

## **The Analysis of Formative Forces of MGNREGA : A Critical Summary of Employment Schemes**

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**Abstract**

*National Rural Employment Guarantee Act 2005 (NREGA), later renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), is an Indian labour law and social security measure that aims to guarantee the 'right to work'. NREGA was started on 2 Feb, 2006 from 200 districts, whereas it covered all the districts of India from 1 April 2008. The statute is hailed by the government as "the largest and most ambitious social security and public works programme in the world". In its World Development Report 2014, the World Bank termed it a "stellar example of rural development". However, it extends to the whole of India except the State of Jammu and Kashmir.*  
**Keywords :** MGNREGA, Employment Schemes, Rural Development Social Security.

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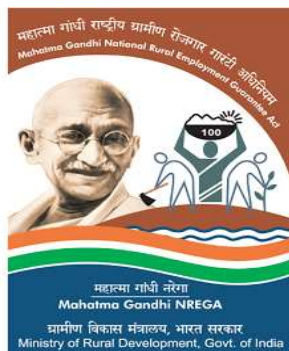
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### **National Rural Employment Guarantee Act 2005 (NREGA)**

National Rural Employment Guarantee Act 2005 (NREGA), later renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), is an Indian labour law and social security measure that aims to guarantee the ‘right to work’ (Figure 1). It aims to enhance livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. [1,2] Apart from providing economic security and creating rural assets, NREGA can help in protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity, among others.



**Figure1: Logo of MGNREGA Scheme**

NREGA was started on 2 Feb, 2006 from 200 districts, whereas it covered all the districts of India from 1 April 2008. The statute is hailed by the government as “the largest and most ambitious social security and public works programme in the world”. In its World Development Report 2014, the World Bank termed it a “stellar example of rural development”. However, it extends to the whole of India except the State of Jammu and Kashmir. [3]

MGNREGA is not only aimed to create livelihood for rural areas but it’s another aim is to create durable assets (such as roads, water harvesting, flood control and drought relief systems). Employment is to be provided within 5 km of an applicant’s residence, and minimum wages are to be paid (Figure 2). If work is not provided within 15 days of applying, applicants are entitled to an unemployment allowance. Thus, employment under MGNREGA is a legal entitlement. This scheme has to be implemented under the direction of Gram Panchayats and involve no contractors. [4]

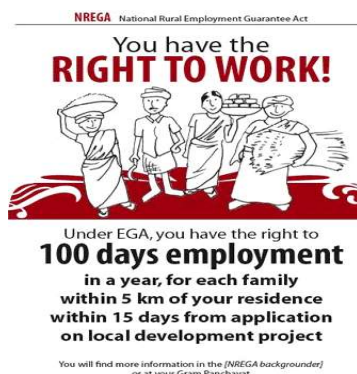


Figure 2: Advertisement of MGNREGA showing details of scheme.

### History

Starting from 1960, the first 30 years of experimentation with employment schemes in rural areas taught few important lessons to the government like the ‘Rural Manpower Programme’ taught the lesson of financial management, the ‘Crash Scheme for Rural Employment’ of planning for outcomes, a ‘Pilot Intensive Rural Employment Programme’ of labour-intensive works, the ‘Drought Prone Area Programme’ of integrated rural development, ‘Marginal Farmers and Agricultural Labourers Scheme’ of rural economic development, the ‘Food for Work Programme’ (FWP) of holistic development and better coordination with the states, the ‘National Rural Employment Programme’ (NREP) of community development, and the ‘Rural Landless Employment Guarantee Programme’ of focus on landless households. Table 1 shows various government employment schemes in rural areas during 1980-2000.

Table1: Employment schemes in rural areas during 1980-2000.

#### Employment Schemes in Rural Areas

Employment Schemes in Rural Areas		
1980's	1990's	2000's
<ul style="list-style-type: none"> <li>National Rural Employment Programme (NREP) launched to use unemployed and employed workers to build community assets.</li> <li>Rural Landless Employment Guarantee (RLEG) launched to provide 100 days of guaranteed employment for 1 member from each rural landless household.</li> <li>Jawahar Rozgar Yojna launched combining NREP and RLEG.</li> </ul>	<ul style="list-style-type: none"> <li>Employment Assurance Scheme (EAS) launched to provide employment during lean agricultural season.</li> <li>Jawahar Gram Samridhi Yojna (JGSY) launched; dedicated to development of demand driven rural infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Sampoorna Gramin Rozgar Yojana (SGRY) launched merging EAS and JGSY.</li> <li>Food for work programme (NFFWP) launched to generate additional supplementary wage employment and create assets.</li> <li>National rural employment guarantee scheme (NREGS) launched to provide 100 days of guaranteed employment to one member from each rural household and create assets.</li> </ul>

