

Financial inclusion among Mgnrega workers in Chhattisgarh

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Abstract

Financial Inclusion is one of the desirable goals of The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA), which provides 100 days of wage employment in a financial year to any rural household whose adult members are willing to participate in unskilled manual work. The Act is an important step towards realization of the right to work and aims at enhancing people's livelihood on a sustained basis, by developing the economic and social infrastructure in rural areas. After a long time, Reserve Bank of India has started giving license to payments banks which will reach out to people in rural areas. This is an important step towards inclusive financial inclusion. This will further provide a greater opportunity to MGNREGA workers as well as for small saving workers of society. This study assesses the impact of the MGNREGA scheme on the financial inclusion and insurance position of beneficiaries so that to bring the rural unskilled workforce to main stream of banking and postal system and capture their micro savings for the development of the economy.

Keywords: Inclusive Financial Inclusion, MGNREGA

1. Introduction

The National Rural Employment Guarantee Act, 2005 (NREGA) guarantees 100 days of wage employment in a financial year to any rural household whose adult members are willing to participate in unskilled manual work. Despite this programme many programmes were started before MNREGA. Some were partially successful in addressing the issue of poverty whereas others suffered from some important faults in their implementation. MNREGA is more successful from this point of view. Some authors have brought out the problems in the scheme's implementation and made suggestions. After implementation of NREGA, it has found many serious flaws in its implementation process such as Job cards given, demand for work by people, payments of wages and other implementation issues live worksite facilities, productive assets created, type of work done etc. (Bela, et.al.,2006) [2].

One of the desirable goals of MNREGA is financial inclusion. In practical, MGNREGA has given a large coverage to rural people, in terms of financial inclusion. By introducing new payments banks it is expected that massive round of financial inclusion is going to bring around. All the schemes that the government has announced, including Jan-Dhan Yojana, will benefit from this (TOI, august 21, 2015). It has helped in increasing aggregate demand in rural areas (Khera Reetika, 2006) [7].

This study assesses the impact of the scheme on the financial inclusion and insurance position of beneficiaries so that to bring the rural unskilled workforce to main stream of banking and postal system and capture their micro savings for the development of the economy. The information was collected through primary survey tapping six hundred beneficiaries spread in three districts of Chhattisgarh with 200 beneficiaries from each district, which were part of the first phase of implementation of the scheme. The data pertains to the year 2011-12 & 2012-13. By way of open-ended questionnaires,

data on several variables were collected from these beneficiaries who are part of the NREGA Scheme. In this paper we have taken the information regarding financial inclusion, insurance availability to MGNREGA workers in the all three districts.

Literature Review

Mathur (2009) [9], states that in social audit undertaken in Andhra Pradesh, it was found that in certain villages, some people stated that they had not been paid for the work done. When comparisons were made of the payments as per the pass-book with the payment as per the job card, it was discovered that the job card did not contain the inner pages that record the work done by each person; the job card itself was incomplete. This came as a surprise as it had not happened in any region so far but then this area had resisted the initiative. The MPDO was asked to ensure that complete job cards were issued, investigate the lapse, fix responsibilities and send a report. Earlier, several officials, Field and Technical Assistants and Mates admitted to irregularities and about Rs. 50,000 were returned. From separate discussions with the sarpanch, it was evident that they were keen to ensure that there was no irregularity in their villages. On the whole, the authors are very positive about the potential of the scheme and see it as a means to revolutionize the way rural India lives and works. Ambasta, Shankar and Shah (2008) [1], gave a number of important recommendations. Like Information technology has to be utilized optimally to infuse more transparency, accountability and speed at all stages, from sanction of works, release of funds, wage payments to social audit. The author also recommends revision of the Schedule of Rates so that they are in line with a program that bans machines and contractors, are gender sensitive, more accurately reflect variations in climate and geology, value separately the different activities that comprise works and move in tandem with changes in statutory minimum wages.

