

# Progress of 10 Years of MGNREGS in India

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## ABSTRACT

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has completed fifteen years since its inception in India. The aim of the scheme is to enhance the livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed employment in every financial year for every household whose adult members volunteer to do the unskilled work. NREGS was launched from Anantapur district, Andhra Pradesh, by the UPA government on February 2, 2006. It aimed at providing livelihood security by guaranteeing 100 days per year of unskilled manual work to every rural household. It had provisions for unemployment allowances in case the work was not provided within 15 days. Initially launched in 200 districts, it was extended to 130 more districts in 2007. The Mahatma Gandhi National Rural Employment Guarantee Act is an Indian labour law and social security measure that aims to guarantee the 'right to work.' It is the largest and most ambitious social security and public works programme in the world that covers rural districts of India except those with an urban population. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) completes 10 years of implementation on February 2, 2016. The MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) scheme has successfully completed 10 years. In all these years, the total expenditure on this programme has been rupees 3.14 lakh crore and has generated work of 80 crore person days. Considered one of the biggest social welfare programmes in the world, this programme aims at generating 100 days of work in rural areas. In the last 10 years, the programme has lifted lakhs of people out of poverty, though many lacunas still exist in it. The present government, which initially showed little hostility towards this programme, has now, however, hailed the decade of completion of this scheme as a cause for national pride and celebration. This article focuses on the progress of one decade of MGNREGS in India.

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## INTRODUCTION

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is an employment guarantee scheme enacted by legislation on August 25, 2005. MGNREGA was originally known by the name NREGA, which was abbreviated as the National Rural Employment Guarantee Act. The UPA government added "MG" (Mahatma Gandhi) to it and it became MGNREGA. MGNREGA is a social security employment act that guarantees employment to poor rural people in India. The most important fact about MGNREGA is that it is considered a right of a rural Indian citizen to work for a minimum of 100 days in a year if he/she is willing to work, and a job should be provided to him/her by authorities in his/her own area and also within a given time frame (within 15 days); otherwise, the state government is liable for paying unemployment allowance. Wages are also well defined in the scheme.

It was in February 2006 that the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was for the first time notified on an experimental basis in 200 odd districts across the country, exactly 10 years ago. The event marked a watershed in the right-based entitlement framework of the country and, for the first time, provided a legal guarantee for wage employment. The Act guaranteed a minimum of 100 days of employment out of the 365 days in a year to every willing household within 15 days of making such a requisition. It should also be noted here that this is the only law in the country that is not budget-constrained and is not supply-driven.

Out of the total jobs created so far, the percentage of hours put in by women has increased steadily, much above the statutory minimum of 33%. According to the Rural Development Ministry, out of all the workers benefited under the scheme, the percentage of Scheduled Caste workers has consistently been about 20% and that of Scheduled Tribe workers has been about 17%.

However, few people are demanding a change in the type of work being given to these unskilled labourers under this programme and also a change in the type of assets being created under it. At this juncture, it is understood that the scheme cannot run without money. There are many states without money to run this programme. This is a scheme that cannot be run by states, and the centre has a greater role in it. The centre should not follow a bottom-down approach to running this scheme.

There is also an allegation that the scheme is not able to deliver what is really expected. It has not been able to produce the amount of actual labour that is being demanded by the people. The demand is there but is artificially suppressed. Hence, experts argue that some consistency should be maintained in the implementation of this scheme.

MGNREGA is also said to have changed the face of rural labour and rural India. In places where it was effectively implemented, it empowered people, and in places where it was not implemented effectively, it gave labourers the power to demand higher wages. It has given them dignity and has acted as a market mechanism. This legislation has been bringing about a silent revolution in rural areas of the country. The Act, for the first time, brings the role of the state as a provider of livelihoods within the reach of the participants and beneficiaries themselves. By design, it is different from any employment generation scheme that has been previously implemented. It requires a different approach towards employment generation schemes and towards the overall involvement of the state in providing the right to employment to its masses.

Now, the government has said that it will focus on the simplification and strengthening of procedures for the effective implementation of MGNREGA as an employment guarantee. It's time to identify the problems and solve them. The good news is that MGNREGA has witnessed a proliferation of experiments, mostly in better-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 must now be on evaluating these experiments and drawing lessons to improve administration in poorly governed states.

