
Mahatma Gandhi National Rural Employment Guarantee Act: A Review

Dr. Sushmita

*Assistant Professor, Department of Management Studies, Shaheed Sukhdev College of Business Studies,
University of Delhi, Delhi*

ABSTRACT

Any nation is developed in true sense only when there is equitable development of people and resources. MGNREGA earlier known as NREGA enacted in 2005, first implemented in February 2006, is one such initiative of government of India which aims to provide steady source of income and livelihood security for the poor, vulnerable and marginalized in the rural India thorough a rights based approach without any discrimination whatsoever.

This paper delves into the structural and statutory construct of MGNREGA, the objectives, working and implementation of the scheme. It also tries to comment on the implementation of the scheme and provide a future road a map which can increase the viability and feasibility of the MGNREGA.

MGNREGA as a scheme is very egalitarian and the potential of MGNREGA in reaching rural poor is unsurpassed which is crucial for Indian economy for reducing the rural- urban divide.

Key words: *MGNREGA, rights based approach, livelihood security, marginalized*

MGNREGA – AN INTRODUCTION

The Indian state has been continuously striving for eradicating poverty, unemployment and inequality from amongst its people with special emphasis on rural India. In order to achieve the same Government launched schemes such as Jawahar Rozgar Yojana, Employment Assurance Scheme, Food for Work Programme, Jawahar Gram Samridhi Yojana and Sampoorna Grameen Rozgar Yojana, all these schemes were forerunners to NREGA but none of them guaranteed “right to work”. National Rural Employment Guarantee Act, 2005 (NREGA) was enforced in February 2006, renamed as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in year 2009, which unlike its precursors, guaranteed employment as a legal right. Maharashtra was the first state to enact an Employment guarantee act in the 1970s. Former Chief Minister of Maharashtra late Vasantrao Naik, launched the revolutionary Rural Employment Guarantee Scheme which proved to be extremely effective in alleviating the dismal condition of poor farmers and landless laborers in villages of Maharashtra which were critically struck by two ferocious famines. The Planning Commission of India studied the nuances of the scheme implemented in Maharashtra, found it effective for targeting poverty by functioning of conditional cash transfer programme. Latter recommended the same to be implemented on pan - India level in form of National Rural Employment Guarantee Scheme which ensured “right to

work” to rural Indians in form of NREGA, one of the most ambitious government development programs in the world.

It was envisaged that MGNREGA is designed as a “safety net” which will be instrumental in generating employment opportunities in rural labor markets during agricultural off-season and thereby reduce migration from villages. And it was designed in a manner which is different from other precursors. There are many pro- labor provisions in MGNREGA like, MGNREGA legally guarantees all rural household (Above Poverty Line or Below Poverty Line) up to 100 days of public-sector work in a financial year, at minimum wage. Thereby it’s a rights based approach. Nature of work required would be unskilled manual, thereby posing no constraints on labor in terms of skills. Work under MGNREGA focuses on water conservation, land development, drought proofing and road making etc. i.e. works related with rural infrastructure development.

The employment generation is to be done in agricultural off season so that agricultural productivity of country does not suffer. Workers are supposed to apply in writing for job cards, post verification job cards are to be issued. It is equivalent to demand for employment, acknowledgment of demand and ultimately work allocation. Employment of 100 days is to be provided within 15 days from the date of demand made through an application. If the employment is not provided within the given time frame than not less than one third of the wage rate would be given as unemployment benefit per day until employment is provided. Maintenance of muster rolls in order to properly account the work done by workers is to be done. Payment is to be done on the piece rate or time rate basis. The wage payments are to be made on weekly basis. Anyhow of the wage payments delay cannot go beyond a period of 10 days. If it is delayed beyond this time period then Rs. 3000 would be as compensation.

