

MGNREGA - A Step towards Rural Development

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Abstract

The National Rural Employment Guarantee Act 2005 (NREGA) is the flagship programme of the UPA Government that directly touches lives of the poor and promotes inclusive growth. NREGA is the first ever law internationally, that guarantees wage employment at an unprecedented scale. NREGA is designed as a safety net to reduce migration by rural poor households in the lean period through a hundred days of guaranteed unskilled manual labour provided when demanded at minimum wage on works focused on water conservation, land development & drought proofing. This study is proposed to examine that how MGNREGA is impacting the lives of millions of people living in rural areas and the citizens living below poverty line. Dr. Jean Drèze, a Belgian born economist, at the Delhi School of Economics, has been a major influence on this project. MGNREGA is an Act to provide a legal guarantee of 100 days of wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. He/she will get the minimum wage rate notified for agricultural labour in the State until the Central Government notifies a minimum wage rate, which in any case shall not be less than Rs. 60 per day. NREGA came into effect on February 2, 2006.

1. INTRODUCTION

The ongoing programmes of Sampoorn Grameen Rozgar Yojna & National Food for Work Programme were subsumed within this programme in the 200 of the most backward districts of the country, in which it was introduced in phase 1. In phase 2 it was introduced in 130 additional districts. The scheme was extended to 274 rural districts from April 1, 2008 in phase 3. (Total no of district in India 640)

In its fourth year, NREGA has been rechristened after Mahatma Gandhi in a move which marks Congress's tribute to the Father of the Nation and is also expected to stall rivals from appropriating its pro-poor flagship scheme.

Announcing the decision at a conference of panchayat members to commemorate the birth anniversary of Mahatma Gandhi in 2009, Prime Minister Dr. Manmohan Singh called it apt as Gandhi held the concept of 'Gram Swaraj' in high esteem. An

amendment was tabled in the winter session of Parliament to prefix NREGA with 'Mahatma Gandhi' and since then it was named Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). A developing economy like India is often characterized by a labour market with demand and supply of labour and a wage that even if competitively determined may not be adequate for the poor household to reach their target income; what they consider as means of a decent living. Envisaging situations like these, the Indian government has implemented the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in recent past, to complement the income of the poor by providing them employment for certain number of labour days in a year.

According to the data, approximately 71.9 per cent of India's population still resides in rural areas, and given that the majority of India's poor also resides in rural areas, the MGNREGA can be thought

of as a policy to boost rural income, stabilize agricultural production and reduce the population pressure in urban areas through migration.

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a flagship Programme of Government of India. The Act was notified initially in 200 most backward districts of the country w.e.f. February 02, 2006 and subsequently extended all over India in two phases.

The programme aims at enhancing livelihood security of the rural poor by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The Act seeks to create durable assets and strengthen the livelihood resource base of the rural poor. The choice of works suggested in the Act address causes of chronic poverty like drought, deforestation, soil erosion, so that the process of employment generation is on a sustainable basis.

2. SALIENT FEATURES OF MGNREGA

The salient features of the Act are as given below :

- ❖ All adult members of a rural household willing to do unskilled manual work have the right to demand employment.
- ❖ Such a household will have to apply registration to the Gram Panchayat.
- ❖ After verification, the Gram Panchayat will issue a Job Card with photograph of all adult members of The household willing to work under the programme.
- ❖ The Job Card must remain in the custody of the household
- ❖ Job Cardholder can apply for work to the Gram Panchayat which will issue him/her a dated receipt of the work application.
- ❖ Employment will be provided by the Gram Panchayat (local self governing body) within 15 days of Work application, failing which unemployment allowance will be paid.
- ❖ Disbursement of wages has to be done weekly basis and not beyond a fortnight.

- ❖ Wages will be paid at the wage rate to the wage earners through their Bank/Post office accounts.
- ❖ An annual shelf of works to be prepared in advance for each year.
- ❖ A ratio of 60:40 for wage and material costs should be maintained at GP level.
- ❖ No contractors/and no labour-displacing machinery shall be used in execution of works.
- ❖ Panchayati Raj Institutions will have a principal role in planning, monitoring and implementation.
- ❖ At least one-third of the workers should be women.
- ❖ Inbuilt incentive-disincentive structure to the State Government for guaranteeing employment.

