

11 Years of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

¹ Prashant Kumar Pandey

[Abstract]

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (Mahatma Gandhi NREGA) was notified on September 7, 2005. With the implementation of it, government has provided a legal guarantee for wage employment for the first time. It is Considered as one of the biggest social welfare programme in the world, this programme aims at generating 100 days of work in rural areas. **This study tries to analyze the eleven years of MGNREGA, it throws light on the success and challenges of this biggest employment guarantee act in India.**

Key words: MGNREGA, Act, Employment, Welfare

Introduction: The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (Mahatma Gandhi NREGA) was notified on September 7, 2005. With the implementation of it, government has provided a legal guarantee for wage employment for the first time. It is Considered as one of the biggest social welfare programme in the world, this programme aims at generating 100 days of work in rural areas. The provisions made MGNREGA one of the best wages for work programme for rural poor and within no time, its reach was expanded to cover almost the entire country barring few 100% urban centres. Though the achievements of the programme in terms of its impact on rural demand, political participation, women's empowerment and improvement in rural infrastructure are hard to quantify, these have been crucial in sustaining the demand for the programme. The government should focus on simplification and strengthening of procedures for the effective implementation of MGNREGA. Lessons can be learnt from betterly governed States, from creating improved financial management systems to using technology-enabled banking solutions like smart cards, social audits and building grievance redressal systems. The focus should be on evaluating these experiments and drawing lessons to improve administration in the poorly governed States.

Table 1: Main Features of MGNREGA

Total No. of Districts	685
Total No. of Blocks	6,880
Total No. of GPs	2,62,576
I Job Card	
Total No. of Job Cards issued[In Cr]	12.53
Total No. of Workers[In Cr]	24.73
Total No. of Active Job Cards[In Cr]	7.27
Total No. of Active Workers[In Cr]	11.29
(i)SC worker against active workers[%]	20.1

¹ Research Scholar, Department of Economics, University of Allahabad

(ii)ST worker against active workers[%]

16.29

Source: MGNREGA website.

Reviews Analyzing Performance of MGNREGA

Dev. (2014), this study presented an overview of the impact and benefits of MGNREGA. The study mainly focused on the impact of MGNREGA on the income and livelihood security, impact on women and social groups, impact on child well-being and impact on assets. The study had used the different field studies and survey reports like NCAER survey, IGIDR survey, NSSO etc. The study found that an overwhelming 90% of respondents considered the works very useful or somewhat useful: only 8% felt the works were useless and 87% of the works exist and function and over 75% of them are directly or indirectly to agriculture. The study also found that 92% of the randomly selected users report that their main occupation was farming; half of them were small and marginal farmers.

Varshney. et.al. (2014), this paper mainly focused on the adverse impacts of MGNREGA on agriculture. The study showed that MGNREGA had acted a major role in bidding up the price of labour, leading to its scarcity, and thereby inducing shifts in cropping patterns, which had adversely affected the agriculture sector. The study had used two types of datasets first; a district level panel dataset is used to study impacts of the scheme on gross irrigated area, agricultural wages, cropping patterns and crop yields. Next, unit-record data from the Employment Unemployment Surveys are used to estimate impacts on time spent across various employment categories and on casual wages. A unique contribution of this paper was that it compared two sets of impacts: impact on poorer districts (Phase 1 and 2 districts) under partial implementation of the scheme with richer districts (Phase 3 districts) under full implementation. The study found that the scheme did not have an immediate impact on raising share of gross irrigated area in total cropped area. MGNREGA led to an increased growth in both male and female agricultural wages in the Dry season in Phase 1 and 2 districts between 2004/5 and 2007/8, under partial implementation of the scheme.

Kumar. (2013), this study illustrated a report on the impact of MGNREGA on the wage rate, food security and urban migration. The main objectives of this study were to measure the extent of manpower employment generated under MGNREGA, their various socio-economic characteristics and gender variability in implementing MGNREGA since its inception in the selected states, to compare wage differentials between MGNREGA activities and other wage employment activities, to find out the nature of assets created under MGNREGA and their durability, and to assess the implementation of MGNREGA, its functioning and to suggest suitable policy measures to further strengthen the programme. The study is based on both primary and secondary data. Primary data was collected from the selected villages and households in 16 states as per the guidelines of the Ministry. From the each selected state, five districts were selected, one each from the north, south, east, west and central locations of the state. From each districts, two villages were selected keeping into account their distance from the location of the district or the main city/town. The data was collected through structured questionnaires. The data pertain to the Reference Period of January to December 2009. The study found that at the aggregate, a total number of 45 person days of employment was provided by MGNREGA whereas the target set under the programme is 100 days of employment per household. Highest number of 54 days of employment that is slightly above 50 per cent of the target was achieved only in the year 2009-10.