Work has to be provided within a radius of 5 km from the residence, or else traveling allowance is to be given to the worker. If there is any physical damage to the body then all medical assistance would be given apart from help of the wage rate per day. In case of death, the family of the concerned person would be given an ex-Gratia payment according to the provisions of Indian Factories Act. Guarantee to work is worked out through Grievance Redressal Provisions (no judicial interventions). Grievances can be of no job card made or job card made but no work. Only a person who has a job card can seek Grievance Redressal Provisions. MGNREGA follows self adjustment approach i.e. according to labor supply projects are adjusted or up taken. And at least 50% of the works are to be managed by Gram Sabha of the villages.

Moreover there is provision of social audit of the implementation and working of MGNREGA. The registered NGO's or Gram Sabha can ask for the social audit of the projects undertaken or expenditures made or worker's appointed etc. Social audit is not merely an audit process but it’s an instrument of social inclusion of people as in this process an official from the block visits each panchayat where secretary to the Sarpanch provides the official with all the details about budget and whereabouts of its allocation, projects undertaken, along with work measurement and wage dispersal to the workers. And then the official crosschecks the information provided by the secretary, by discussing it with the villagers, thereby involving the local people thus increasing peoples’ participation in the MGNREGA.

OBJECTIVES OF MGNREGA

The objectives of the scheme are very noble and egalitarian in nature as MGNREGA intends to

- Ensure social protection and provide the most vulnerable people living in rural India with a safety net via provision of entitlement of employment at their doorsteps,
- Contribute to the empowerment of most marginalized sections of rural population particularly women, Scheduled Castes and Scheduled tribes, through the processes of right based legislation,
- Creating and ensuring livelihood security for poor rural people via creation of durable assets, soil conservation higher land productivity,
- Strengthening drought-proofing and flood management in rural India,
- Strengthening poverty targeting via integrating different anti-poverty and livelihood programs into one consolidated scheme thereby reducing duplication and consequent misuse and dispersion of scarce resources of India,
- Making democracy stronger at the grassroots of our political system by making the Panchayati Raj Institution stronger, expressive and self reliant.
- Bringing more transparency and accountability in governance.

PROGRAM TIMELINE AND DETAILS ABOUT THE ROLL-OUT OF NREGA

The National Rural Employment Guarantee Act (NREGA), which forms the legal and constitutional basis for NREGS, was passed in the Indian Parliament in August 2005 and the Act lays down the features of the program and the entitlements of workers under the employment guarantee scheme.

NREGA was launched on February 2, 2006 from Anantapur in Andhra Pradesh. NREGS was enforced in February 2006 in the first 200 districts; this was the first phase of NREGA enforcement. Then the scheme was extended to the rest of the country in two more steps: An additional 130 districts received the program in April 2007 – The Second Phase of NREGA enforcement, and all remaining rural districts started NREGS in April 2008 – The Third Phase of NREGA enforcement. Therefore it means that since 2008 NREGA is operating in 99 percent of Indian districts (NREGA excludes districts with 100 percent urban population) (Ministry of Rural Development 2010).

THE IMPLEMENTATION

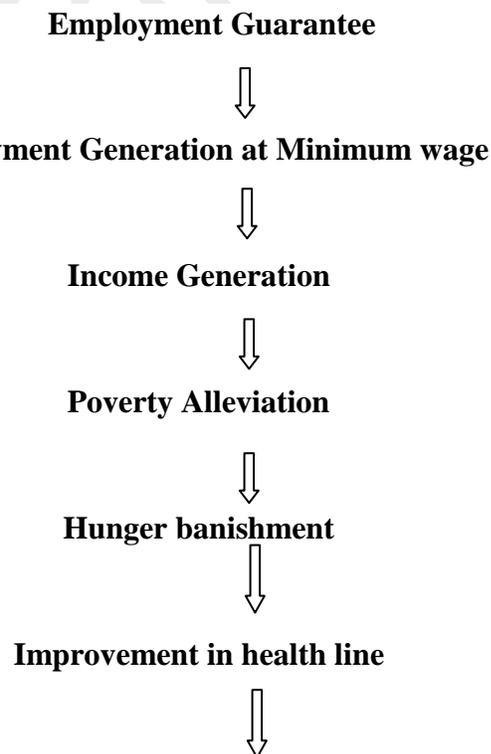
MGNREGA aims to provide steady source of income and livelihood security for the poor, vulnerable and marginalized. MGNREGA projects focus mainly on the improvement of local infrastructure and on anti-drought measures and need to be carried out without the help of contractors or machines. No formal eligibility criterion other than the household lives in rural area their members should be ready to do manual work. Many micro level research have tried to