### **Objectives and salient features of MGNREGA**

The two main objectives of MGNREGA were:

<b>Unemployment</b>	<b>Sustained development</b>
<ul style="list-style-type: none"><li>• Enhancement of livelihood security of households</li><li>• Arrest rural migration</li></ul>	<ul style="list-style-type: none"><li>• Create rural assets</li><li>• Create livelihood resource base</li><li>• Restore environment</li></ul>

MGNREGA scheme is generally known as ‘Act of the people, by the people and for the people’ comprising salient features like:

- Ø **Employment to all those who are willing to work**
- Ø **Free registration with a job guarantee within 15 days of application:**
- Ø **At least 1/3rd of the employees must be women**
- Ø **Fixed minimum wage rate and no upper limit**
- Ø **Weekly disbursement of wages and delays not beyond a fortnight**
- Ø **Unlimited supply of funds for this project**

According to the Eleventh Five Year Plan (2007–12), the number of Indians living on less than \$1 a day, called Below Poverty Line (BPL), was 300 million and the rural working class dependent on agriculture was unemployed for nearly 3 months per year. It has been proven to be a good effort to increase financial resources for these people. A free registration process was included where a job card is provided by Gram Panchayat on receiving a job application. The registration process is free where Gram Panchayat issues a job card within 15 days of submitting job application. Unemployment allowance must be paid if the work is not provided within the statutory limit of 15 days. The work entitlement of ‘120 days per household per year’ may be shared between different adult members of the family. [5]

Furthermore, the Act sets a minimum limit to the wages, to be paid with gender equality, either on a time-rate basis or on a piece-rate basis. The law also lists permissible works: water conservation and water harvesting; drought proofing including afforestation; irrigation works; restoration of traditional water bodies; land development; flood control; rural connectivity; and works notified by the government. The Act sets a minimum limit to the wage-material ratio as 60:40. The provision of accredited engineers, worksite facilities and a weekly report on worksites is also mandated by the Act. The law stipulates Gram Panchayats to have a single bank account for NREGA works which shall be subjected to public scrutiny. To promote transparency and accountability, the act mandates ‘monthly squaring of accounts’.

For evaluation of outcomes, the law also requires management of data and maintenance of records, like registers related to employment, job cards, assets, muster rolls and complaints, by the implementing agencies at the village, block and state level. The Act recommends establishment of ‘Technical Resource Support Groups’ at district, state and central level and active use of Information Technology, like creation of a ‘Monitoring and Information System (MIS)’ and a NREGA website, to assure quality in implementation of NREGA through technical support.

The law allows convergence of NREGA with other programmes. As NREGA intends to create ‘additional’ employment, the convergence should not affect employment provided by other programmes. The detailed functioning of MGNREGA scheme can be understood via below mentioned chart (Figure 3.) [6]

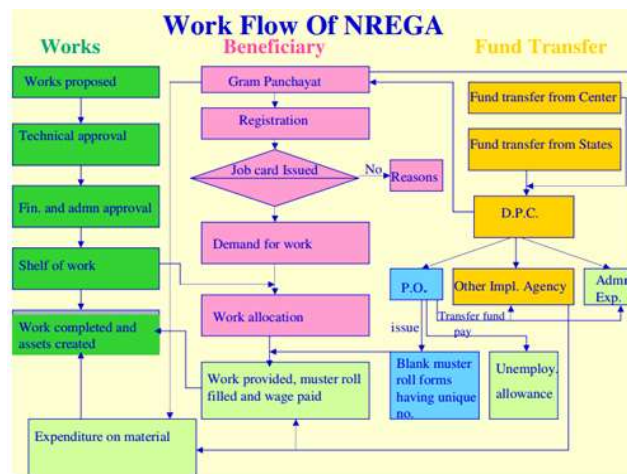


Figure 3: Flowchart showing detailed workflow of MGNREGA (www.nrega.gov.in)

### MGNREGA: the law and the Constitution of India

As per Article 41 of Directive Principles of State Policy enunciated in Part IV of the Constitution of India every Indian citizen has ‘right to work’ and Article 21 guarantees the ‘right to life with dignity’. The Fundamental Right enshrined in Article 16 of the Constitution of India guarantees equality of opportunity in matters of public employment and prevents the State from discriminating against anyone in matters of employment on the grounds only of religion, race, caste, sex, descent, place of birth, place of residence or any of them. This MGNREGA scheme follows all these rules to ensure employment to every Indian with dignity. It also follows Article 46 that

requires the State to promote the interests of and work for the economic uplift of the scheduled castes and scheduled tribes and protect them from discrimination and exploitation.

