Performance of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA): An Overview

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Abstract
Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) implemented by the Ministry of Rural Development (MoRD), is the flagship programme of the Government that directly touches lives of the poor and promotes inclusive growth. The Act aims at enhancing livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. Mahatma Gandhi NREGA is the first ever law internationally that guarantees wage employment at an unprecedented scale. The primary objective of the Act is augmenting wage employment and its auxiliary objective is strengthening natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable development. The process outcomes include strengthening grass-root processes of democracy and infusing transparency and accountability in governance. NREGA covers the entire country with the exception of districts that have 100 percent urban population. NREGA provides a statutory guarantee of wage employment and is demand driven which ensures that employment is provided where and when it is most needed. The legal mandate of providing employment in a time bound manner is underpinned by the provision of an Unemployment Allowance. The right to work brings security in people’s lives. Today, labourers cannot count on employment being provided to them during the lean season. An employment guarantee gives labourers more confidence in the prospect of local employment, and discourages seasonal migration.

II. Objectives of the Study
The study has been made:

• To explain the concept, evolution and current status of MGNREGA;
• To discuss the objectives and salient features of MGNREGA;
• To review the performance of MGNREGA; and
• To explain the funding pattern of MGNREGA.

III. Research Methodology
The data collected for the study includes secondary data. The various sources used to collect secondary data include reports of MGNREGA, research papers, journals and the website of MGNREGA.

Table 1: Time-Line of MGNREGA

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 25th, 2005</td>
<td>NREGA enacted by legalization</td>
</tr>
<tr>
<td>September 5th, 2005</td>
<td>Assent of the President</td>
</tr>
<tr>
<td>September 7th, 2005</td>
<td>Notified in the Gazette of India</td>
</tr>
<tr>
<td>February 2nd, 2006</td>
<td>Came into force in 200 districts</td>
</tr>
<tr>
<td>April 1st, 2007</td>
<td>113 more districts were notified</td>
</tr>
<tr>
<td>May 15th, 2007</td>
<td>17 more districts were notified</td>
</tr>
<tr>
<td>April 1st, 2008</td>
<td>Notified in the remaining rural districts</td>
</tr>
<tr>
<td>October 2nd, 2009</td>
<td>Renamed as MGNREGA</td>
</tr>
</tbody>
</table>

Source: Compiled from Various Reports of MGNREGA

As the Table 1, depicts that the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is an Indian job guarantee scheme, enacted by legislation on August 25, 2005. The Act received assent of the President on September 5, 2005 and was notified in the Gazette of India on September 7, 2005. The law was initially called the National Rural Employment Guarantee Act (NREGA) but was renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) on 2 October 2009. The Act was legalized and 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 out of it 113 districts were notified with effect from April 1st 2007, and 17 districts in Uttar Pradesh were notified with effect from May 15th 2007. The remaining districts have been notified under MGNREGA with effect from April 1st 2008. Thus,
the MGNREGA covers the entire country with the exception of districts that have a hundred percent urban population.

IV. Current Status of MGNREGA

In current financial year 2011-12, (upto December, 2011) 3.77 Crore households were provided employment and 120.88 Crore person-days of employment were generated. The enhanced wage earnings have led to a strengthening of the livelihood resource base of the rural poor in India; 72 percent of funds utilized were in the form of wages paid to the workers. Self targeting in nature, the programme has high work participation for marginalized groups like SC/STs (40%) and Women (49%) in 2011-12 (upto December, 2011). Total works undertaken were 62.72 lakh in the same period, of which 53 percent relates to Water Conservation, 12 percent for the provision of Irrigation facility to lands owned by SC/ST/BPL/S&M Farmers and IAY beneficiaries, 22 percent for Rural Connectivity, 9 percent for Land Development, 4 percent for Any other activity approved by MoRD and 0.37 percent for Bharat Nirman Rajiv Gandhi Seva Kendra. Women participation in current financial year upto December, 2011 was 49% and the participation of SC & ST in current financial year upto December, 2011 is 40%.

