



MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGA) – A STUDY

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ABSTRACT

The past century has been marked by the transformation of India from a colonial agrarian economy in to a modern industrialization, knowledge based economy within the framework of a liberal and secular democracy. Indeed, India is on the threshold of great power status. Commentators both at home and abroad are extolling India's dramatic rise. Goldman Sachs Economic Research Report on Global Economics (2007) even speaks of India becoming the second largest economy after China by 2050. India is now getting used to its much higher rate of growth (8 percent) and occasionally touching even 9 percent. In the last quarter of financial year 2006-07 the economy grew at 9.7 percent. Evolving the design of the wage employment programmes to more effectively fight poverty, the Central Government formulated the National Rural Employment Guarantee Act in 2005. In the wake of economic liberalization and adjustments and in order to provide a safety net, especially for the rural poor, top priority has been accorded to rural development through introduction of new programmes and restructuring of the existing ones. The Ministry of Rural Development is committed to eradicating poverty and hunger from the rural India and to usher in all round development of rural masses. As such there has been a paradigm shift in the policy of rural development, as the rural poor are treated as resources that form an integral part of the development strategy.

Keywords: Development, Employment, Poverty, Wages

Introduction

The past century has been marked by the transformation of India from a colonial agrarian economy in to a modern industrialization, knowledge based economy within the framework of a liberal and secular democracy. Indeed, India is on the threshold of great power status. Commentators both at home and abroad are extolling India's dramatic rise. Goldman Sachs Economic Research Report on Global Economics (2007)¹ even speaks of India becoming the second largest economy after China by 2050. India is now getting used to its much higher rate of growth (8 percent) and occasionally touching even 9 percent. In the last quarter of financial year 2006-07 the economy grew at 9.7 percent. As a consequences of this, sustained span of economic expansion, the country now boast of middle class variously estimated between 150-300 million. There is a long list of achievements, sufficient enough to be celebrated and to hope that the dream of great power status is now within the realization. However, before one join in the chorus of celebration, it might be desirable to take in to account of stock of poverty and unemployment of our country.

Evolving the design of the wage employment programmes to more effectively fight poverty, the Central Government formulated the National Rural Employment Guarantee Act (MGNREGA) in 2005. With its legal framework and rights-based approach, MGNREGA provides employment to those who demand it and is a paradigm shift from earlier programmes. Notified on September 7, 2005, MGNREGA aims at enhancing livelihood security by providing at least one hundred days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. The Act covered 200 districts in its first phase, implemented on February 2, 2006, and was extended to 130 additional districts in 2007- 2008. All the remaining rural areas have been notified with effect from April 1, 2008.

The government implemented workfare programme that offered wage employment on public work on minimum wages. The wage employment programmes started as pilot project in the form of Rural Manpower (RMP) [1960-61], Crash Scheme for Rural Employment (CRSE) [1971-72], Pilot Intensive Rural Employment Programme (PIREP) [1972], Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labour Scheme (MFALS) to the poorest of the poor. These experiments were translated into a full-fledged wage-employment programme in 1977 in the form of Food for Work Programme (FWP).

During 1980s this programme was further streamlined into the National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP), Jawahar Rozgar Yojana (JRY 1993-94), Employment Assurance Scheme (EAS). The EAS and Jawahar Gram Samridhi Yojana (JGSY) were merged into the Sampoorna Grameen Rozgar Yojana from 2001-02. The Jawahar Rozgar Yojana (JRY) was merged with JGSY, Integrated Rural Development Programme (IRDP) which emerged with five other schemes- TRESEM, DWCRA, SITRA, Ganga Kalyan Yojana and MWS has been merged newly introduced scheme namely Swarna Jayanti Grama Saakshar Yojana (SJGSY) in 1999. These wage-employment programmes implemented by the state governments with Centre's assistance were self-targeting, and the objective was to provide enhanced livelihood security, especially of those dependent on casual manual labour. At the state level, the Government of Maharashtra formulated the Maharashtra Employment Guarantee Scheme (MEGS) and Maharashtra Employment Guarantee Act, 1977 to provide wage-employment to those who demanded it. In the wake of economic liberalization and adjustments and in order to provide a safety net, especially for the rural poor, top priority has been accorded to rural development through introduction of new programmes and restructuring of the existing ones. The Ministry of Rural Development is committed to eradicating poverty and hunger from the rural India and to usher in all round development of rural masses. As such there has been a paradigm shift in the policy of rural development, as the rural poor are treated as resources that form an integral part of the development strategy.