Anderson. et al. (2013), suggested the role of Unique Identification (UID) in the functioning of MGNREGA and how this new system could bring better efficiency in its functioning and they also suggested using control group methodology for testing the efficiency of UID system in improving MGNREGA. The new UID system would enable payments to go through the banking system. Bank accounts for MGNREGA workers would be linked to the unique biometric id. As a result, the actual transfer of payments would immediately reach the hands of who it was intended for. That should drastically reduce the inherent corruption in the current system and increase the amounts and reliability of payments to the workers. Using an experimental approach, it would be possible to directly identify the effects of introducing UID on the performance of MGNREGA programs. One needed to compare outcomes in a designated “treatment” group compared to a “control” group. In the treatment group, individuals would receive their MGNREGA payments through UID. In the “control” group, individuals would continue to receive their MGNREGA payments as

they do now. Compared outcomes across these two groups, would inform us directly on the impacts of introducing UID on MGNREGA payments.

Goals of MANREGA-

- i) Social protection for the most vulnerable people living in rural India
- ii) Livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity
- iii) drought-proofing and flood management in rural India
- iv) Empowerment of the socially disadvantaged, especially women, scheduled castes and scheduled tribes, through the processes of a rights-based legislation
- v) Strengthening decentralized, participatory planning through convergence of various anti-poverty and livelihoods initiatives
- vi) Deepening democracy at the grass-roots by strengthening Panchayati Raj Institutions
- vii) Effecting greater transparency and accountability in governance Thus, Mahatma Gandhi NREGA is a powerful instrument for inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment.

Coverage of MANREGA-

The Act was notified in 200 districts in the first phase with effect from February 2nd 2006 and then extended to an additional 130 districts in the financial year 2007-2008 (113 districts were notified with effect from April 1st 2007, and 17 districts in UP were notified with effect from May 15th 2007). The remaining districts have been notified under Mahatma Gandhi NREGA with effect from April 1, 2008. Thus, the Mahatma Gandhi NREGA covers the entire country with the exception of districts that have a hundred percent urban population. The Mahatma Gandhi NREGA has given rise to the largest employment programme in human history and is unlike any other in its scale, architecture and thrust. Its bottom-up, people-centred, demand-driven, self-selecting, rights-based design is new and unprecedented. Unlike the earlier wage employment programmes that were allocation-based, Mahatma Gandhi NREGA is demand-driven and resource transfer from Centre to States is based on the demand for employment in each State. This provides an additional incentive for States to leverage the Act to meet the employment needs of the poor.

Success of MGNREGA

1. Reduced the distress in agriculture & economy due low agricultural productivity & small land-holding size thus provided them better livelihood opportunities.
2. Most of MGNREGA work is directed towards building irrigation canals, tanks etc. thus provides resources base for further rural development.
3. It has reduced rural distress & intensive urban migration.
4. The provisions like work upto 5 km from home, equal wages promotes women empowerment, gender parity & directed towards backward section of society.
5. The programme has generated over 1,980 crore person-days. In the short span of 10 years that the Act has been in existence, it has generated 19.86 billion person-days of employment benefitting 276 million workers, with more than half the jobs going to women workers and almost a 3rd to members of scheduled castes and scheduled tribes.
6. It has resulted into social upliftment for all sections including SC/ST. The percentage of Scheduled Caste workers benefitted under the scheme has consistently been about 20% and of Scheduled Tribe workers has been about 17%.
7. The legislation has reduced distress migration in traditionally migration-intensive areas.

8. MGNREGA has played a much larger role in revitalizing the labour market in rural areas. Not only has it led to the creation of a class of workers who are using the MGNREGA as a safety net, but these workers are also able to use it as a bargaining tool for extraction of higher wages.

Challenges Faced

1. Corruption, leakages & inordinate delay of wages.
2. Uneven implementation across states.
3. The average work days generated is much less than stipulated 100 days.
4. Low funds available with the government.
5. Poor asset quality created as a part of the programme.
6. The reports have found rampant corruption and swindling of public funds which raises doubt on the amount of money spent and the scheme's claim of improving rural wages.

NEGATIVE Impacts of MGNREGA

- a) shortage of rural labors have pushed up labor wages which led to increase in agriculture i/p cost.this caused increase in food prices which indirectly eroded households purchasing capacity thus minimizing their economic gains
- b) poor quality of assets generated due to low material to labor ratio
- c)erratic disbursement of MNREGA funds has diluted the concrete economic gains in sum notwithstanding its structural flaws & shortcomings at implementation level MNREGA has played quintessential role in transforming rural landscape as corroborated by world bank reports.

Evaluation:

Though the achievements of the programme in terms of its impact on rural demand, political participation, women's empowerment and improvement in rural infrastructure are hard to quantify, these have been crucial in sustaining the demand for the programme. MGNREGA has been a strong pillar on which the foundation of rural prosperity of the last decade has been based. MGNREGA has stood on its promise of inclusive growth, right to work and dignity of labour, which has been vindicated by the people's mandate.

The government should focus on simplification and strengthening of procedures for the effective implementation of MGNREGA. Lessons can be learnt from betterly governed States, from creating improved financial management systems to using technology-enabled banking solutions like smart cards, social audits and building grievance redressal systems. The focus should be on evaluating these experiments and drawing lessons to improve administration in the poorly governed States.