Fundamental Principles of MGNREGA

- ❖ Employment on demand
- ❖ Legal right
- ❖ Universal entitlement
- ❖ Participatory approach
- ❖ Accountability to PRIs
- ❖ Full Transparency

Basic Entitlements of MGNREGA

- ❖ Equal wages for men and women
- ❖ Work within 5 kilometers
- ❖ Payment of minimum wages on weekly or fortnightly basis
- ❖ Worksite facilities
- ❖ Medical expenses for injured/ ex-gratia for deceased
- ❖ Unemployment allowance if work is not allotted

3. PERMISSIBLE ACTIVITIES

Over the last few years there has been an increased demand from States to include new works which would create an even stronger positive synergy between MGNREGA and agriculture and allied rural

Total National Figure of MNREGA

National				
Total No. of Districts	651			
Total No. of Blocks	6,834			
Total No. of GPs	2,49,655			
I. Job Card				
Total No. of Job Cards (In Cr)	12.92			
Total No. of Workers (In Cr)	27.39			
(i) SC Worker % as of total Workers	19.58			
(ii) ST Worker % as of Total Workers	15.28			
Total No. of Active Job Cards (In Cr)	5.63			
Total No. of Active Workers (In Cr)	5.71			
(i) SC Worker % as of total Workers	21.03			
(ii) ST Worker % as of Total Workers	16.73			
II. Progress	FY 2015-16	FY 2014-15	FY 2013-14	FY-2012-13
Approved Labour Budget (In Cr)	239.112	220.67	258.57	278.71
Persondays Generated so far (In Cr)	2,4053	165.1	220.35	230.41
% of Total LB	1.01	74.82	85.22	82.67
% as per proportionate LB	10.34	0	0	0
SC persondays % as of total persondays	20.44	22.36	22.81	22.22
ST persondays % as of total persondays	14.62	17.01	17.52	17.79
Woman persondays out of Total (%)	58.42	54.85	52.82	51.3
Average days of employment provided per Household	10.19	40.02	45.97	46.2
(i) Average Persondays for SC Households	9.57	39.46	45.28	44.92
(ii) Average Persondays for ST Households	11.43	40.09	48.92	49.97
Average Wage rate per day per person (Rs.)	130.01	143.90	132.7	121.4
Total No. of HHs completed 100 Days of wage employment	4	24,50,837	46,59,324	51,73,319
% payments generated within 15 days	96.38	29.94	50.1	50.1
Total Households Worked (In Cr)	0.236	4.13	4.79	4.99
Total Individuals Worked (In Cr)	0.3456	6.2	7.39	7.97
% of Man Worked	42.06	49.77	52.03	42.93
% of Women Worked	57.94	50.23	47.97	47.07
% of SC Worked	21.37	22.25	22.93	22.79
% of ST Worked	14.55	15.4	17.55	17.92
% of Disabled Persons Worked	1.46	0.66	0.66	0.57
III. Works				
Number of GPs with NIL exp	2,01,847	32,026	27,412	25,156
Total No. of Works Takenup (New + Spill Over) (In Lakhs)	85	101.78	94.13	104.62
Number of Ongoing Works (In Lakhs)	54.72	84.39	66.76	79.09
Number of Completed Works (In Lakhs)	0.28	17.39	27.37	25.53
% of Expenditure on Agriculture S. Agruculture Allied Works	56.71	59.74	56.23	61.76
IV. Financial Progress				
Wages (In Cr)	664.12	23,996.55	26,535.38	27,153.52
Material and skilled Wages (In Cr)	261.2	9,147.2	9,693.29	10,429.98
Total Adm Expenditure (In Cr)	51.99	2,407.52	2,372.92	2,194.78
Total Exp (In Cr)	977.32	35,551.59	38,601.59	39,775.28
% Total Exp. Through efms	98.83	77.56	37.26	13.7
Liability (Wages) (In Cr)	297.93	3,510.46	574.67	321.57
Material (%)	28.23	27.6	26.76	27.75
Admin Exp (%)	5.32	6.77	6.15	5.52
Average Cost Per Day Per Person (In Rs.)	191.46	214.22	153.68	170.34

livelihoods. In response to the demand, the provision in Schedule I has been amended vide. Notification dated 4th May, 2012 to include additional works that can be taken up under MGNREGA. The amended Schedule I provides that the focus of the scheme shall be on the following works.

