



## MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME (MGNREGS) IN INDIA

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### **Introduction**

Government of India since independence has been consciously attempting through various plans and programmes to eradicate poverty from the country. However, it has been found that the benefits of these earlier programmes have not produced significant changes in the livelihoods of weaker sections of the society. In the recent past, the government has made spectacular achievements in the fields of land reforms, food grain production, and infrastructure development, strengthening financial institutions to extend credit, health, education and many more. But the main concern is that the fruits of development are not equitably distributed amongst all sections of the society. In spite of our best efforts in the last 60 years, we have not achieved significant breakthrough in reduction of poverty.

At present, we have more than 36 crore population living below the poverty line and most of them are from very vulnerable sections of the society. These people need work for their survival, and thereafter skill up gradation and linkage with financial institutions for engagement in productive activities to earn requirements of a good living. Now, two such programmes of Government of India under implementation—Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Swarna Jayanti Gram Swarajgar Yojana (SGSY)—which are meeting the requirements of right to work and economic development of weaker sections of the society.

### **Progress of Mahatma Gandhi National Rural Employment Guarantee Act (Mgnrega)**

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in India is mandated to provide employment in rural areas and aims to contribute to the livelihood security of households. The scheme calls for periodic assessment of the scheme with these objectives. It envisages coordinated efforts of administrative infrastructures spanning across all layers of governance systems in the country. MGNREGS needs careful "**architectural treatment**". since governance expects a coordinated relationship among various constituents to deliver desired services to citizens. A framework captures architectural issues and identifies possible opportunities for effective management of MGNREGS. In 2011, the program was widely criticised as no more effective than other poverty reduction programs in India. Despite its best intentions, MGNREGA is beset with controversy about corrupt officials, deficit financing as the source of funds, poor quality of infrastructure built under this program, and unintended counter-productive destructive effects on the rural economy and inflation.

MNREGA (then known as **NREGA**) was launched on 2 February 2006 from Anantapur in Andhra Pradesh and initially covered 200 of the "poorest" districts of the country. The Act was implemented in phases; 197 districts were added from 2008 to 2015. With its spread to over 926 districts across the country, the flagship program of the UPA government has the potential to increase the purchasing power of rural poor, reduce distress migration and to create useful assets in rural India. It can foster social and gender equality as 27% workers under the scheme are Scheduled Castes, 22% Scheduled Tribes and 50% women. In 2014–15, 49 million households were employed on NREGA worksites. The Act passed by the Lok Sabha on 23 August 2004 and was signed by the President of India on 5 September 2005, MGNREGA (then known as NREGA) started with an initial outlay of \$2.5 billion in year 2006–07. Over the years the funding has considerably been increased as shown below:

The MGNREGS, a flagship programme was enacted by the government of India as the National Rural Employment Guarantee Act (NREGA) in September 2005 and came into effect on a pilot basis in February 2006 in 200 economically disadvantaged districts of the country. Later it was extended to other 130 backward districts and finally in April 2008, the remaining districts of the country were covered under this scheme. Through this social welfare programme, it is intended to enhance the livelihood securities of the poor people in rural areas by supplementing wage employment opportunities to the unskilled labour force. The programme acts as a strong safety net for the poor in the wake of lack of alternative employment opportunities. The most important aspect of the NREGA is that it is legally binding on the part of the State to provide 100 days of work to the unskilled labour force if they demand such. So, now legally for household in the rural areas, 100 days work has been ensured by the government. This act was introduced with the aim of improving the purchasing power of semi- or un-skilled rural people of India, irrespective of whether or not they fell below the poverty line. Around one-third of the stipulated work force is women. The law was initially called the National Rural Employment Guarantee Act (NREGA) and was renamed with the prefix "Mahatma Gandhi" on 2 October 2009, Gandhi's birth anniversary.



### **Employment Generation Under Mgnregs**

Indian Minister of State for Rural Development Pradeep Jain said in a written reply to a question in Rajya Sabha that as of 30 June 2017, 23,743,389 families have been provided employment under MGNREGS. The MGNREGA aims to achieve twin objectives of rural development and employment. The act stipulates that work must be targeted toward a set of specific rural development activities, such as water conservation and harvesting, afforestation, rural connectivity, flood control and protection such as construction and repair of embankments, etc. Digging of new tanks/ponds, percolation tanks and construction of small check dams are also given importance. Work includes land leveling, tree plantation, etc. First a proposal is given by the panchayat to the block office and then the office decides whether the work should be sanctioned. In Rangareddy district, Manchal Mandal the dry land horticulture and plantation of trees on the bunds of the fields taken up under MGVN programme is taken up in a big way. In the 12th five year plan, planning commission has launched MGNREGA 2.0. MGNREGA 2.0 introduces some new approaches for the implementation of this scheme based on the drawbacks reported from various stakeholders:

### **Strengthening The Demand-Driven Character of Mgnrega**

The most important feature of MGNREGS scheme is that the work will be initiated only when the wage-seeker demands for work. The old practice of *jab kaam khulega, tab kaam milega* has to be changed to *jab kaam maangege, tab kaam khulega*. So in 12th five year plan more importance will be given to record registration of work, job card issuance and application of work. If an officer refuse to accept application of work or failed to give dated receipts for the application it will be considered as a contravention under section 25 of MGNREGA. Under MGNREGS scheme it is mandatory to provide job within 15 days from the date of submission of the job application. Otherwise from the 16th day unemployment allowance has to be given to the worker. Most of the workers were not aware of this provision and so very few workers applied for the job and even if they do so they were not given any receipts for the same.

### **Expanded List of Works**

The 12th Five year plan proposes to expand the list of works that can be taken up through this scheme. This will give more location-specific flexibility and improve ecological balance in rural areas. Usually Works to be taken up in a particular financial year is decided in the gram sabha meeting. Since the government guideline of the scheme has already listed the type of works to be taken, the options available to the people were restricted. In some places works affecting the ecological balance of that particular place were taken up. This expanded list is expected to satisfy the needs of different terrains and will help in better generation of durable assets. The unit cost and labour: material cost of each work is also specified. The unit cost may vary in different location but the ratio of labour:material cost should be 60:40. This is to prevent more funds being used for labour displacing machinery.

### **Adequate Shelf of Projects**

The main implementing agent of MGNREGA work is Gram Panchayats. But due to lack of functionaries the projects face difficulties in its implementation. So in the 12th five year plan each block will appoint a full-time Programme Officer for MGNREGA. In areas where the population of SC plus ST is more than or equal to 30 per cent of the total population or the annual MGNREGA expenditure is more than Rs. 12 crores in any year since the programme started have to mandatorily have at least three Cluster Facilitation Teams (CFT), each of which will service a Cluster of Gram Panchayats (CGP). These CGPs will be accountable to each Gram Panchayat within their Cluster. Each CGP will cover 15000 job cards or an area of 15000 ha. Each CFT will have three member full-time professional support team. This will be a multidisciplinary team led by Assistant Programme Officer (APO) and will give technical support for planning and implementation of the projects.

### **Reducing Delays In Wage Payments**

According to MGNREGA it is mandatory to pay the wages after seven days or maximum within 15 days otherwise the workers are entitled to compensation. But a lot of payment delay has been reported. One reason for this is the delay in closing the Muster roll and starting of the transaction process. MGNREGS 2.0 specifies payment schedule that should be followed and tracked using transaction-based MIS system. Tracking through MIS system will help in identifying delay and for taking appropriate action. In Andhra Pradesh the website will give alert message when there is a delay in payment. Another reason for the delay in wage payment is non-availability of sufficient funds at district/block/GP level. Some places will be having surplus of funds and others will be facing shortage of funds. To manage the fund allocation properly, MGNREGS 2.0 proposes an integrated fund management system called e-FMS (Electronic Fund Management System). Under e-FMS the funds are centrally pooled but managed at state level. This will allow funds to be utilised by GP/Block/District level officers from centralised fund through electronic transaction and the transaction will be completed within 24 hours.



### **Strengthening Banks And Post Offices**

In order to prevent leakages it was made mandatory in the original act to pay the wage through banks or post office. But due to low bank/post office density and lack of adequate personnel led to delay in wage payment or difficulty for workers to use this facility. In order to deal with this problem Banking Correspondent Model will be introduced. In order to make the Banking Correspondent (BC) Model viable, state governments are asked to appoint BC's through a transparent process of selection with Rs. 80 per active account per year to be included under 6 per cent administrative expense head of MGNREGA. This is only a temporary provision still the Bank correspondent's business becomes self-sustaining. In order to avoid delay in transfer of cheques and wage lists from Gram Panchayat to the banks 12th five year plan has proposed electronic transfer of data files to banks.