### **Objectives of MGNREGA**

#### **Overall Development of the Rural Economy**

The prime objective of this statute is to develop the base structure of the rural economy, and the only possible way to develop the rural economy is by generating employment. This act helps to empower people at the grassroots level, which is done effectively by the government through this programme.

#### **Creation of Durable and Useful Assets in Villages**

Here, the village panchayat has the responsibility to identify the infrastructure gap, estimate resources, and generate employment by creating the missing infrastructure. This is then forwarded to the district panchayat, followed by the block panchayat. Through the implementation of this programme, many durable and useful assets are created, resulting in the generation of employment.

#### **Reduction of Concerned Migration**

The major challenge facing the Indian government is the instability of the Indian economy, and the government is aware of the fact that the majority of the population of the country resides in rural areas. In addition, they were also conscious of the relocations from the rural to the urban and from one part of the rural to another part of the rural area.

#### **Statement of the problem**

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) completes a decade of existence. The Act came into force on February 2, 2006, covering only the 200 poorest districts of the country, and was expanded to cover all rural areas of the country in April 2008. This is the largest programme of its nature for providing employment in rural areas anywhere in the world. In the short span of 10 years that the Act has been in existence, it has generated 19.86 billion person-days of employment, benefiting 276 million workers, with more than half the jobs going to women workers and almost a third to members of scheduled castes and scheduled tribes. These numbers are staggering by themselves, but what is relatively less known is the impact of MGNREGA on several other aspects of the rural economy, such as wages, agricultural productivity, and gender empowerment. While most critics lament the quality of assets created under MGNREGA, there is now increasing evidence based on rigorous studies that suggests that not only has the asset quality been better than comparable government programmes, they are also used more by the community. An anthology of research studies on MGNREGA (MGNREGA Sameeksha) was brought out by the United Progressive Alliance (UPA) government in 2012, followed by a follow-up by the current government last year. However, a proper evaluation of the impact of MGNREGA has to go beyond the standard metrics of programme evaluation. 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 but are visible to anyone who has been tracking developments in rural India. And it is these that have been

crucial in sustaining the demand for the programme, despite efforts to downsize it. While these were important drivers of the buoyancy in rural economy during the UPA regime, MGNREGA has emerged as an important intervention by the current National Democratic Alliance government during a period of severe distress in the rural economy.

### REVIEW OF LITERATURE

Kumar (2014), in his paper, examined the fact that the programme has a major impact on rural areas. MGNREGA is playing a pivotal role in rural employment generation and enhancing rural livelihoods. It is one of the major wage employment initiatives that provides at least 100 days of employment in rural areas. The panchayat Raj institution played a leading role in the planning and implementation of the programme. MGNREGA helps generate wage employment in rural areas.

Kundu (2015) conducted a survey in the district of South 24 Parganas, West Bengal, on the issue of 'Effectiveness of the Mahatma Gandhi National Rural Employment Guarantee Programme to Check Migration among the Rural Households. For that purpose, he randomly selected the Mandirbazar Block of the district. From that, three Gram Panchayats, namely Krishnapur, Anchona, and Gabberia, were chosen randomly. From each of the gram panchayats, three gram samsads were chosen. On the basis of his survey results, he observed that the programme has no doubt become an important source of local employment. The expansion of that employment programme has provided supplementary income for rural households and reduced uncertainty in the local job market. So they are now able to stay with their family instead of moving away from them for survival purposes. Asset creation through the scheme also helps rural households get private farm and non-farm employment throughout the year, particularly in the agricultural lean season. Hence, it may be concluded that the higher the number of person-days a household gets a job in private non-farm employment, he will be less likely to migrate. Thus, the overall impact of the programme shows that it has been proven to be able to reduce the intensity of migration among rural households.

Negi et. al. (2015) conducted a study on the effectiveness of the MGNREGS in the Pauri Garhwal District of Uttarakhand. They used secondary data for that purpose. They highlighted that the introduction of MGNREGS has a clear positive impact on the rural economy through employment and income generation, as well as raising the standard of living and socioeconomic performance of the rural community. They also recommended further expansion of the scheme in rural areas by means of proper planning, adequate supervision, effective implementation, better monitoring, and extension of the number of days of work beyond 100 days under the scheme.