- (i) water conservation and water harvesting including contour trenches, contour bunds, boulder checks, gabion structures, underground dykes, earthen dams, stop dams and spring shed development;
- (ii) drought proofing including afforestation and tree plantation;
- (iii) irrigation canals including micro and minor irrigation works;
- (iv) provision of irrigation facility, dug out farm pond, horticulture, plantation, farm bunding and land development;
- (v) renovation of traditional water bodies including desilting of tanks;
- (vi) land development;
- (vii) flood control and protection works including drainage in water logged areas including deepening and repairing of flood channels, chaur renovation, construction of storm water drains for coastal protection;
- (viii) rural connectivity to provide all weather access, including culverts and roads within a village, wherever necessary.
- (ix) construction of Bharat Nirman Rajiv Gandhi Sewa Kendra as Knowledge Resource Centre at the Block level and as Gram Panchayat Bhawan at the Gram Panchayat level.
- (x) agriculture related works, such as, NADEP composting, vermi-composting, liquid bio-manures.
- (xi) livestock related works, such as, poultry shelter, goat shelter, construction of pucca floor, urine tank and fodder trough for cattle, azoles as cattle-feed supplement.
- (xii) fisheries related works, such as, fisheries in seasonal water bodies on public land.

- (xiii) works in coastal areas, such as, fish drying yards, belt vegetation.
- (xiv) rural drinking water related works, such as, soak pits, recharge pits.
- (xv) rural sanitation related works, such as, individual household latrines, school toilet units, anganwadi toilets, solid and liquid waste management.
- (xv) (a) Construction of Anganwadi centres.
- (xv) (b) Construction of play fields.
- (xvi) Any other work which may be notified by the Central Government in consultation with the State Government.

All activities mentioned in items (iv), (x), (xi) and items (xiii) to (xv) are allowed on land or homestead owned by households belonging to the Scheduled Castes and the Scheduled Tribes or below poverty line families or the beneficiaries of land reforms or the beneficiaries under the Indira Awas Yojana of the Government of India or that of the small or marginal farmers as defined in the Agriculture Debt Waiver and Debt Relief Scheme, 2008, or the beneficiaries under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (2 of 2007)

4. FUNDING OF MGNREGA

- (a) The Central Government bears the costs on the following items:
 - ❖ The entire cost of wages of unskilled manual workers.
 - ❖ 75% of the cost of material, wages of skilled and semi-skilled workers.
 - ❖ Administrative expenses as may be determined by the Central Government, which will include, inter alia, the salary and the allowances of the Programme Officer and his supporting staff and work site facilities.
 - ❖ Expenses of the Central Employment Guarantee Council.
- (b) The State Government bears the costs on the following items:

- ❖ 25% of the cost of material, wages of skilled and semi-skilled workers.
- ❖ Unemployment allowance payable in case the State Government cannot provide wage employment on time.
- ❖ Administrative expenses of the State Employment Guarantee Council.

Districts have dedicated accounts for Mahatma Gandhi NREGA funds. Proposals are submitted based on clearly delineated guidelines so that funds may be distributed efficiently at each level, and adequate funds may be available to respond to demand. Under Mahatma Gandhi NREGA, fund releases are based on an appraisal of both financial and physical indicators of outcomes.

- (c) **Labour Budget:** The District Programme Coordinator prepares the Labour Budget in the month of December every year for the next financial year containing the details of anticipated demand for unskilled manual work under the scheme and submits it to the District Panchayat. The Ministry of Rural Development estimates the requirement of funds on the basis of projections made in the Labour Budget. Central funds are sanctioned after the examination of Labour Budgets and taking into account utilization of funds previously released.

5. SHARE OF WOMEN IN WORKFORCE

The Act stipulates that priority shall be given to women in such a way that a minimum of one-third of the beneficiaries are women who have registered and have requested for work.

6. PROGRAMME IMPLEMENTATION AND OUTCOMES

Outcomes of programme implementation in the year 2013-14 are as follows :

- ❖ **Employment Generated:** In 2013-14, 5.48 crore households were provided employment and 193.38 crore persondays of employment were generated.
- ❖ **Increasing Outreach to the poor and marginalized:** Self targeting in nature, the

programme had high work participation for marginalized groups like SC/ST (38%), Women (55%) in 2013-14.

