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## **Impact of Mahatma Gandhi National Rural Employment Guarantee Act on Rubber Block Plantation Scheme in Tripura<sup>§</sup>**

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### **Abstract**

Among the various promotional schemes targeted for the promotion of rubber in Tripura, Block Plantation Scheme (BPS) has been introduced exclusively for the rehabilitation of scheduled tribes and scheduled castes. BPS is a comprehensive scheme with the characteristic features of group/community approach in all spheres of operations up to primary processing and marketing and family labour participation as wage labour during the immature phase of the plantations spanning six years. However, there has been a distortion in the uninterrupted supply of family labour to the scheme in the recent past due to growing popularity of employment opportunities under the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) programme, which may eventually lead to a prolongation of immature phase and adversely affect the uniform and healthy growth of the rubber plants. These factors in turn could affect the overall rubber yield and so suitable policies needed to be evolved to ensure adequate and timely availability of family labour to immature rubber plantation. One of the options could be the inclusion of the developmental works required for the immature rubber plantations under the MGNREGA projects by the State Government of Tripura.

**Key words:** Natural rubber, Block Plantation Scheme, Tripura, Rehabilitation, Labour, MGNREGA

**JEL Classification:** J15, J 21, J 43, J 31

### **Introduction**

There have been two important objectives behind the sustained governmental interventions in the north-eastern region for the promotion of natural rubber (NR) cultivation since the late-1960s. The prime objective of increasing NR production in the country through extensive cultivation in non-traditional regions had been part of the macro economic policy of the post-

independent India dominated by the programmes to achieve self-sufficiency in rubber and import substitution in all important spheres of rubber production. The other important objective is rehabilitation of the economically and socially marginalized groups (ESMGs) in the region, it is guided by the policy perceptions to integrate them into the mainstream development process. Despite concerned efforts to promote NR cultivation during the past four decades in the seven north-eastern states, viz. Tripura, Assam, Meghalaya, Nagaland, Manipur, Mizoram and Arunachal Pradesh, the achievement has been only 20 per cent of the potential area identified to be bought under rubber plantation in the region (Rubber Board, 2005; 2011). Accordingly, the shares of the region in the total area under cultivation and production of rubber in the country are 13 per cent and 4 per cent,

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respectively. However, there are notable inter-state differences in the expansion of area under NR cultivation in NE region. The case of Tripura with higher utilization of potential area identified for rubber cultivation to the extent of 50 per cent has been unique for various region-specific factors.

Prima facie, successful outcomes of the convergence of policy initiatives by the Rubber Board and the State Government of Tripura precipitated the community-specific programmes from a regional perspective. Among various programmes launched, the Block Plantation Scheme (BPS), targeted to cover the ESMGs, deserves attention for its specific features and the achievements. Family labour participation has been an integral component of this scheme. However, there has been distortion in the uninterrupted supply of family labour to the scheme in the recent past with important policy implications.

With this background, this paper has attempted to (i) summarize the region-specific factors instrumental in the unique developmental experience of NR sector in Tripura, (ii) focus on the recent developments posing serious constraints on the supply of family labour to the immature rubber plantations consequent to the growing popularity of employment opportunities under the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA), and (iii) to suggest policy options to overcome the observed problems from a long-term perspective.

### Rubber in Tripura

Unlike the traditional regions of NR cultivation in the country, viz. Kerla and Tamil Nadu, the initial phase of NR cultivation in all the north-eastern (NE) states had been dominated by the public sector agencies. Simultaneously, attempts were also made to ensure active involvement of the local peasantry with region-

specific institutional interventions and support programmes. Among the NE states, Tripura has been more successful in weaning away the natives from shifting cultivation to settled mode of cultivation dominated by NR during the past four decades. This proposition is underlined by the dominant share of small growers of rubber, accounting for about 70 per cent of the total area under crop in the state (Rubber Board, 2007). This unique feature of Tripura deserves attention for two important reasons: (i) the close co-operation between Rubber Board and the Government of Tripura in the conception and implementation of the promotional schemes; and (ii) involvement of a number of state government sponsored agencies with different schemes targeting the promotion of NR cultivation among the peasants and ESMGs.

### Block Plantation Scheme

Among the various promotional schemes targeted for the promotion of NR across the ESMGs, Block Plantation Scheme (BPS), introduced in 1992, has been unique because of its objectives, components and mode of implementation. First of all, it is a collaborative project of the Rubber Board and Government of Tripura exclusively for the rehabilitation of Scheduled Tribes and Scheduled Castes. Secondly, it is a comprehensive scheme with the characteristic features of group/community approach in all the spheres of operations up to primary processing and marketing and family labour participation as wage labour during the immature phase of the plantations spanning six years. Finally, the regular monitoring and supervision by the agencies concerned and active involvement of the beneficiaries have lent credibility and popularity to the scheme across regions and among the targeted communities within the state during the past two decades. Table 1 outlines the status of BPS in Tripura.

