answer to the problem highlighted above lies to some extent in assessing institutional and governance need of the schemes implemented at the ground level, particularly the type of activities in which employment opportunities are offered to women.

## Introduction

The National Rural Employment Guarantee Act (NREGA) is one of the most progressive legislations enacted in India, since independence. It's a bold and unique experiment in the provision of rural employment in India and indeed in the world at large. Further, it is the first expression of the right to work as an enforceable legal entitlement. In a country where labour is the only economic asset for millions of people, gainful employment is a prerequisite for the fulfillment of other basic rights – the right to life, the right to food, and the right to education.

There is much that the NREGA promises from the perspective of women's empowerment as well. Most boldly, in a rural milieu marked by stark inequalities between men and women – in the opportunities for gainful employment afforded as well as wage rates – NREGA represents action on both these counts. The act stipulates that wages will be equal for men and women. It is also committed to ensuring that at least 33% of the workers shall be women. By generating employment for women at fair wages in the village, NREGA can play a substantial role in economically empowering women and laying the basis for greater independence and self-esteem.

Government figures indicate an impressive participation of women in the NREGA. It is above 33 per cent in 15 states (Table 1). At an all-India level, women's employment as a percentage of total employment in NREGA works was 40 per cent in 2007-08. It went up to 53% by mid 2010 though it declined in the latter half of 2010. With this in mind, a total of 776 women workers and 40 *Gram-Panchayat* members were interviewed. Close to half (49%) of the interviewed women were Scheduled Tribes; the rest were Scheduled Castes (20%) and Other Backward Class (27%). Out of the total sample of women workers 68 % were illiterate. Half of the respondent households had less than 5 acres land, and 35 per cent had no land at all. Most respondents reported agriculture or manual labour as the households' main occupation. The survey implied that there has been a marked slowdown in employment growth in India

in the post-reform period compared to the pre-reform period, and that this slowdown has been relatively more marked in the case of female employment in rural areas.

However, there has been very little econometric analysis of employment based on National Social Survey (NSS) data. One of the econometric studies carried out is by Bhattacharya and Sakhivel (2005) who estimated the labour demand function for various one-digit industry groups for four years, to assess the impact of output growth and change in real wages on employment. It may be mentioned in this context that a number of studies have used NSS data to undertake econometric analysis of the wage rate. Econometric analysis of labour supply in India has been practically absent in research with Indian data. Overall, the labour supply aspect has been neglected in the general literature on employment in India. The neglect of the supply aspect seems to be attributable to a commonly held view among researchers that India is a labour surplus economy, supply posing no constraint, and hence the real issues concerning employment are how to create more employment opportunities for the growing working-age population. Accordingly, the policy prescription given is creation of employment opportunities through rapid growth.

This paper presents an econometric analysis of female labour supply in rural areas. A particular question investigated here is whether the supply curve is downward sloping or forward falling. The issue investigated is important because if the supply curve is indeed downward sloping then a demand expansion (say, caused by output growth) need not lead to an increase in employment – it may even lead to a fall in employment.

### **Trends in employment and real wages for women in rural India**

It is evident from the growth rates in employment computed out of the employment estimates that there has been a marked fall in the growth rate of employment in rural areas in the period 1998-99 to 2008-09 as compared to the period 1983 to 1993-94. It may be noted further that the fall in the growth rate of employment was relatively more marked in the case of females than males.

For the employment estimates based on usual principal and subsidiary status, there is virtually no increase in female employment in rural areas at the all-India level. This is corroborated by estimates presented in other papers. The estimates of rural female employment based on usual principal and subsidiary status presented in Sundaram (2001) are 104.3 million and 104.1 million for 1993-94 and 1999-00 respectively, thus indicating a marginal decline in rural female employment between the two years. The employment estimates presented in Sundaram and Tendulkar (2004) indicate a marginal increase from 104.7 to 105.1 million between 1993-94 and 1999-00. Thus, econometrically it is difficult to assess whether the demand expansion is caused by output growth but sociometric studies based on attitude scaling on a six point scale shows trend setting changes in social conditioning of rural women in post reform period. Changes in real wages and women participation indices in National Rural Employment Scheme (NREGS), as denoted by number of women labours per 100 turn outs for daily wage based jobs, showed non-co parallel relations, whereas attitude changes appeared a direct function of participation index thereto (Chart 1).

### **National Employment Guarantee Scheme**

There is a great deal of expectation from the National Rural Employment Guarantee Scheme (NREGS). In the initial stage, the scheme is being implemented in 150 most backward districts. This will later be scaled up to 600 districts. The scheme offers a guarantee of 100 days of paid employment at the level of minimum wages of the states. The promise is to provide at least 100 days of work to poor rural households whose adult members volunteer to do unskilled manual work. According to the scheme, one member of a below poverty line (BPL) family would be offered a job and till he or she gets it, a third of the minimum wage will be given. There is 33% reservation for women and there are expectations that 40% of the employment benefits would go to women.