- ❖ **Strengthening Natural Resource Base:** In 2013-14, 74.54 lakh works were undertaken, of which 58% for water conservation, 12% for the provision of irrigation facility to land owned by SC/ST/BPL and IAY beneficiaries, 18% for rural connectivity and 8% for land development.
- ❖ **Financial Inclusion of the Poor:** With a view to universalize the system of wage payments through individual accounts, it has been recommended to all States to disburse wages through Post Offices and Bank Accounts. 8.71 crore (as per MIS) Mahatma Gandhi NREGA bank and post office accounts have been opened to disburse wages.
- ❖ **Mahatma Gandhi NREGA in Left Wing Extremism (LWE) Districts:** The Ministry reviews the implementation of Mahatma Gandhi NREGA in LWE districts. During the financial year 2013- 14 the average persondays of employment per household is 33 days. The percentage of women participation was 47 as compared to the national average of 53. The percentage of HHs which completed 100 days of employment is 4.24 as compared to national average of 4.59.

(a) Internal Monitoring

- (i) **Management Information System (MIS):** Mahatma Gandhi NREGA has one of the most effective ICT enabled public interface at <http://www.mgnrega.nic.in>. It is fully functional. The architecture of the MIS is constructed on the requirements of the legal process of the Act. All physical and financial performance data is available in public domain. This infuses transparency in Mahatma Gandhi NREGA information system, enables monitoring of implementation gaps and promotes prompt response to labour demand and labour grievances. The village level household data

base has internal checks for ensuring consistency and conformity to normative processes.

Following critical parameters are monitored by MIS:

- (a) Workers' entitlement data and documents such as registration, job cards, muster rolls
- (b) Shelf of approved and sanctioned works, works under execution, measurement
- (c) Employment provided
- (d) Financial indicators including wage payment.

Proper checks have been introduced to validate the data entered and stop wrong entries. MIS generates multiple alerts to implementing agencies about the various irregularities, important activities, and messages for funds so that corrective action can be taken. MIS also enables tracking of funds to ensure that the funds being released through the State Fund are according to financial norms.

(b) External Monitoring

Statutory Institutional Mechanisms

- (i) Central Employment Guarantee Council (CEGC): CEGC at the National level has been set up with the statutory mandate of monitoring and reviewing the implementation of the Act. During the financial year 2010-11 the Council members visited State of Gujarat and Uttar Pradesh to review performance of programme and submitted report to Ministry. Council members have also actively participated in review, studies, training and social audits. The Council has met twice in the financial year 2010-11.

Financial Inclusion

- (i) Payment of Wages through Individual Accounts: Under MGNREGA, timely payment of wages is a legally backed right of the workers. To eliminate leakages and to ensure transparency as well as promptness in

wage payments, the Ministry has recommended to all the states to disburse wages to workers through their individual accounts opened either in banks or post offices. Consequently, there are around 8.71 crores bank/post office accounts of MGNREGA workers through which around Rs.14162.29 crore (as per MIS) were paid as wages in the year 2012-13(as on 15.2.2013).

- (ii) Business Correspondent Model: To strengthen the institutional outreach for timely wage disbursement under MGNREGA, Ministry has advised State Governments to roll out the Business Correspondent Model to make wage payment through Banks with Bio-metric authentication at village level on competitive bid basis from Banks. Many states have initiated the process in this regard. Further, Ministry is continuously following-up the matter with Department of Financial Service and Reserve Bank of India for speedy payment through Electronic Benefit Transfer (EBT) by adopting Business Correspondent Model.
- (iii) Ministry has stressed on the formation of State Employment Guarantee Funds (SEGF). This will give the State a decisive role in managing funds meant for the districts

Grievance Redressal Mechanisms

The Ministry has been repeatedly reminding State Governments to ensure that they establish a suitable mechanism for redressal of grievances and disposal of complaints in accordance with the relevant provisions of MGNREG Act. As per the provisions in Section 27(2) of MGNREGA, the Central Government may, on receipt of any complaint regarding lack of effective implementation of the provisions of the Act or regarding the improper utilization of funds granted under this Act, order an investigation into the complaint and if necessary, shall order stoppage of release of funds to the State if no appropriate remedial measures are instituted for proper implementation within a reasonable period of time as defined by the Central Government. The Ministry, on 7th September,

2012 has issued to all State Governments and Union Territories, a Standard Operating Procedure (SOP) for application of the provision of Section 27(2) read with the provision relating to accountability given in Section 23 of the Act.