assess the effects of MGNREGA of plethora of economic and social issues such as poverty alleviation, issues of marginalized section of society, issues of migration, hunger banishment and employment etc.,.

It is to be understood that since MGNREGA is an employment guarantee program it has an element of entitlement in it, promising empowerment via employment to India's most marginalized people – the rural Indian and without any bias for or against any section be it gender wise or ST/SC/Backwards. Wide employment generation taking place in rural India through MGNREGA is supposed to help in reduction of poverty via income generation which in turn would help in banishment of hunger thus deaths taking place because of hunger and malnutrition, it is also discouraging migration as now people are getting jobs in vicinity of their residing places. MGNREGA is also playing role in the upliftment of the marginalized sections of rural India be it women or ST /SC / OBC. The scheme does not discriminate any household on the basis of caste creed, sect or religion and between men and women. Any household can apply for work, and men and women are paid equally. More over in order to cater to gender inequality problems one third workforce of MGNREGA is required to be female.

The paid wages are the state minimum wages for agricultural laborers, although MGNREGA specifies a floor minimum wage. The minimum wage (floor wage) at the time of introduction of scheme was Rs. 60 per day. It has been increased over time, and was Rs 120 per day in 2009. The wages are paid to workers on piece rate basis where the rates are to be so calculated that if a worker does 8 hours of work in a day then he/she is entitled to get the minimum wages.

It is supposed that the benefits of MGNREGA will trickle down in the following manner:



Reduction in Social and economic marginalization



Alternative to Migration



Acting as a safety net

Employment ⇔ Building infrastructure ⇔ Positive ecological impact

Qualitative and descriptive research suggests that MGNREGS is implemented well enough to generate substantial benefits for the poor. A number of studies document, for example, that MGNREGS seems to be successful in providing employment during agricultural off-season and after idiosyncratic shocks, allowing households to earn additional income and increase their standard of living in form of better food and durable expenditures (see e.g. Center for Science and Environment 2008, Institute of Applied Manpower 2007, NCAER-PIF 2009, Labor Market Impacts of a Large -Scale Public Works Program: Evidence from the Indian Employment Guarantee Scheme, Laura Zimmermann). This provision of employment at minimum wages has increased purchasing power of rural India.

MGNREGA thus has helped people in acquiring more food, utilities and subsistence, thereby helping in reduction of poverty in rural India and banishment of hunger, thereby increasing the net consumption by rural MGNREGA worker. Thus MGNREGA is contributing towards attainment of food security in rural India. The MGNREGA also seems to play a useful role as a “health line” for rural households. The majority (57 per cent) of the sample workers had used a part of their wages to buy medicine or treat an illness in the family. For instance, Babli Sopa, a tribal worker from Sirohi district in Rajasthan, used her earnings to buy medicines for her husband, who suffers from tuberculosis; the NREGA also helped her repay the loan she had taken for his treatment. School books and uniforms also ranked high among people’s uses of NREGA earnings. (JEAN DREZE AND REETIKA KHERA, The battle for employment guarantee, Frontline, Vol 26-Issue01::Jan.03-16,2009)

Some research papers particularly highlight the positive effects of NREGS on women employment. Khera and Nayak (2009), for example, use a survey of 1060 NREGS workers in six North-Indian states to study the impact the scheme has had on women, and conclude that MGNREGS has improved women's access to jobs with reasonable wages and working conditions. Narayan (2008) and Jeyaranjan (2011) have also found increased employment benefits for women in their study in state of Tamil Nadu.