The scheme would benefit the BPL families in that the income of at least one member and per capita expenditure will go up. This will also raise the bargaining power of rural workers through higher reservation wage and getting more organized (working together in such schemes). There are reasons to believe that the implementation of the scheme will push up the rural wages. Indeed, analyzing the experience of previous employment guarantee schemes in India, Gaiah and Imai (2005) conclude that the schemes had a significant positive effect on rural wages.

The empirical results presented above raise some concerns regarding the impact that the NREGS may have on rural female employment. The scheme may raise the rural wages and this in turn may have an adverse effect on female labour supply. The wage for female labour from BPL families may go up, but the number of persons working may not increase. What is of greater concern is that as the number of earning members of the family goes up, the women may withdraw from labour force. There may therefore be difficulties in attaining the target of 33% job opportunities going to women. One may argue that whether or not women work, the scheme would help in the betterment of the economic conditions of the rural BPL households. But, there are clear adverse effects of women withdrawing from work in terms of awareness and empowerment.

The answer to the problem highlighted above lies to some extent in the proper designing of the schemes implemented at the ground level, particularly the type of activities in which employment opportunities are offered. Careful thinking is needed in this regard to ensure that the adverse effect of the scheme on female employment as indicated above is fully taken care of.

### **NREGA Contribution to Women Empowerment and Financial Inclusion**

By putting cash incomes into their hands, NREGA is beginning to create a greater degree of economic independence among women implying empowerment and financial inclusion. As mentioned, this was one of NREGA's main aims and with the increased participation of women in household income-generation a positive contribution to gender relations can be made. Both qualitative and quantitative social impact assessments suggest that women workers are more confident about their roles as contributors to family expenditure and their work decisions, and that they are also becoming more assertive about their space in the public sphere.

More than half of the respondents felt that the NREGA has brought a significant change in their villages as well as in their own lives. This is because employment is being provided within their village, generating community assets and enhancing their spending capacity. However, most of the women felt that the Act is "important" if not it created an "equal opportunity" for them. Such an attitude reflects two major implications that NREGA is not one but only option for creating additional economic opportunity and that the "guaranty" of work is actually "important" than the wages. To elaborate this two case studies are sited as hereunder.

#### Case Study No 1:

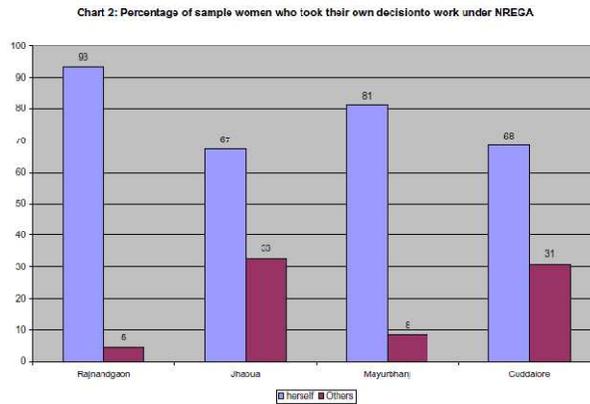
**Mogra w/o Meghnath**, aged 34, lives in Dodiya village of Dhamansara Panchayat, Rajnandgaon Block in District Rajnandgaon in Chhattisgarh. She had a BPL (Below Poverty level) card and her household owns a little land holding that fulfilled their basic necessities, though they used to live in a kaccha house. She came to know about the NREGA works in her village through a public announcement, decided to work under NREGA and earned a good amount of money at the rate of Rs. 60/- per day. They decided to spend the money earned on NREGA works to build a *pacca* house.

#### Case Study No 2:

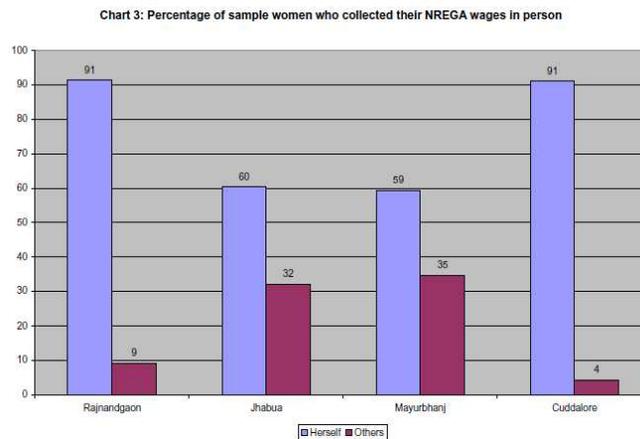
**Sumathi w/o Samantham** aged 38 lives in Maruwai Panchayat of Kurinjipadi Block in Cuddalore District in Tamil Nadu. She has worked 33 days under NREGA in 2007-2008 and has used the money she earned for her regular household expenses. She says that she used to be dependent on her husband for any

expense but now she feels empowered and independent, as she is also an earning member of the family. The guaranteed income may be small but assures her social status.