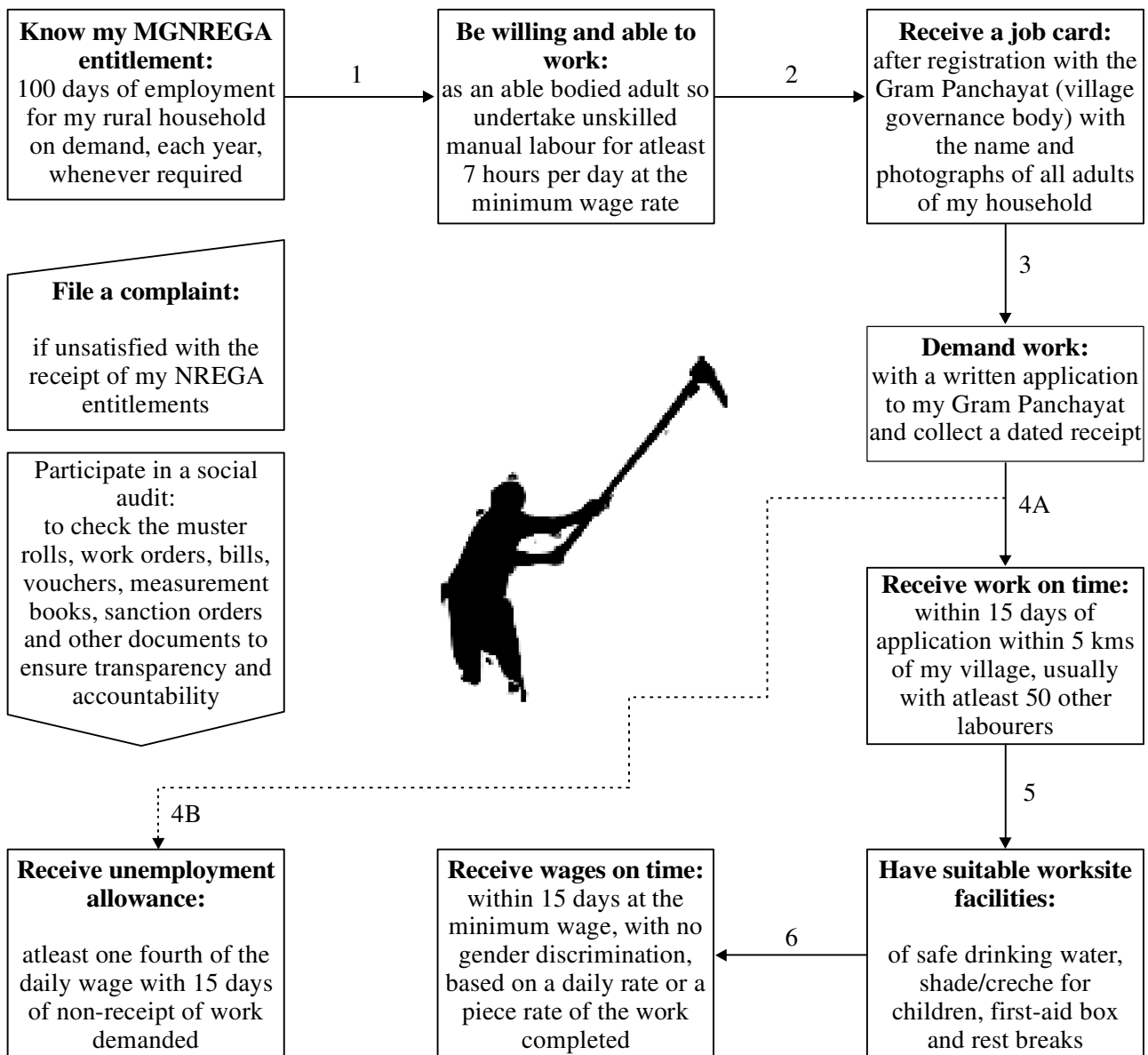
7. OMBUDSMAN

Transparency and accountability are the cardinal principles underlying the implementation of the MGNREG Act, 2005. There is a need for an independent authority to expeditiously redress the grievances in regard to the implementation of

MGNREGA and Scheme made thereunder. For this purpose, the existing administrative machinery for the disposal of grievances needs to be strengthened to secure the ends of justice, as effective grievance redressal is the key to the empowerment of the people and the enjoyment of their rights.

Therefore, in exercise of the powers conferred under Section 27 of NGNREG Act, the Central Government issued an Order dated 7th September, 2009 issuing directions to the State Government for establishing the office of Ombudsman in districts for redressal of grievances in a time bound manner.