**Table 1. Status of 'Block Plantation Scheme' in Tripura: 1992-2010**

Phase of plantation	No. of units	Total area (ha)	Beneficiary households (No.)	Average area per households (ha)
Mature	49	3175	2897	1.10
Immature	9	464	526	0.88
Total	58	3639	3423	1.06

Source: Rubber Production Department, The Rubber Board, Agartala

There are 58 units under BPS covering a total area of 3639 ha, benefiting 3423 families. Functionally, the area under the units accounts for about 7 per cent of the total area cultivated under NR in the state. However, composition of the total area under the units shows that more than 85 per cent is in the mature phase with its potential spread effect arising from the comparative profitability of NR cultivation and the consumption linkages. Perhaps, the most important component in BPS from the angle of beneficiaries has been an assured flow of income during the entire life-cycle of plantation, including the immature phase. This unique advantage is derived from the engagement of family labour of the beneficiary household as wage labour during the immature phase. The expenditure on the wage has been fully subsidized from the pooled fund earmarked for it by the Rubber Board and the Government of Tripura. The estimated total labour requirement per hectare during the immature phase of rubber plantation in Tripura is 1023 person-days and more than 67 per cent of the person-days are utilized in the first two years of planting (Rubber Board, 2008). The BPS differed from the conventional development projects mainly for its large-scale involvement of the family labour as wage labour and the negligible share of the beneficiaries in the total development cost during the immature phase. Table 2 shows the total estimated development cost during the immature phase (six years) under the three completed phases of the scheme and relative share of contribution from the participating agencies and beneficiaries.

Table 2 is indicative of minimal shares of contribution by the beneficiaries during the phases II and III in the form of wage labour, whereas in phase I the entire expenditure was shared by Rubber Board and the Government of Tripura. In phase IV (2007-

2012) of the scheme with the target area of 500 ha (till now 393 ha has been bought under NR cultivation), the proposed contribution from the beneficiaries is nil, as was the case during the phase I of the scheme. More precisely, in the ongoing phase of the scheme with the target of 500 ha of the area to be bought under NR, the family labour employed will be fully paid in order to ensure adequate availability of labour for the prescribed calendar of operations. Despite a steady increase in the development cost of the rubber plantations during the past two decades, the strategy of bearing all the expenses by the implementing agencies is evolved in the backdrop of certain region-specific developments. The consequences of the developments are primary manifested in terms of interruptions on the availability of family labour during the immature phase of rubber plantation under the BPS.

### Family Labour Shortage due to implementation of MGNREGS

One of the cardinal features of the scheme has been active involvement of the paid family labour during the immature phase, ensuring timely completion of the calendar of operations. However, the feasibility of this in-built mechanism in the scheme has been seriously affected by the relative high wage rates offered under MGNREGA in Tripura. The MGNREGs is a Government of India sponsored scheme to enhance the livelihood security in the rural areas by providing at least 100 days of guaranteed employment in a financial year to every household which volunteers to do unskilled manual labour at the minimum wage rate notified for agricultural labour by the representative state governments (MoLJ, 2005; Sridhar, 2005).

Table 3 shows the minimum agricultural wage rates in Tripura under MGNREGA and the wage rates paid to the family labourers under the BPS during 2001-2011. Since the introduction of MGNREGA, there has been a widening of difference between the wage rates of general agricultural labourers under the statutory minimum wages in the state and wage of the family labour under the BPS. The observed difference between the two wage rates were maximum (52.29%) during the year 2007. An important consequence of the persistent divergence between the two wage rates has been a steady outflow of potential family labour under the BPS scheme to the schemes under the MGNREGA. The resultant shortage of family labour

**Table 2. Phase-wise estimated development cost and shares**  
(₹/ha)

Contributing agency	Phase I (1992-96)	Phase II (1997-01)	Phase III (2002-07)
The Rubber Board	32223 (56)	31711 (40)	40000 (50)
Govt. of Tripura	25000 (44)	43500 (54)	32000 (40)
Beneficiary	Nil	4519 (6)	8000 (10)
Total	57223	79730	80000

*Note:* Figures within the parentheses indicate percentage in total development cost.