MGNREGA scheme is planned in a way where all these human rights can be beautifully merge with Article 48A that directs the State to protect the environment through rural works. As per Article 40 mandates the State to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government. [7]

### **Inspection and evaluation of the law in action**

#### **Ø Independent Academic Research**

Various academic organizations are doing researches to evaluate the effectiveness and implications of the MGNREGA scheme in various parts of India. These researches mainly focused on dimensions like: economic security, self-targeting, women's empowerment, asset creation, corruption, how the scheme impacts agricultural wages. Dreze and Khera in 2000 reported an early overall assessment in the north India states suggested that NREGA was "making a difference to the lives of the rural poor, slowly but surely." [8,9]

Articles published in 2012 states that agricultural wages have increased significantly, especially for women since the inception of the scheme which was one of the objectives of NREGA. This indicates that overall wage levels have increased due to the act, however, further research highlights that the key benefit of the scheme lies in the reduction of wage volatility. This highlights that NREGA may be an effective insurance scheme. Ongoing research efforts try to evaluate the overall welfare effects of the scheme; a particular focus has been to understand whether the scheme has reduced migration into urban centres for casual work. [10]

Research has been done on level of participation of women which is another important aspect of NREGA. More recent studies have suggested that women's participation has remained high, though there are inter-state variations. On asset creation, there have not been too many detailed studies. A few focusing on the potential for asset creation under NREGA suggest that (a) the potential is substantial and (b) in some places it is being realized and (c) lack of staff, especially technical staff rather than lack of material are to blame for poor realization of this potential. Others have pointed out that water harvesting and soil conservation works promoted through NREGA "could have high positive results on environment security and

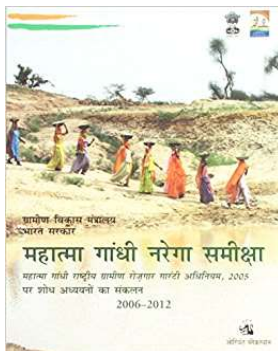
biodiversity and environment conservation”. A study conducted by researchers at the Indian Institute of Science and other collaborators (2014) attempts to quantify the environmental and socio-economic benefits of works done through the NREGA.

#### Ø **Assessment of the act by the constitutional auditor**

MGNREGA scheme performance has been audited by the Comptroller and Auditor General (CAG) of India from April 2007 to March 2012 which covered 3,848 gram panchayats (GPs) in 28 states and 4 union territories (UTs). The report shows various lapses in implementation of the act like: a fall in the level of employment, low rates of completion of works (only 30.3 per cent of planned works had been completed), poor planning, lack of public awareness by the state governments, shortage of staff and so on. After completing detailed survey CAG audit suggest major recommendations to speed up the work status, increase public awareness and start the programme in other areas too where it is still not begin even after so many years of programme. Also, CAG suggested for maintenance of proper records and employing online database. For the first time, the CAG also included a survey of more than 38,000 NREGA beneficiaries. [11, 12]

#### Ø **Evaluation of the law by the government**

In year 2012 Indian government started an initiative of releasing anthologies of research studies on the MGNREGA called “MGNREGA Sameeksha” about a year before the CAG report (Figure 4). The anthology draws on independent assessments of MGNREGA conducted by Indian Institutes of Management (IIMs), Indian Institutes of Technology (IITs) and others in collaboration with United Nations Development Programme (UNDP) published from 2008 to 2012. This report includes all the details of the scheme, and the outcomes in the form of text and images. [13]



**Figure 4: MGNREGA Sameeksh anthology.**

Ø **Social audit**

Corruption is one of the important issues observed in almost every government scheme, so, it is not only the duty of government but also non-government agencies to create check on any of the public related schemes.

Civil society organisations (CSOs), nongovernmental organisations (NGOs), political representatives, and civil servants collectively organise social audits to prevent corruption under the NREGA. Right to information (RTI) has also been used as one of the strong arm to control the implication of the scheme. Official records obtained using RTI are read out at the public hearing to identify and rectify irregularities, Figure 5.



**Figure 5: Process of Social Audit.**

A continuous process of social audit on NREGA works involves public vigilance and verification at the stipulated 11 stages of implementation: registration of families; distribution of job cards; receipt of work applications; selection of suitable public works; preparation of technical estimates; work allocation; implementation and supervision; payment of wages; payment of unemployment allowance; evaluation of outcomes; and mandatory social audit in the Gram Sabha or Social Audit Forum. The Gram Panchayat Secretary called ‘Sarpanch’ is designated as the authority responsible for carrying out the social audit at all stages. For some stages, the programme officer and the junior engineer is also responsible along with Sarpanch. [14]

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