But on the whole, the writing is very optimistic about MNREGA and believes that the government of India has finally come up with the scheme that could escape the failings of the past and actually reach the common man in a way all other schemes have been unable to.

Lalit Mathur (2007)^[10], in this research the short comings of NREGA, which is into its second year of implementation has been studied. The performance of NREGA in states as a general has been evaluated. The performance is weighted according to employment achieved vis-à-vis utilization of money per state. It also looks at the Impact which has occurred due to implementation of NREGA and provides some suggestion for intervention needed in future for better implementation. Jean Dreze (2007)^[5], this study highlights the situation of NREGA in western Orissa and highlights the corruption of the programme in this area. He points out that the programme has been sabotaged the transparency safeguards which have been inculcated in the programme which perpetuates the traditional system of extortion already existing through new means of rural employment programme. Datar Chhaya (2007)^[4], this article explores why the NREGA has failed to take off in Maharashtra. This study looks into an act which was 30 years old in Maharashtra and one of the Pioneer Employment Guarantee scheme after being converted into a central Act is performing poorly in Maharashtra and every half of the money allocated for 12 districts in the first phase has not been spent It also compares the field level functioning and how the state Government is not taking interest particularly line department.

Chakraborty, Pinaki (2007)^[3], this study analysis the budgetary provisions under NREGA and suggest that it has so far posed no problems for the budget. Its allocation is only marginally higher than what was spent in the past by the government on various rural employment programmes. It is a demand driven scheme and it has falls short of meeting demand in some states. The fund utilization ratio also varies widely across states. Louis Prakash (2006)^[8], this article reviews why the Bihar government is not implementing the NREGA. It analyses what holds the Bihar government from implementing the National Rural Employment Guarantee Programme in the state. It finds out that like its predecessor, the present government also seems to be strong on rhetoric and weak in implementation.

Arun, et.al (2006)^[6], this is case study in Palakkad district of Kerala how the government's employment scheme is being implemented and reveals the vital role played by local bodies. While implementation has been largely fair and corruption free the scheme needs to be more efficiently and effectively used so as to meet the long term requirements of the state and its people. ISST – Delhi (2006), this study analysis the NREGA from the gender perspective with reference to strengthening of rural infrastructure through creation of durable assets, regeneration of natural resources that would provide the livelihood resource base of local rural economy, etc. A household survey in four districts of Rajasthan, Madhya Pradesh, Karnataka and Orissa reveals that the proportion of eligible men and women are roughly the same, but in Rajasthan there are more women workers than men on the site. The level of mobilization among the villagers has also been studied.

Bela, et.al.(2006)^[2], this article reviews the implementation of NREGA in two districts of Jharkhand, which found many serious flaws in its implementation process. The study evaluates NREGA in terms of awareness of programme, Job cards given, Demand for work by people, payments of wages and other

implementation issues live worksite facilities, productive assets created, type of work done etc. The study by Khera Reetika (2006)^[7], is conducted in Rajasthan and analyses the experience of relief work in drought years. The data revealed that relief work has helped introducing the migration and if work. Continues to be obtained at the rural level it would further decline. Such has been provided under NREGA.

Objective

The objective of the study is to assess the impact of the MNREGA scheme on the financial inclusion and insurance position of beneficiaries in three districts of Chhattisgarh.

Brief Profile of Chhattisgarh

The State Chhattisgarh is one of the youngest States of the Indian nation. Constituted on 1st November, 2000, Chhattisgarh is located in the heart of India. The geographical area of the State covers over 135,000 square kilometers. And the total population in 2011 was 25545198 (Census, 2011). Of this, 77 percent of the people live in rural areas and 23 percent live in urban areas. The State has a low density of population, 189 persons per square kilometer in comparison to 382 per square kilometer all India average. The sex ratio for the State is 991 females per 1,000 males, which is high as compared to 943 in all India. In rural Chhattisgarh, there are more women than men.