Corruption should be dealt harshly, but cutting funds to development programmes is definitely not a plausible solution. Corruption can be fought through the use of IT and community-based accountability mechanisms like social audits.

It should have an intensified focus on marginalised communities in the most backward blocks and on skill development of households that have completed 100 days (about 8% of the total). In addition, the act can be linked with the Socio-Economic Caste Census to ensure better targeting. It is also time to review the basis for determining wage rates. But most of all, what the MGNREGA requires is consistency in political support.

References:

- Adhikari, A. and K. Bhatia (2010), “Can we Bank on Banks?”, Economic and Political Weekly, January 2.
- Afridi, Farzana (2008), “Can Community Monitoring Improve the Accountability of Public Officials”, Economic and Political Weekly, October 18.
- Aiyar, Yamini and Salimah Samji (2009), “Transparency and Accountability in NREGA: A Case Study of Andhra Pradesh”, Working Paper No 1, Accountability Initiative, Centre for Policy Research, Dharm Marg, Chanakyapuri, New Delhi, February.
- Ambasta, P., V. Shankar and M. Shah (2008), “Two Years of NREGA: The Road Ahead”, Economic and Political Weekly, February 23.
- Anderson, Siwan, Ashok Kotwal, Ashwini Kulkarni and Bharat Ramaswami (2013), “Measuring the Impacts of Linking NREGA Payments to UID”, Working Paper, International Growth Centre, London School of Economics and Political Science, London.
- Basu Arnab K. (2011), “Impact of Rural Employment Guarantee Schemes on Seasonal Labor Markets: Optimum Compensation and Workers’ Welfare”, Discussion Paper No. 5701, ZEF, University of Bonn Germany and IZA, May 2011
- Chakraborty, Pinaki (2007), “Implementation of Employment Guarantee: A Preliminary Appraisal”, Economic and Political Weekly, February 17, pp. 548-551.
- Dev. S. Mahendra. (2014), Impact of 10 Years of MANREGA: An Overview, IGIDR, Mumbai. www.igidr.in accessed on Jan 24, 2017 at 3.15 pm
- Dey, Subhasish (2010), “Evaluating India’s National Rural Employment Guarantee Scheme: The Case of Birbhum District, West Bengal, Working Paper No 490, International Institute of Social Studies, the Netherlands.
- Dreze, Jean, Nikhil Dev and Reetika Khera (2008), “Corruption in NREGA: Myths and Reality”, The Hindu dated 22 January.
- Dutta, P., R. Murgai, M. Ravallion, D. van de Walle (2012), “Does India’s Employment Guarantee Scheme Guarantee Employment”, Working Paper No. 6003, World Bank Policy Research, March.
- Gaiha, Raghav, Vani S. Kulkarni, Manoj K. Pandey and Katsushi S. Imai (2009), “National Rural Employment Guarantee Scheme, Poverty and Prices in Rural India”, ASARC Working Paper 2009/03.
- Harish, BG, N Nagaraj, MG Chandrakanth, P.S. Srikantha Murthy, P.G. Chengappa and G. Basavaraj (2011), “Impacts and Implications of MGNREGA on Labour Supply and Income Generation for Agriculture in Central Dry Zone of Karnataka”. Agricultural Economics Research Review, Vol. 24 (Conference Number) 2011 pp 485-494.
- Jacob, Naomi (2008), “The Impact of NREGA on Rural-Urban Migration: Field survey of Villupuram District, Tamil Nadu”, CCS Working Paper No. 202, Summer Research Internship Programme, Centre for Civil Society
- Jha, R., S. Bhattacharya, R. Gaiha and S. Shankar (2009), “Capture of Anti Poverty Programme: An Analysis of the National Rural Employment Guarantee Programme in India”, Journal of Asian Economics, 20(4), 456-464.
- Kareemulla, K., S. Kumar, K.S. Reddy, C.A. Rama Rao and B. Venketeswarlu (2010), “Impact of NREGS on Rural Livelihoods and Agricultural Capital Formation”, Indian Journal of Agricultural Economics, Vol. 65 No. 3, pp. 524-539.
- Khera, R. and N. Nayak (2009), “Women Workers and Perceptions of the NREGA”, Economic and Political Weekly, February 12.
- Kumar. Pramod. (2013), Impact of MGNREGA on Wage Rate, Food Security and Rural Urban Migration: A Consolidated Report, Agricultural Development and Rural Transformation Centre Institute for Social and Economic Change (ISEC) pp. 1-169.
- Mohanty, Sushama. (2012), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and Tribal Livelihoods: A Case Study in Sundargarh District of Odisha, NIIT, Rourkela, Department of Humanities and Social Sciences.
- Mukherjee, Diganta and Uday Bhanu Sinha (2011), “Understanding NREGA: A Simple Theory and Some Facts”, Working Paper No. 196, Centre for Development Economics, Department of Economics, Delhi School of Economics, Delhi.

- Varshney. Deepak, Goel. Deepti & Meenakshi. J.V. (2014), Impact of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on Agriculture, Preliminary draft, Deepak@ecodse.org