The reason behind this increased accessibility of jobs and employment of women as a consequence of NREGS is supposed to be in the ability of MGNREGA of creating jobs in the vicinity of their places of living. This provides women with unique opportunity of earning without migrating or dislocating from their habitats which was earlier absent.

Now women can easily manage their households along with working under MGNREGA. One of the best features of MGNREGA is that it is gender neutral thereby does not discriminate women and thus provides really sound opportunity in form of entitlement for rural women to raise the living condition and empowerment of their own and their families.

MGNREGA also has positive effects on reducing migration of labor from villages to cities. Several studies have been conducted which support this proposition about MGNREGA. Since the MGNREGA provides unique opportunity to rural people of availing jobs which are of unskilled and manual nature thus does not require special ability or education on the parts of workers thereby posing no constraints on them in terms of getting job since MGNREGA is a right based program. And when the workers get job at the minimum wages in their own villages, it provides them with little incentive to leave their families and native places so the workers who were earlier earning less than the MGNREGA wages in cities or even equivalent, rural workers desist from migrating to other places. So MGNREGA has provided an “Alternative to Migration”.

MGNREGA also has led to infrastructural and ecological up-gradation of the areas of implementation, as work under MGNREGA involves construction of irrigation wells, ponds, flood control embankments, roads, plantations to fight soil erosion and degradation and poor rural connectivity which besides improving infrastructure, generating employment and income also improve the ecology and environment of the area. Many of the ponds in villages which were dried, under MGNREGA their restoration has been done and these water entities and other natural resources base has been rejuvenated which has led to better water utilization of ecological resources.

COMMENTS ON THE IMPLEMENTATION

Although the features of MGNREGA appear to be very ambitious and egalitarian in letter, but the pertinent question is whether the MGNREGS is implemented well and benefits have actually reached the rural poor. The benefits of the scheme are quite many and have made lives of numerous rural people better socially, economically and ecologically, but there has always been a question about the effectiveness of the scheme in terms of rational and honest utilization of the potential resources.

There have been questions raised about MGNREGA not distinguishing between APL and BPL people which increase number of people demanding employment thus divides the wage fund of MGNREGA. Therefore the BPL families are not properly acknowledged. There is some negative sociological spillover of the scheme – as the MGNREGA entitles each family 100 days of work thus off-late trend of dissolution of joint families to nuclear families is taking place in order that maximum people can avail this opportunity while meeting this conditional of MGNREGA.

Moreover the workers employed under MGNREGA always complain about the rampant corruption which they have to bear. Employees appointed under the popular job scheme of MGNREGA system say they are frequently not paid in full or compelled to pay bribes to get tasks, and are not learning any new abilities that could enhance their long-term leads and break the pattern of hardship. There is a lack of grievance redressal mechanism, 15 days time-frame to provide job after demand via application not met, in some states job cards not made. And the

method of measurement of work is such that it resulted in corruption and less wages to the real and legitimate workers.

There are also wide spread instances of fake job cards (dead job cards) use of machines which is done in collusion with the workers, engineers and the Gram Sabha authorities (use of machines prohibited in MGNREGA). Moreover the type of work done under MGNREGA is such that it is "Kuccha" work like watering sets - every year it is made and then washed in the monsoons. This appears to be huge loss of public money. Since the scheme does not emphasis on the acquisition of skills thereby it is somewhat not feasible in long run.

There are reports of massive financial corruption as well, from the MGNREGA. There have been instances of maintenance of dual muster roles one "kuccha" notes scribbled on note books and other "puckka" or final muster rolls which are kept concealed. And there are muster rolls which have sign of workers but not the amount given to them. A major chunk of MGNREGA money is said to be siphoned off by middlemen. The average income flow has been Rs 4000 for the employment of 100 days, whereas normatively it had to be Rs 6000.