**Table 3. A comparison of wage rates under MGNREGA and BPS**

Year	Minimum agricultural wage rate (applicable under MGNREGA also) in Tripura	BPS wage rate	(₹/day)
			Difference (%)
2001	45	37.90	15.78
2002	50	37.90	24.20
2003	50	40.55	18.90
2004	50	40.55	18.90
2005	60	40.55	32.42
2006	60	40.55	32.42
2007	71	40.55	42.89
2007*	85	40.55	52.29
2008	85	62.00	27.06
2009	100	62.00	38.00
2010	100	62.00	38.00
2011	118	100.00	15.25

*Note:* \*During 2007 the state government revised the minimum agricultural wage rates twice

*Source:* Compiled from various notifications of Government of Tripura and Rubber Production Department, Rubber Board, Agartala

**Table 4. Labour availability to BPS during pre- MNREGA and post-MNREGA phases**

Year of planting	Estimated annual labour requirement (persondays/ha)	Excess/deficit of labour availability during pre- MNREGA phase (%)	Excess/deficit of labour availability during post- MNREGA phase (%)
1	557	196.23	-41.83
2	137	78.83	84.67
3	102	26.47	27.45
4	77	46.75	14.29
5	80	45.00	7.50
6	70	-25.71	-40.00
Total	1023	125.32	-9.78

*Source:* Computed from weekly abstract of Block Plantation Units

to immature rubber plantation under the BPS is illustrated in Table 4.

The estimated labour requirement under the Tripura condition for the immature phase of rubber plantation spanning six years is 1023 person-days per ha. The cultural operations during the first year of plantation are critical and account for more than 54 per cent of the total labour requirement during the entire immature phase. During the pre-MNREGA phase, there was excess of family labour availability to the extent of 125.32 per cent and in the first year of planting it was as high as 196.23 per cent. Conversely, in the post-

MNREGA phase, the estimated shortage of family labour was more than 9 per cent and in the first year, it was more than 41 per cent. Joseph *et al.* (2009) have also revealed the shortage of family labour under natural rubber plantation due to implementation of MGNREGA in Tripura.

Operationally, more than the observed deficit in the family labour supply, it is the postponement of the cultural operations, which deserves attention for two important reasons: (i) postponement of operations may eventually lead to a prolongation of immature phase; and (ii) it could adversely affect the uniform and healthy



**Table 5. Composition of total employment generated under MGNREGA (till 2010-11)**

Indicators	Tripura	All India
Total persondays generated (crores)	4.60	256.44
Social composition (%)		
Share of schedule castes	18.03	30.70
Share of schedule tribes	40.98	20.76
Sub Total	59.01	51.46
Share of others	40.99	48.54
Gender composition (%)		
Share of women	41.09	47.94
Share of men	58.91	52.06

Source: Compiled from [www.nrega.nic.in](http://www.nrega.nic.in)

growth of the rubber plants. These factors in turn could affect the overall yield and so suitable policies are to be evolved to ensure adequate and timely availability of family labour to rubber plantations.

### Policy Options

The basic objective of MGNREGA has been enhancement of livelihood security in the rural areas by implementing projects geared to create productive assets. The state governments are empowered to formulate and implement projects with relevant inputs and support from the local self-government and with the explicit financial assistance by the central government for payment of wages for unskilled manual work and up to three-fourths of the material cost (MoRD, 2008). Despite varied popularity and performance of the scheme across the states (Dreze, 2008; Siddhartha and Vanaik, 2008; Chandrasekhar and Ghosh, 2009), the relative status of the scheme has been better in Tripura compared to all-India level selected employment indicators. Table 5 shows a comparative status of the selected indicators.

A perusal of Table 5 clearly shows a higher share of employment provided to ESMGs in Tripura compared to national level coverage under MGNREGA. As the targeted groups under the BPS have been ESMGs in Tripura, a higher share of participation by these groups in MGNREGA will have important implications for the supply of family labour to the immature plantations of rubber mainly due to the existing wage rate differences. A quick fix policy option is to bridge the gap between the wage rates by raising

from ₹ 100 to ₹ 118. The wage rate fixation under the BPS is entrusted with the Plantation Labour Committee consisting of the representatives of state government, labour, planting companies and the Rubber Board. Though the proposal for the hike of the wage rate is justified, the cost escalation for the participating agencies and conflicting interests of the constituents of the Plantation Labour Committee will delay a consensual decision on enhancing the rate.

Alternatively, it would be plausible to include the developmental work required for the immature rubber plantations under the MGNREGA projects by the Government of Tripura. This proposition is reinforced by the specific notification of the Ministry of Rural Development, Government of India, which underlines that “..... permissible works under MGNREGA include water conservation, drought proofing (including the tree plantation and afforestation), flood protection, land development, minor irrigation, horticulture and land development on the land of SC/ST/BPL/IAY and land reform beneficiaries and rural connectivity” (MORD, 2007; 2008). As the State Government is empowered to notify the projects under the MGNREGA, the procedural formalities will be minimized and parity of wages would be attained so as to ensure adequate and timely supply of labour to immature rubber plantations in the state. The saved funds of the participating agencies, viz. the Rubber Board and the Government of Tripura, can be effectively channelized into the building up of region-specific infrastructural facilities for group processing, marketing and community-based development projects for empowerment of ESMGs and women.

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