Objectives of MGNREGS:

The primary objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult member volunteers to do unskilled manual work. The other objectives are following:

1. Directing the colossal amount of wage towards creating productive and durable assets of irrigation, drought proofing, land and water conservation, horticulture and connectivity to general prosperous livelihood support system.
1. To benefit the entire community by providing employment, raising agricultural productivity and increasing natural resources base, particularly water. The process envisaged to attain the objectives would result in strengthening the grassroots processes

of democracy and infusing transparency and accountability in governance.

2. Strong social safety net for the vulnerable groups especially women, scheduled tribe and scheduled caste by providing a fall-back employment source through the process of right based legislation, when other employment alternatives are scarce or inadequate.
3. Growth engine for sustainable development of an agricultural economy. Through the process of providing employment on works that address causes of chronic poverty such as drought, deforestation and soil erosion, the Act seeks to strengthen the natural resources base of rural livelihood and create durable assets in rural areas. Effectively implemented, MGNREGA has the potential to transform the geography of poverty.
4. Empowerment of rural poor through the process of a rights-based law.
5. New ways of doing business, as a model of governance reform anchored on the principle of transparency and grass root democracy. Thus, MGNREGA foster conditions for inclusive growth ranging from basic wage security and recharging rural economy to a transformative empowerment process of democracy.
6. Effecting greater transparency and accountability in governance.

Salient features of the Act

Right based Framework: For adult members of a rural household willing to do unskilled manual work.

Time bound Guarantee: 15 days for provision of employment, else unemployment allowance Upto 100 days in a financial year per household, depending on the actual demand.

Labour Intensive Works: 60:40 wage and material ratio for permissible works; no contractors/machinery.

Decentralized Planning

- Gram Sabhas to recommend works.
- At least 50% of works by Gram Panchayats for execution.
- Principal role of PRIs in planning, monitoring and implementation.

Work site facilities : Crèche, drinking water, first aid and shade provided at worksites.

Women empowerment: At least one-third of beneficiaries should be women.

Transparency & Accountability: Proactive disclosure through Social Audits, Grievance Redressal Mechanism,

Implementation

Under Sec 3, States are responsible for providing work in accordance with the Scheme. Under Sec 4, every state government is required to make a scheme for providing not less than 100 days of guaranteed employment in a financial year, to those who demand work

Funding

Central Government -100% of wages for unskilled manual work, 75% of material cost of the schemes including payment of wages to skilled and semi skilled workers. State Government- 25% of material including payment of wages to skilled and semi skilled workers cost. 100% of unemployment allowance by state government

Non Negotiable

- Only Job Card holders to be employed for MGNREGA works
- To provide employment within 15 days of application
- No contractor
- Task to be performed by using manual labour & not machines
- Muster rolls to be maintained on work sites
- Proactive disclosure of information.
- Wage payments to be through accounts in banks/post offices
- Wage material ratio- 60:40

Programme Implementation and Outcomes in LWE Districts: The Ministry is also continually reviewing the implementation of MGNREGA in LWE districts. In FY 2008-09, the average person days of employment per household was 48 days for the year 2008-09 and 2009-10 and 47 days for 2010-11. 93% of rural households have been provided job cards

against the national average of 68% upto FY 2009-10 and over 9% households completed 100 days in FY 2008-09, 2009-10 and 2010-11 as compared to 10 % households in FY 2008-09, 2009-10 and 2010-11. The women participation rate in these districts is 45%.

Natural Resource Regeneration and impact on agricultural productivity

The works undertaken through MGNREGA give priority to activities related to water harvesting, groundwater recharge, drought-proofing, and flood protection. Its focus on eco-restoration and sustainable livelihoods will lead over time, to an increase in land productivity and aid the workers in moving from wage employment to sustainable employment. Almost 80% works relate to soil and water conservation. MGNREGA works by their very nature place stress on increasing land productivity, recharging ground water and increasing water availability.

Recent amendment of the Act to permit MGNREGA works on individual land of small and marginal farmers who constitute 89% of the farming community, in addition to the individual land of SC/ST/BPL/IAY/ land reform beneficiaries will augment the impact on agricultural productivity and household income. In order to appraise the performance and impact of MGNREGA in a selected sample of districts of Chattisgarh, Orissa, Jharkhand, and Andhra Pradesh, the Ministry commissioned a study by Centre Social Development. The main findings of the study are. Increase in household income: In LWE areas of Chhattisgarh, Orissa, Jharkhand and Andhra Pradesh, income of rural labour households has gone up as a result of this programme. Increase in agricultural wages: In LWE areas of Chhattisgarh, Orissa, Jharkhand and Andhra Pradesh, wages in various agricultural operations have gone up as a result of implementation of MGNREGA. This has led to an increase in fertilizer use, and quality seeds Reduction in distress migration: In village Besrapal, located in Bastar District of Chattisgarh, village Nawagarh, located in Gumla District and village Mahel, located in Khunti District of Jharkhand, the incidence of out-migration from the village to distant places for manual works had come down as a result of MGNREGA works. In order to address constraints like timely measurement of works, preparation of shelf of works, and delays in wage payments, the Ministry has taken the following initiatives:

Timely measurement of works

Recognizing the need for adequate human resource for timely measurement of work, the Ministry took the following initiatives. All activities required to process payment of wages must invariably be completed as per timelines given in the circular of the Ministry dated 29th Oct 2010. This includes; closure of muster on 6th day, MB to be brought to appropriate authority on 8th day or before and so on. Penal provision (Sec 25 of the Act) should invariably be invoked for delays.

Time schedule has been suggested to the States.

1. Closing of muster roll by 6th day after start of the work.
2. Bringing muster roll measurement book by 8th day.
3. Entry of muster roll in MIS and generation of pay orders by 9th and 10th days.
4. Submission of pay order at the Block post office/bank, generation of information wage slip transfer of pay order at the village post office/bank within 11th and 12th day.
5. Deposit of wages in the account of wage earners 13th day. VI. Entry of disbursement of wage into MIS within 16th day.

As mentioned in operational guideline (section 6.4.4) Mates/Barefoot Engineers who would work under the guidance of the Technical Assistants to help out with the technical surveys and readings, worksite layouts and maintenance of technical records. Executive instructions on deployment of personnel: The Ministry has issued a circular on recruitment of personnel within this 6%. The circular recommends recruitment of 1 Panchayat Development Officer in select Panchayat, 1 technical assistants for every 6000 HHs.

Timely wage Payment

The Ministry is also instructing the states to operationalize the BC model and report regularly on progress. The states are to identify unserved areas for BC model and discuss with banks. The Ministry has also issued executive instructions for appointment of Business correspondent (BC) system.

Many Post Offices do not keep adequate cash amount. Ministry has issues instruction to State that the District Administration should place adequate amounts with all the post offices to facilitate payment; District Administration should facilitate transport and security for carrying cash. Alternate Institutions like SHG Federations, LAMPS, Non-Scheduled Commercial Banks and Private Banks like Cooperative Bank, RRBs, Gramin Banks etc, JFM Groups of proven track records and others could be authorized to act as BCs. Pending complete roll out of BCs / Post offices, alternative arrangements such as mobile banking etc should be provided.

Social Audits

Social Audits enable the rural communities to monitor and analyze the quality, durability and usefulness of MGNREGA works as well as mobilize awareness and enforcement on their rights. Social Audit is an important tool by which the people can improve and devise strategies to enhance the quality of implementation of MGNREGA. The Ministry has accorded utmost importance to the organization of Social Audits by the Gram Panchayats and issued instructions to the States to make necessary arrangements for the purpose. The Mahatma Gandhi National Rural Employment Guarantee Audit of Schemes Rules, 2011 have been formulated and shared with States/ UTs for Action.

Work on Individual Land Permitted under MGRNEGA

Amendment of the Act to permit MGNREGA works on individual land of small and marginal farmers who constitute 89% of the farming community, in addition to the individual land of SC/ST/BPL/IAY/ land reform beneficiaries will augment the impact on agricultural productivity and household income. Following works can be taken up.

Irrigation facility: Construction of Dug well, Farm ponds, Tanka, Ground water recharge structure, Construction/ lining of water courses/ Irrigation channel etc

Land development facilities: Construction of contour/ graded bund, land leveling & shaping, reclamation of saline/ alkaline land, construction of drainage channels, waste land by transporting silt from nearby tank, development of waste land/ fallow land.

Horticulture, Plantation: all activities related to horticulture including nursery raising.

District Level Ombudsman

The Ombudsman will be appointed by the State Government on the recommendation of the selection committee. Ombudsmen will be well-known persons from civil society who have experience in the field of public administration, law, academics, social work or management. Ombudsman will be an agency independent of the central or state government. The Ombudsman will receive complaints from MGNREGA workers and others on any matters consider such complaints and facilitate their disposal in accordance with law

Leveraging MGNREGA for sustainable development through convergence

In view of the inter-sectorality of MGNREGA, the need to create durable assets and improve livelihood security and the common target groups of certain development programmes with MGNREGA, the Ministry has developed and disseminated convergence guidelines with different Schemes and specific programmes viz. Indian Council of Agricultural Research, National Afforestation Programme and other schemes of the Ministry of Forest & Environment, Schemes of the Ministry of Water Resources, PMGSY (Department of Rural Development), SGSY (Department of Rural Development), Watershed Development Programmes (Department of Land Resources, Ministry of Rural Development), Ministry of Agriculture and Fisheries and schemes of Ministry of Agriculture. These convergence initiatives have been documented and shared among States.