Rural Work-Seeker : The Process of Securing MGNREGA Entitlements



Salient features of Ombudsman System are as follows :

- (i) **Appointment** by State Governments on recommendation of Selection Committee comprising Chief Secretary of the State (Chairperson), Representative of Union Ministry of Rural Development, eminent Civil Society Person nominated by Union Ministry of Rural Development and Secretary of Department dealing with MGNREGA.
- (ii) **Qualification**- Persons of eminent standing and impeccable integrity up to 65 years of age with at least twenty years experience in public administration, law, academics, social work or management will be eligible.
- (iii) **Tenure**- **Two years** extendable by one year on satisfactory performance or up to 65 years of age, whichever is earlier. No reappointment.
- (iv) **Autonomy**- He will be independent of State and Central Government
- (v) **Location of Office**- At District Headquarters. There will be not more than three Ombudsman in every District. Technical and administrative support will be provided by the DRDA or any other body specified by the State Government
- (vi) **Powers :**
- ❖ Receive complaints from MGNREGA workers and others on specified matters, consider such complaints and facilitate their disposal in accordance with law.
 - ❖ Require the MGNREGA Authority complained against to provide any information or furnish certified copies of any document relating to the complaint
 - ❖ Issue direction for conducting spot investigation, lodge FIRs against the erring parties, initiate proceedings.
 - ❖ Direct redressal, disciplinary and punitive actions.
 - ❖ Report his findings to the Chief Secretary of the State and the

Secretary, State Nodal Department
for

(vii) **Wages :**

- ❖ Section 6(1) of MGNREGA states that notwithstanding anything contained in the Minimum Wages Act 1948, the central Government may by notification specify the wage rate for the purposes of the Act: Provided that different rates of wages may be specified for different areas Provided further that the wage rate specified from time to time under any such notification shall not be at a rate less than sixty rupees per day.
- ❖ Section 6 (2) states that until such time as a wage rate is fixed by the central Government in respect of any area in a State, the minimum wage fixed by the State Government under section 3 of the Minimum Wages Act, 1948 for agricultural labourers shall be considered as the wage rate applicable to that area.
- ❖ In exercise of powers under Section 6(1) of the Act, Ministry of Rural Development notified wage rate on 01.01.2009 adopting the minimum wage rate for agricultural labour of the States as on 1.12.2008.
- ❖ In pursuance to announcement by Hon'ble Finance Minister in his budget speech-2009 to provide a real wage of Rs. 100/- a day as an entitlement under the Mahatma Gandhi National Rural Employment Guarantee Act, on the request of this Ministry, the Ministry of Statistics & Programme Implementation constituted a committee under the Chairmanship of Dr. Pronab Sen, Principal Adviser, Planning Commission to develop a mechanism to evolve a framework to create a separate index for updation of MGNREGA wages. The Committee has representatives from Ministry of Rural Development as Members along with representation from other Ministries & Departments. The report of the Committee is awaited.

It has been decided that till such time that a satisfactory index is proposed by Dr. Sen Committee and accepted by the Government, the Government

could index the wages with the Consumer Price Index for Agriculture labourers (CPIAL). In pursuance of this, the Ministry issued a notification dated 14th January, 2011 revising wage rates under Section 6(1) of the MGNREG Act with indexation to CPIAL. The revised wage rates were made applicable w.e.f 01.01.2011. The wage rates have been further revised in 2012 vide notification dated 23.3.2012 effective from 1st April, 2012. For arriving at latest revised rates, the percentage increase in the CPIAL for November, 2010 to December 2011 has been applied to MGNREGA wage rate as on 1st January; 2012. It has also been decided to increase the wage rate annually. The details of revised wages notified for States are given as under.

8. CONCLUSION

Every program/scheme is designed with a very clear and focused objective. NREGS is also not

exception in this regard. As mentioned earlier, the NREGS was launched by GOI to have a direct impact on the rural households in terms of their increased opportunity for wage employment on one hand, and in creating livelihood assets in the farm and non-farm sector, on the other. With this perspective, GOI, as a part of its developmental mandate, has invested a huge sum of money in the promotion and implementation of NREGS across all the Districts in the country. eight years (2006-2014) implementation of the program has indicated a need to undertake the impact assessment to identify within Uttar Pradesh and across the state, efficient management practice, procedures, process, factors that contribute to good performance and the positive outcome and impact generated. Therefore, it is worthwhile to see what impact the NREGS has been able to make on the village community. The scheme been able to justify its existence in terms of achieving its envisaged objectives. ○

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