V. Objectives of MGNREGA

MGNREGA is a powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment. Its important objectives are:

1. Social protection for the most vulnerable people living in rural India through providing employment opportunities;
2. Livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity;
3. Drought-proofing and flood management in rural India;
4. Empowerment of the socially disadvantaged, especially women, Scheduled Castes (SCs) and Scheduled Tribes (STs), through the processes of a rights-based legislation;
5. Strengthening decentralized, participatory planning through convergence of various anti-poverty and livelihoods initiatives;
6. Deepening democracy at the grass-roots by strengthening Panchayati Raj Institutions;
7. Effecting greater transparency and accountability in governance;

VI. Salient Features of MGNREGA

1. Adult members of a rural household, willing to do unskilled manual work, may apply for registration in writing or orally to the local Gram Panchayat.
2. The Gram Panchayat after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA and is free of cost.
3. The Job Card should be issued within 15 days of application.
4. A Job Card holder may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought. The minimum days of employment have to be fifteen.
5. The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates.
6. Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid. Liability of payment of unemployment allowance is of the States.
7. Work should ordinarily be provided within 5 km radius of the village. In case work is provided beyond 5 km, extra wages of 10% are payable to meet additional transportation and living expenses.
8. Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labourers in the State, unless the Centre notifies a wage rate which will not be less than Rs. 60/ per day. Equal wages will be provided to both men and women.
9. Wages are to be paid according to piece rate or daily rate. Disbursement of wages has to be done on weekly basis and not beyond a fortnight in any case.
10. Panchayat Raj Institutions (PRIs) have a principal role in planning and implementation.
11. At least one-third beneficiaries shall be women who have registered and requested work under the scheme.
12. Each district has to prepare a shelf of projects. The selected works to provide employment are to be selected from the list of permissible works. The different categories of permissible works are as follows:
   • Water Conservation and water harvesting;
   • Drought Proofing (including plantation and afforestation);
   • Irrigation canals including micro and minor irrigation works;
   • Provision of irrigation facility, horticulture plantation and land development facilities to land owned by households belonging to the Scheduled Castes and the Scheduled Tribes or below poverty line families or to beneficiaries of land reforms or to the beneficiaries under the Indira Awas Yojana of the Government of India or that of the small farmers or marginal farmers as defined in the Agriculture Debt waiver & debt relief schemes or beneficiaries under the Scheduled Tribes & other traditional forest dwellers (recognition of forest right) Act 2006;
   • Renovation of traditional water bodies including desilting of tanks;
   • Land Development;
   • Flood control and protection works including drainage in water logged areas;
   • Rural Connectivity to provide all-weather access. The construction of roads may include culverts where necessary, and within the village area may be taken up along with drains;
   • Any other work which may be notified by the Central Government in consultation with the State Government.
In addition construction of Bharat Nirman Rajiv Gandhi Seva Kendra as Village Knowledge Resource Centres and Gram Panchayat Bhawan at Gram Panchayat level has also been notified by the Central Government.
The shelf of projects has to be prepared on the basis of priority assigned by Gram Sabha. At least 50% of works have to be allotted to Gram Panchayats for execution. The cost of material component of projects including the wages of the skilled and semi-skilled workers taken up under the Scheme shall not exceed forty percent of the total project costs. Contractors and use of labour displacing machinery are prohibited.
   • Work site facilities such as crèche, drinking water, shade have to be provided.
   • The shelf of projects for a village will be recommended by
the Gram Sabha and approved by the Zilla Panchayat.

- At least 50% of works will be allotted to gram Panchayats for execution.
- Permissible works predominantly include water and soil conservation, afforestation and land development works.
- A 60:40 wage and material ratio has to be maintained. No contractors and machinery is allowed.
- The Central Government bears the 100% wage cost of unskilled manual labour and 75% of the material cost including the wages of skilled and semi skilled workers.
- Social Audit has to be done by the Gram Sabha at least once in every six months.
- Grievance redressal mechanisms have to be put in place for ensuring a responsive implementation process.
- All accounts and records relating to the Scheme should be available for public scrutiny and to any person desirous of obtaining a copy of such records, on demand and after paying a specified fee.