When asked about their decision to work under the NREGA, most respondents said that the decision to work at NREGA worksites was their own. Rajnandgaon was exceptional in this regard where 93% of the women said that they had taken their own work decision. Evidently, NREGA employment has encouraged women to take the decision to enter the sphere of the cash economy (Chart 2)



Another important point that emerged from the study is that women workers were, by and large, receiving their wages in person, rather than through husbands or other proxies. In Rajnandgaon and Cuddalore, over 91 per cent of the women collected their own wages. In Jhabua and Mayurbhanj this figure stood at 60 per cent. Despite the substantial proportion of women not receiving their wages in person in these last two, this is also an encouraging finding (Chart 3)



Inevitably, women's NREGA earnings are increasing their contribution to household income. A large majority (72 per cent) of the respondents said that they spent wages earned at NREGA works on regular food and consumer goods. The increased income locally available through NREGA work, they felt, was helping ensure at least two regular meals a day. For the most part, the amounts earned through NREGA are insufficient to repay debts. Nevertheless, 28 per cent of the respondents said that they had spent their wages on repaying small debts. Further, it helps them to keep themselves away from the clutches of local moneylenders. A significant percentage of workers – almost 34 per cent - also spent their

NREGA wages on their children's education. The other large expenditure regularly met through NREGA wages is health care, with around 40 per cent of the respondents having spent earnings on this.

All this taken together seems to sketch out the beginnings of a marked shift from the previous role of women. While women's labour (farm and non-farm) has always been an essential component in the functioning of rural households, it has been made invisible due to the absence of any monetary remuneration. By putting cash earnings in women's hands, NREGA has both increased and diversified the contributions that women are making to household incomes as wage earners.

Analysis of changes in poverty incidence in rural areas (headcount ratio) and growth of female employment in rural areas brings out that the two are statically correlated. The correlation coefficient is 0.24, statically significant at the 10 per cent level. A comparison of the growth rate in rural female employment and real wages is made across three groups of NSS regions, classified according to the extent of poverty reduction achieved between 1993-94 and 1999-00 enunciates that growth rate in employment and real wages in non-agricultural operations, was faster in the period 1993-94 to 1999-00 than that in the period 1983 to 1993-94. Though, overall, there has been a slight acceleration in the growth of real wages in rural areas in the post-reform period. Social factors, however, have greatly contributed in defining the participatory attitude in the post reform period which signifies the value of esteem over wages. The policy gap in this regard has shown decision divides and needs critical assessment in the social perspective.

### **Women Awareness**

It is predictable that awareness about the provision of NREGA will be low among disadvantaged communities. Nearly 48% of all sample workers were aware of the level of minimum wage in their respective states. Most women were aware that under the Act each household is guaranteed 100 days of work in a year. But awareness regarding operational guidelines, household registration, the job card distribution process, work applications and entitlements such as worksite facilities and unemployment allowance was inadequate. Only 23% of women workers reported having made a formal application for a job card. The situation was even worse with respect to applications for work. Only 18 % of the women surveyed were aware of the work application process and had applied for work themselves.

The low level of awareness, even in districts where NREGA has been implemented for over two years, is indeed barriers to empowerment. Generating much higher awareness about NREGA work clearly constitutes one of the key challenges for authorities, NGOs and popular movements as a fall in level of appreciation towards the scheme owing to communication gaps and lack of information has been critical in developing negative attitude towards participation and a fear for getting deceived. The women still are under the shadow of second order citizenship where information sharing or decision sharing matters. The perspective gets clearer in their participation trends in the rural local political organs like *gram panchayat* and *parishad* or *sabha* of villages.

### **WOMEN PARTICIPATION IN PANCHAYATI RAJ INSTITUTIONS (PRIs) AND GRAM SABHAS**

NREGA is designed to be largely implemented through PRIs and at least 50% of all sanctioned works are to be implemented by the Gram Panchayats. The Gram Sabha too plays a crucial role in the selection of works and the conduct of social audits. Participation of people at large and women in particular in these institutions and assemblies is, then, critical to realising the participatory potential of the Act.