Research Methodology

Out of 18 districts of Chhattisgarh, MNREGA was implemented in 11 districts in first phase (2006). Three districts (25%) from the first lot of 11 districts of Chhattisgarh were selected for studying the beneficiary level impact and responses on the basis of demographic profile. These are Bilaspur, Dhamtari and Surguja. Out of the three districts selected, 2 Blocks of each were selected randomly. From each block, 5 Gram Panchayat and from each Gram Panchayat 20 beneficiary were finally chosen again on random basis. So, 200 beneficiaries from each district were selected as sample for primary survey and field work. A detailed structured interview schedule for NREGP beneficiaries & Gram Panchayat officials were used for Data collection and primary survey.

The survey report presents the response received from the beneficiaries of the scheme pertaining to the period 2010-11 & 2011-12. The data collected from all the 03districts is presented in the tabular form. The following responses received from the beneficiaries on financial inclusion and insurance availability issue.

Analysis and Main Findings of Financial inclusion & Insurance scheme for MNREGA workers

The study assesses the impact of the scheme on the financial inclusion and insurance position of beneficiaries so that to bring the rural unskilled workforce to main stream of banking and postal system and capture their micro savings for the development of the economy.

Table no. 1 depicts the distribution of the respondents as per their bank accounts before and after MNREGA. It was found that 85.8% respondents were not having the bank accounts before MNREGA, while 14.2% were having their bank accounts. After MNREGA, it was found that 1.7% respondents replied negatively that they don't have bank accounts, while 98.3% replied positively.

Table 1

Respondents having Bank Account		
Have a/c	Before MNREGA	After MNREGA
No	85.8	1.7
Yes	14.2	98.3
Total	100	100

Table no. 2 describes about the distribution of the respondents having their bank accounts district wise before MNREGA. In the district of Bilaspur 78.5% respondents replied negatively while 21.5% respondents said 'yes' to the question whether they had bank accounts. Similarly, in the district of Dhamtari, 81.5% did reply negatively, while 18.5% respondents replied positively for having their bank accounts. Again, in the district of Surguja, 97.5% respondents accepted that they did not have bank accounts, while 2.5% respondents replied positively.

Table 2

Respondents having Bank Account (Before MNREGA)					
			Before MNREGA a/c		Total
			No	Yes	
District	Bilaspur	Count	157	43	200
		%	78.5%	21.5%	100.0%
	Dhamtari	Count	163	37	200
		%	81.5%	18.5%	100.0%
	Surguja	Count	195	5	200
		%	97.5%	2.5%	100.0%
Total	Count	515	85	600	
	%	85.8%	14.2%	100.0%	

Table no. 3 describes about the distribution of the respondents having their bank accounts district wise after MNREGA. The scenario has been completely changed. In the district of Bilaspur 4.5% respondents replied negatively while 95.5% respondents said 'yes' to the question whether they had bank accounts. Similarly, in the district of Dhamtari, 0.5% did reply negatively, while 99.5% respondents replied positively for having their bank accounts. Again, in the district of Surguja, 100% respondents accepted that they have their bank accounts after the MNREGA.

Table 3: Respondent Having Bank Account (After MNREGA)

			After MNREGA a/c		Total
			No	Yes	
District	Bilaspur	Count	9	191	200
		%	4.5%	95.5%	100.0%
	Dhamtari	Count	1	199	200
		%	.5%	99.5%	100.0%
	Surguja	Count	0	200	200
		%	.0%	100.0%	100.0%
Total	Count	10	590	600	
	%	1.7%	98.3%	100.0%	

The table no. 4 presents the type of the accounts of the respondents. It was found out that before MNREGA 86.7% respondents have had their accounts in Banks while 13.3% respondents had their accounts in Post Office. The picture can be seen vividly that after MNREGA, 66.4% respondents still opted for Bank while 33.6% respondents opted for Post Office to open their accounts.