**VII. Funding Pattern of MGNREGA**

The government of India has established a fund called the National Employment Guarantee Fund, from which grants are released directly to Districts. Revolving funds are to be set up under REGS at the District, Block and Gram Panchayat levels, with separate bank accounts being opened for such funds at each level. Each Rural Employment Guarantee Scheme is required to have the minimum features specified in Schedule 1 and Schedule 2 of the Act. Section 4 of the Act also provides that until such a Scheme is notified by the State Government, the Annual or Perspective Plan of the Sampoorna Grameen Rozgar Yojana (SGRY) or National Food for Work Programme (NFFWP), whichever is in force is that area, shall be deemed to be the action plan for the Scheme for the purposes of the Act. These guidelines have been formulated to facilitate the design and implementation of Rural Employment Guarantee Schemes. They should be interpreted as a broad operational framework, around which further provisions may be built, taking into account the State’s economic, social and institutional context.

The Act is a Centrally Sponsored Scheme on a cost sharing basis by the Central and the States Governments as follows:

- Central Government to pay for:
  - Wage costs, 75% of material costs, and some administrative costs.
- State governments to pay for:
  - 25% of material costs, other administrative costs and unemployment allowance.

**VIII. Performance of MGNREGA**

Since its inception, the Act has generated 1112.03 Crore persondays. In the current financial year up to December, 2011 MGNREGA has provided employment to 3.77 Crore households generating 120.88 crore persondays. Almost 70% of the expenditure is on wages. Over the last six years (Upto December, 2011) Rs. 100452 crore has been spent on the wages of Mahatma Gandhi NREGA labour. The average wage earned has risen from Rs. 65 per person day in 2006 to Rs. 100 by 2011. The share of SC/ST families in the work provided under MGNREGA over the previous five years has ranged between 51-61%. Women workforce participation under the Scheme has surpassed the statutory minimum requirement of 33%. Over the previous five years it has ranged between 40-48%.