### **Social Audits, Vigilance and Grievance Redressal**

Another important feature of MGNREGA is its provision for monitoring and evaluating the projects under it. This is done through Social Audit and Grievance Redressal Cell. But only Andhra Pradesh has institutionalized social audit through setting up Social Audit Cell. So in MGNREGA 2.0 it is mandatory to set up Social Audit Unit(SAU) to facilitate Gram Sabhas to conduct social audit. The SAU will be responsible for building capacities of Gram Sabhas for conducting social audit by identifying, training and deploying suitable resource persons at village, block, district and state level from primary stakeholders and other civil society organisations. The SAU will create awareness regarding the rights of the labours and their entitlements and also help them to verify MGNREGA work related documents. Under MGNREGA 2.0 it is mandatory for states to upload the photographs of works at different stages of execution using NREGASoft software. States are also asked to link Aadhaar number of each worker in the MIS system. So that fake job cards can easily identified and removed. All states have to make provision for a three-tier vigilance mechanism to detect and follow up irregularities in the work including those identified during social audits. At the State level there will be a Vigilance Cell consisting of a Chief Vigilance Officer. Under MGNREGA 2.0, only 6 per cent of the total MGNREGA fund should be used for administrative expense.

### **Obstracts of The Mahatma Gandhi National Rural Employment Guarantee (Mgnrega) Programme Effectiveness**

MGNREGA has been argued to be no more effective than other poverty reduction programs in India. The program is beset with controversy about corrupt officials, deficit financing as the source of funds for the program, poor implementation, and unintended destructive effect on poverty. A 2008 report claimed the state of Rajasthan as an exception wherein the rural population was well informed of their rights and about half of the population had gained an income from the entitlement program. However, a 2011 *Wall Street Journal* report claims that the program has been a failure. Even in Rajasthan, despite years of spending and the creation of government mandated unskilled rural work, no major roads have been built, no new homes, schools or hospitals or any infrastructure to speak of has resulted from the MGNREGA.

### **Corruption**

At the national level, a key criticism is MGNREGA-related corruption. Workers hired under the MGNREGA program say they are frequently not paid in full or forced to pay bribes to get jobs and aren't learning any new skills that could improve their long-term prospects and break the cycle of poverty. There are claims of fictitious laborers, the dead being paid, and job cards used by corrupt officials causing so-called 'leakage' in program spending.

### **Human Rights**

Many social activists and whistleblowers (such as Lalit Mehta) exposing MNREGA-related corruption using RTI have been attacked or killed.

### **Quality**

Another criticism is the poor quality of work products from NREGA public works schemes. In a February 2012 interview, Jairam Ramesh, the Minister of Rural Development for the central government of India, admitted that the roads and irrigation canals built by unskilled labor under this program are of very poor quality and wash away with any significant rains. Villagers simply dig new irrigation pits every time one is washed away in the monsoons. The completed works do not add to the desperately needed rural infrastructure.

### **Sustainability**

The MGNREGA programme spent US\$9 billion in the 2011 fiscal year according to official data. Economists have raised some concerns about the sustainability of this subsidy scheme – India's fiscal deficit is expected to reach 5.6 percent of GDP



this year, compared with 5.1 percent last year. The MGNREGA program has been found to distort labor markets and has helped — along with fuel and fertilizer subsidies — to balloon India's federal fiscal deficit.

### **Stunting of Skills**

Yet another criticism is the unintended effect of MGNREGA in stunting of skills. A review published by India in September 2011 conceded the lack of skilled technicians at almost every site under MGNREGA program, along with rules banning the use of machinery or contractors (labour is usually by shovel). Such bureaucratic regulations mean that the labourers learn no new skill. Also, the ponds, roads, drains, dams and other assets built with manual labour are often of wretched quality. The idea behind MGNREGA program is to create as many jobs as possible for unskilled workers. In practice, say critics, it means no one learns new skills, only basic projects get completed and the poor stay poor — dependent on government checks.<sup>[6][7]</sup>

### **Labour**

A multi-million-rupee fraud has been suspected where many people who have been issued the NREGA card are either employed with other government jobs or are not even aware that they have a Job Card. The productivity of labourers involved under NREGA is considered to be lower because labourers consider it a better alternative compared to working under major projects. Construction companies report that NREGA has affected the availability of labour as workers preferred NREGA work to construction project work. It is widely criticised that NREGA has also contributed to farm labour shortage but this has been denied.<sup>[23]</sup> In July 2011, the government had advised the states to suspend the NREGA programme during peak farming periods.

### **Unavailability for Real Jobs**

Another criticism is that this scheme is actually destroying rural economy due to unavailability of general workers in areas such as agriculture and small business. The government guaranteed job is very attractive as there is little work pressure in the absence of any meaningful work purpose, targets, expectations, supervision and policies. The benefits include medical reimbursements and pension for those who work for greater than 100 days, which further discourages workers doing outside jobs.

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