Taking into consideration these cases and problems Government of India rolled out Direct Benefits Transfer (DBT), January 2013, in 121 districts for select schemes, under which benefit payments for social welfare schemes are to be paid directly into Aadhaar linked bank accounts of beneficiaries. One of the priorities of Ministry of Rural Development is enabling direct transfer of payments to bank/ post office accounts of beneficiaries electronically resulting in reduction in delays in crediting the bank/post office accounts of the workers and hence the delays in payment of wages. (See *Action Plan for DBT (AEPS) for MGNREGS and NSAP*)

MGNREGA seems to be the driving force behind financial inclusion. Payments through banks and post offices under Direct Benefits Transfer were meant to safeguard against corruption. But what's the scene on the ground?

The most vulnerable link at the moment is the post office. It is not a reliable payment agency as things stand. Village post offices are vulnerable to being captured by corrupt middlemen, especially in the poorer states. The postal system also seems to be unable to pay wages on time. Yet many states continue to rely heavily on post offices for MGNREGA wage payments, because of the limited capacity of the banking system in rural areas. There have also been instances of fake/ghost accounts, many in the name of 1-2 year children or even in the names of people who are dead.

MGNREGA THE FUTURE ROAD MAP

But do these problems mean that MGNREGA should be dissolved and shut down?

If these problems and leakages alone were a good enough reason to wind up government programmes, a lot of things would beg to be shut down: the defense establishment, the Ganga Action Plan, and so on. Leakages actually raise two questions: is the programme worth it despite the leakages, and can the leakages be reduced? In the case of NREGA, the answer would be 'yes' to both. Official employment generation figures are increasingly consistent with independent

household survey data, suggesting leakages are going down. This is also plausible in the light of various steps that have been taken to plug leakages, from bank payments of NREGA wages to social audits and proactive display of all essential records on the web. More needs to be done, but there is no reason to capitulate.

In order to curb financial corruption associated with the scheme, one option is to modernize the post office; another is to expand the capacity of the banking system. Both raise difficult operational issues and the solution may differ between states. For instance, some states have been able to use business correspondents to expand the reach of rural banks, but in other states, this arrangement has not worked, at least so far. There are real possibilities of major advances in this field in the next few years. (see NREGA is in need of reform: Jean Dreze, economist-cum-activist ET Bureau)

Pradhan Mantri Jan-Dhan Yojana (PMJDY), a nationwide scheme launched by Indian government in August 2014. In this scheme financial inclusion of every individual who does not have a bank account, is to be achieved. If worked meticulously PMJDY and MGNREGA, both can work in tandem and PMJDY can help in plugging the loopholes of fund transfer in MGNREGA. But of course this requires great political and social insight and commitment to the problem of rural poor.

Escaping or shutting down is never solution to any problem rather any complexities should be faced head on and remedial steps should be taken. Appointment of dedicated staff at the district or block level to disseminate information regarding the rights of the people relating to MGNREGA and other schemes. Moreover MGNREGA in its present form (i.e. endorsing unskilled work) cannot continue indefinitely because the source of projects undertaken under the aegis of MGNREGA currently will deplete soon. Therefore MGNREGA should incorporate some new activities like construction of highways, laying of railway tracks, fisheries, carpentry (work becomes more discretely measurable) etc, linkage of the work of other ministries with MGNREGA, moreover use of machinery should be allowed as it would concentrate on capital formation in villages which would mean escalation from unskilled to semi-skilled work, and thus enhances the scope of work which can be provided under MGNREGA and therefore its viability and feasibility in the long run.

MGNREGA, as a scheme in itself is very egalitarian and the potential of MGNREGA in reaching rural poor is unsurpassed. If properly executed and genuine efforts made to pin the loopholes of the scheme it can in real sense prove to be a grand victory of socialist India which considers all its citizens equal and can act as a catalyst in alleviating the rural poor in the standard and stature.

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