**Table 2: Performance of MGNREGA (National Overview) During 2007-08 to 2011-12**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12 (up to Dec, 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Districts</td>
<td>330</td>
<td>615</td>
<td>619</td>
<td>626</td>
<td>626</td>
</tr>
<tr>
<td>Total Job Cards Issued (in Crores)</td>
<td>6.48</td>
<td>10.01</td>
<td>11.25</td>
<td>11.98</td>
<td>12.07</td>
</tr>
<tr>
<td>Employment provided to households (in Crores)</td>
<td>3.39</td>
<td>4.51</td>
<td>5.26</td>
<td>5.49</td>
<td>3.77</td>
</tr>
<tr>
<td>Persondays (in Crores)</td>
<td>143.59</td>
<td>216.32</td>
<td>283.59</td>
<td>257.15</td>
<td>120.88</td>
</tr>
<tr>
<td>SC-days(in Crores)</td>
<td>39.36</td>
<td>63.36</td>
<td>86.45</td>
<td>78.76</td>
<td>27.40</td>
</tr>
<tr>
<td>% SC-days</td>
<td>27</td>
<td>29</td>
<td>30</td>
<td>31</td>
<td>23</td>
</tr>
<tr>
<td>ST-days(in Crores)</td>
<td>42.07</td>
<td>55.02</td>
<td>58.74</td>
<td>53.62</td>
<td>20.69</td>
</tr>
<tr>
<td>% ST-days</td>
<td>29</td>
<td>25</td>
<td>21</td>
<td>21</td>
<td>17</td>
</tr>
<tr>
<td>Women-day (in Crores)</td>
<td>61.15</td>
<td>103.57</td>
<td>136.40</td>
<td>122.74</td>
<td>59.82</td>
</tr>
<tr>
<td>% Women-days</td>
<td>43</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>49</td>
</tr>
<tr>
<td>Others (in Crores)</td>
<td>62.16</td>
<td>97.95</td>
<td>138.40</td>
<td>124.78</td>
<td>72.78</td>
</tr>
<tr>
<td>% Others</td>
<td>43</td>
<td>45</td>
<td>49</td>
<td>48</td>
<td>60</td>
</tr>
<tr>
<td>Persondays per HH</td>
<td>42 days</td>
<td>48 days</td>
<td>54 days</td>
<td>47 days</td>
<td>32 days</td>
</tr>
<tr>
<td>Budget Outlay ( Rs. In Crores)</td>
<td>12000</td>
<td>30000</td>
<td>39100</td>
<td>40100</td>
<td>40000</td>
</tr>
<tr>
<td>Central Release ( Rs. In Crores)</td>
<td>12610.39</td>
<td>29939.60*</td>
<td>33506.61</td>
<td>35768.95</td>
<td>22251.84</td>
</tr>
<tr>
<td>Total available fund (including OB) ( Rs. In Crores)</td>
<td>19305.81</td>
<td>37397.06</td>
<td>49579.19</td>
<td>54172.14</td>
<td>38836.22</td>
</tr>
<tr>
<td>Expenditure ( Rs. In Crores)</td>
<td>15856.89</td>
<td>27250.10</td>
<td>37905.23</td>
<td>39377.27</td>
<td>20866.56</td>
</tr>
<tr>
<td>Percentage of Expenditure against available funds</td>
<td>82</td>
<td>73</td>
<td>76</td>
<td>73</td>
<td>54</td>
</tr>
<tr>
<td>Expenditure on Wages ( Rs. In Crores)</td>
<td>10738.47 (68%)</td>
<td>18200.03 (67%)</td>
<td>25579.32 (70%)</td>
<td>25686.53 (68%)</td>
<td>14404.82 (72%)</td>
</tr>
<tr>
<td>Total Works taken up ( in Lakhs)</td>
<td>17.88</td>
<td>27.75</td>
<td>46.17</td>
<td>50.99</td>
<td>62.72</td>
</tr>
<tr>
<td>Works break up:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The overall performance of MGNREGA during the year from 2007-08 to 2011-12 is presented in Table 2. The table reveals that the performance of MGNREGA has been significant in quantitative terms in the study period. The Number of households has increased significantly from 3.39 Crores in 2007-08 to 5.49 Crores in 2010-11 and upto December’2012 MGNREGA has provided employment to 3.77 Crore households generating 120.88 crore persondays. Total Job Cards issued were doubled during the study period i.e. 6.48 Crores in 2007-08 and 12.07 Crores in 2011-12. The number of Districts have also increased from 330 to 626 during the period from 2007-08 to 2011-12. In 2009-10, number of person-days created was 283.59 Crores which declined by MGNREGA.

The enhanced wage earnings have led to a strengthening of the livelihood resource base of the rural poor in India; 72 percent of funds utilized were in the form of wages paid to the workers. Self targeting in nature, the programme has high work participation for marginalized groups like SC/STs (40%) and Women (49%) in 2011-12 (upto December, 2011). Total works undertaken were 62.72 lakh in the same period, of which 53 percent relates to Water Conservation, 12 percent for the provision of Irrigation facility to lands owned by SC/ST/BPL/S&M Farmers and IAY beneficiaries, 22 percent for Rural Connectivity, 9 percent for Land Development, 4 percent for Any other activity approved by MoRD and 0.37 percent for Bharat Nirman Rajiv Gandhi Seva Kendra. Women participation in current financial year upto December, 2011 was 49 percent and the participation of SCs & STs in current financial year upto December, 2011 is 40 percent.

X. Conclusion

India’s MGNREGA is the only Act which gives its rural people such a right and that too in the era of Liberalization, Privatization and Globalization (LPG). It has a vital role to play because of its humane approach. It serves as an effective safety net for the unemployed especially during famine and drought. It has enabled them with sufficient purchasing power and they are able to at least supports their basic necessity i.e. food. The Act has confined its humane approach. It serves as an effective safety net for the rural poor to their areas and stopped migration to the cities. It is not only giving rural livelihoods but also involving them in other non-agricultural work. This has helped in handling disguised workers. Employment in other non-agricultural work will also improve the rural infrastructure i.e. rural asset building. It will ultimately lead to sustainable development.

References


Delhi, 29th September, 2012.


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