Review of Literature

Cook and Kabeer (2010)² opined that as a part of a developing social protection umbrella in the country, MGNREGA can contribute in two ways; one is through a transfer of income to the poorest, though only to those who are able to perform manual labour. The other is in contributing to local development and hence reducing the social protection deficits. There is a need to move away from a static approach to social protection, to one that is equally concerned with developing the capacity to move out of poverty and vulnerability.

Dey, and Bedi (2010)³ studied the functioning of the MGNREGS between February 2006 and July 2009 in Birubham district, West Bengal. Their study reveals that in order to serve as an effective “employer of last resort”, the programme should provide more job days during lean season and wages should be paid in a timely manner. This study shows that in Birubham, there is universal awareness about the MGNREGS, job card have been

made available to all those who have applied and MGNREGS related information is well maintained and relatively accessible. But there are long delays in wage payments during the first year of the programme, since then, the payment lag has declined and it is now in the range of 20 days.

Kumar, Suna and Pratap (2010)⁴ responding to people's protest about poverty through introduction of a right based approach for poverty alleviation in the form of provision of rural employment guarantee in the constitutional system of India suggest that the MGNREGA has inaugurated a remarkable process for the empowerment of the poor. The Act is particularly a tool of empowerment for the most vulnerable sections of the village communities as they are also victims of social exclusion and political marginalization. Secondly, it has stimulated mobilization of the poor for livelihood within the legitimate frame work of governance. Thirdly, MGNREGA has made a dent on poverty by both-increasing employment opportunities and raising the wage rate. And fourthly, it has strengthened the process of participatory democracy through economic decentralization and by giving significant roles to the Panchayati Raj Institutions (PRIs), the rural poor classes, communities and the civil society groups.

Ratna M. Sudarshan (2010)⁵ pointed out that in Kerala women have been organized into self-help groups known as Kudumbashree groups. These groups engage in micro enterprises of various kinds. This offers an alternative to agricultural work but since the state government has placed Kudumbashree in charge of managing the MGNREGA, women have easily been directed into this work. In one of the tribal blocks visited in Kerala, however, there were no work opportunities and MGNREGA has filled a deeply felt need.

Vijayamohanan N. Pillai (2010)⁶ in his study found that while the MGNREGA programme is being implemented in the letter, the spirit of the scheme seems to be missing in Kerala. In Kerala, all the stipulations seem to be strictly followed, yet one of the most important outcomes of the scheme, namely, 100 days of work, seems to be very far away. To the extent this goal is not fulfilled it may not be called a successful programme in Kerala. Further studies need to be directed to understand the short fall in days of employment created. Further, the financial ramifications also need to be analyzed. Since the average number of days of work through MGNREGA is about 20 days per worker, it needs to be explored as to what happens to wages that are slotted for the worker for the remaining 80

days of work.

Mukherjee and Sinha (2011)⁷ find that in case of the labour surplus economy, the impact of MGNREGA depends on the relative magnitude of MGNREGA work and the amount of surplus labour in the economy. If the amount of MGNREGA work is below the surplus labour available in each poor household then there would be no impact of MGNREGA work on the employment decision for their own cultivation and the decision to supply labour for the rich households. As a result of MGNREGA work, the level of outputs in both rich and poor households remains the same but the MGNREGA work would increase the income of the poor households. This prediction is based on the presumption that that MGNREGA work of 100 labour days does not still allow the poor household to reach their target level of income.

Objectives of the Study

The study aims at analyzing the performance of MGNREGS in the state of Telangana encompassing all its essential aspects. More specifically, the study aims at assessing impact of the scheme on selected variables, and ascertaining the limitations and constraints faced by the functionaries in the implementation of the scheme.

The following objectives are:

1. To assess the socio-economic background of the beneficiaries of NREGA
2. To examine the implementation & impact of NREGA on beneficiaries.
3. To identify underlying difficulties in the implementation of the scheme.
4. To assess the utility of the social audit.
5. To focus on case studies to have a deeper understanding and insight of the scheme on beneficiaries.

Methodology

Both types of data i.e., primary and secondary, have been collected for the purpose of this study. While the primary data have been collected through direct personal interview schedules, Focus Group Discussions (FGDs), and other participatory approaches involving workers, non-workers, district, block and GP level officials, etc.. The secondary data have been collected from the documented official records i.e., from the websites of the Ministry

of Rural Development, Government of India, Block Development Offices etc.

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