During the survey it was found that women workers did not generally take part in Gram Sabhas. This is partly due to lack of awareness about the significant role to be played by the Gram Sabhas in making a shelf of projects and conducting social audits of NREGA works. Women's participation in Panchayati Raj Institution (PRIs) was also very low - not even 1 per cent of the respondents in all the districts said they were involved in PRI's activities. This is despite the reservation of one third of all seats in local elected

bodies for women (under the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts of India). Most elected women tend to be “rubber stamp” leaders, the vast majority of them are illiterate and politically untrained. While women are increasingly visible as part of the NREGA workforce, there is still much scope to increase their involvement in PRIs to tackle issues like water, sanitation, health, education and of course the implementation of NREGA through social equity and reciprocity.

### **Interventions in Institutional and Governance Need**

The study reveals that despite numerous problems, NREGA is a programme that has begun to make a difference in the lives of women. Furthermore, it is popular among the workers, who routinely ask if more work could be made available to them under the NREGA. Clearly, there is a massive demand for NREGA work, and the administration should respond to it by increasing the scale of employment.

Other challenges too remain. The timely payment of wages is a problem in most areas. As mentioned earlier, the low levels of awareness and lack of worksite facilities are also troubling. Nevertheless, the overall impact of NREGA on women’s lives is quite positive in many ways, whether it is by enhancing their economic independence and self-confidence, contributing to food security, helping to reduce distress migration, or fostering better awareness (and wider enforcement) of minimum wages. The role of NREGA as a tool of women’s empowerment deserves much more attention than it has received so far.

Further, NREGA workers especially women are falling victims to “sheer exploitation” as they are unable to earn minimum wages due to the high productivity norms set under the flagship programme across the country. That women workers were getting one-third wage less compared to what men earned has irked a question of equity and gender opportunity. Leader of Communist Party of India (Marxists) Mrs Brinda Karat said most of those getting employed under this flagship programme were “basically engaged in digging soil and lifting mud which is very hard work. They were paid wages on the basis of the work they completed a day. Under NREGA, the wages are piece-rated. The workers wage is linked to the productivity norm. They get full wage only after they complete the work...” In such cases if policy implications doesn’t institutionalize the empowerment and financial inclusion through equal opportunity and reciprocal promotion of interests in the social frame, the attitude of participation in women would thin out.

In this pretext, the present paper further reviews econometric evidence of “forced employment” or “need-based participation in workforce” for females from BPL families in rural areas. From the empirical results obtained it seems that if the female wage rate earned by BPL households in rural areas goes up substantially or if male members of such households get more employment opportunities, more and more women of BPL families may withdraw from the labour force. It seems reasonable to argue that women find the returns from home based work higher. It follows therefore that if wage hikes or increase in the number of earning members in the family causes women to withdraw from the labour force, there is a welfare gain for the family. These gains in welfare of the household need to be set off against income losses of the female member, which becomes an important issue if the family income is near the threshold poverty level.

It additionally reveals if women turn to home based activities as their household’s economic position improves, this could imply two things: (a) the need for designing interventions/ programs that can help women combine home-based income generation activities with household chores; (b) possibility of implied status change for women, from a casual wage earner to being self-employed in some capacity.

Given that the supply of female labour in rural areas is downward sloping, interventions that increase the supply of female labour are important for creating more employment for them, thus contributing to better economic conditions of the households, and to greater awareness among and empowerment of rural women. Some of the possible directions in which interventions may be made include better care

facilities for children during work hours, more training to get wages beyond the threshold (moving from the forward falling part to the upward sloping part of the supply curve), modes of payment, and type of work or activities that attract women.

Viewed in a wider perspective, NREGA signals a possible reshaping of state priorities in India through a democratic determination to provide real livelihood opportunities for the rural poor. Thus, as a progressive legislation for hitherto excluded groups - women, Scheduled Castes, Scheduled Tribes, among others – NREGA can help to reclaim the lost faith in the possibility of pro-people governance.

**Table 1: Women's participation in NREGA**  
(women workers as a percentage of all NREGA worker

States	2008 - 09 (%)
Tamil Nadu	82.01
Kerala	71.39
Rajasthan	69.00
Andhra Pradesh	57.75
Karnataka	49.77
Gujarat	46.54
Tripura	44.51
Uttaranchal	42.77
Chattisgarh	42.05
Madhya Pradesh	41.67
Maharashtra	39.99
Sikkim	36.73
Orissa	36.39
Haryana	34.44
Mizoram	33.62
Manipur	32.80
Meghalaya	30.87
Assam	30.85
Himachal Pradesh	30.11
Arunachal Pradesh	29.58
Nagaland	29.36
Jharkhand	27.17
Bihar	26.62
West Bengal	16.99
Punjab	16.29
Uttar Pradesh	14.53
Jammu & Kashmir	1.08
All India	49.33