Table 4

Account with Financial Agencies		
places	Before MNREGA	After MNREGA
Bank	86.7	66.4
Post Office	13.3	33.6
Total	100	100

Table no. 5 presents the status of Insurance of respondents before and after MNREGA. A majority of the respondents i.e. 99.20% replied that they did not have the insurance, while only 0.80% respondents replied positively. Whereas, after MNREGA 90.50% respondents replied 'no' to the insurance, while only 9.50% replied positively.

Table 5

Insurance of Respondents		
Insurance	Before MNREGA	After MNREGA
No	99.20	90.50
Yes	0.80	9.50
Total	100.00	100.00

Table no.6 depicts the distribution of the respondents having insurance district wise before MNREGA. In the district of Bilaspur, it was found that 99.5% respondents replied negatively, while 0.5% respondents said 'yes' to the insurance. Similarly, in the district of Dhamtari, 100% respondents replied negatively to the fact that they did not have insurance. In the same way, in the district of Surguja, 99.5% respondents replied that they did not have insurance, while 0.5% said 'yes' for having insurance.

Table 6: District wise Insurance (Before MNREGA)

			Before MNREGA Insurance		Total
			No	Yes	
District	Bilaspur	Count	199	1	200
		%	99.5%	.5%	100.0%
	Dhamtari	Count	200	0	200
		%	100.0%	.0%	100.0%
	Surguja	Count	199	1	200
		%	99.5%	.5%	100.0%
Total	Count	598	2	600	
	%	99.7%	.3%	100.0%	

Table no.7 depicts the distribution of the respondents having insurance district wise after MNREGA. In the district of Bilaspur, it was found that 81% respondents replied negatively, while 19% respondents said 'yes' to the insurance. Similarly, in the district of Dhamtari, 91% respondents replied negatively to the fact that they did not have insurance, while 9% respondents had insurance. In the same way, in the district of Surguja, 100% respondents replied that they did not have insurance.

Table 7: District wise Insurance (After MNREGA)

			After MNREGA Insurance		Total
			No	Yes	
District	Bilaspur	Count	162	38	200
		%	81.0%	19.0%	100.0%
	Dhamtari	Count	182	18	200
		%	91.0%	9.0%	100.0%
	Surguja	Count	200	0	200
		%	100.0%	.0%	100.0%
Total	Count	544	56	600	
	%	90.7%	9.3%	100.0%	

Conclusion

MGNREGA have numbers of remarkable effects on socio-economic impact on beneficiaries of Chhattisgarh. It was found

that 85.8% respondents were not having the bank accounts before MNREGA, while 14.2% were having their bank accounts. After MNREGA, it was found that 1.7% respondents replied negatively that they don't have bank accounts, while 98.3% replied positively. Empirical evidence indicates that, Before MNREGA payment for the wages earned was mostly paid in cash and after MNREGA it paid through banks. There are some improvements observed regarding insurance also. To sum up all we can say that the programme MNREGA played an important role regarding the financial inclusion of rural people of Chhattisgarh and findings indicated that MGNREGA has changed the scenario of financial inclusion in rural area but as for concern insurance, it increased marginally.

Suggestions

There are some important points regarding financial inclusion, which have been observed during the survey work and following suggestions came out after the survey;

- It is enviable that the accounts of MNREGA workers should be linked with Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana etc., on the bases of their acceptance. It will cover risk and uncertainty of their life.
- There is also a need for provision of adequate resources and setting up systems for continuous monitoring and evaluation at every stage of the program to ensure quality. Information technology has to be utilized optimally to infuse more transparency, accountability and speed at all stages, from sanction of works, release of funds, wage payments to social audit.
- From viewpoint of financial inclusion, the children of MGNREGA workers more than 10 years should ensure that they also have to access an account for inclusive financial inclusion.
- The government has taken up various measures to overcome the problem of poverty, though recent poverty estimates shows that there is highest percentage poverty exists in Chhattisgarh. For this point of view, there will be an opportunity for rural workers to get benefitted from direct benefit transfer, online payment transfer of gas subsidy, etc., which will be only possible, if there exists a huge financial infrastructure.

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