#### Objectives of the Study

1. To describe the 10 years of implementation, MGNREGS in India.
2. To explain the impact of MGNREGS in India on rural development.

### RESEARCH METHODOLOGY

The study is exploratory in nature. The study is based on secondary data sources. The data has been collected from various offline and online sources, which include the annual report of government reports, books, articles, and the official website of MGNREGA at the national level.

The Mahatma Gandhi National Rural Employment Guarantee Scheme is one of the major flagship initiatives that enhances rural development and employment opportunities in rural areas. The Mahatma Gandhi National Rural Employment Guarantee Act aims to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. This scheme was promoted by the Man Mohan Singh government and is now continued in the NDA under Narandhar Modi. Budget 2016 allocated Rs. 38,500 crore. Rural development has different aspects, covering long-term and short-term aspects. Certain activities like sanitation, agriculture, roads, electricity, health facilities, skill development, market linkage, awareness about basic facilities, digital inclusion, etc. Rural populations get wages if a drought-like situation erupts, so it should be continued to stop migration to cities, and for rural mass uplift, it is necessary. Labour-intensive tasks like creating infrastructure for water harvesting, drought relief, and flood control are preferred in MGNREGA, which helps the economic development of rural areas.

The MGNREGA provides wages to rural employees for work done for the development of rural areas. The various works for the economic development of rural areas done through the MGNREGA are as follows:

1. Water conservation and water harvesting.
2. Drought proofing, including afforestation and tree plantations.
3. Irrigation canals, including micro and minor irrigation works.

4. Irrigation facilities for landowners by households belonging to SC/ST or to the land of beneficiaries of the

#### INDIRA AWAAS YOJANA.

5. Renovation of traditional water bodies, including de-sitting of tanks.
6. Land development
7. Flood control and protection of works, including drainage of water-logged areas,.
8. Rural connectivity to provide all-weather roads.
9. Any other work, which may be notified by the central government in consultation with the state governments,.

Through these development works, the MGNREGA has played a main role in infrastructure development in rural areas of India. There is a visible change in development in rural areas of India by MGNREGA, like the development of roads, irrigation canals, housing in rural areas, etc.

However, the improvement in performance of the MGNREGA in the latter half of last year has come too late. Even with the improvements, the current year's performance indicators are much lower than the performance of the programme in 2009–10 or in 10–11. The UPA, which, to its credit, legislated the Act, has also been responsible for the programme losing steam after 2010. Not only was there a cutback in funds available for MGNREGA, but there were also attempts to change the nature of the programme from essentially demand-driven to supply-driven.

However, the relevance of MGNREGA in rural areas goes beyond its success in creating public employment and its impact on wages. MGNREGA has played a much larger role in revitalising 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 the extraction of higher wages. There is consensus that it did play a role in the acceleration in wage rate growth after 2008, directly through upward pressure on wages and tightening of the supply of casual labour to the market and indirectly through the pressure on the state governments to increase minimum wages. Although to a lesser extent, there is also evidence that it did lead to a slowdown in rural-urban migration, along with contributing to an increase in agricultural productivity through the creation of rural infrastructure.

#### One-decade progress of MGNREGS (2006–2016) in India

Years	Job cards issued	Total household worked	HH Reached 100 day limit	Person days generated to Women	Total person days	Average Person days of Employment per Household
2006-07	3.57	2.12	0.22	35.78	90.51	42.8
2007-08	6.42	3.36	0.36	59.27	143.76	42.4
2008-09	9.87	4.45	0.65	103.28	216.33	48.0
2009-10	11.22	5.23	0.71	135.57	283.60	54.0
2010-11	11.98	5.49	0.56	122.73	257.15	46.8
2011-12	12.51	5.06	0.42	105.26	218.82	43.2
2012-13	13.06	4.99	0.52	118.23	230.48	46.2
2013-14	12.82	4.79	0.47	116.39	220.36	46.0
2014-15	12.13	3.89	0.23	84.86	155.81	40.1
2015-16*	12.09	2.46	0.03	48.68	95.81	38.0
<b>Total</b>	<b>105.67</b>	<b>41.84</b>	<b>4.16</b>	<b>930.08</b>	<b>1912.63</b>	<b>44.7</b>

Sources: <http://www.nrega.nic.in/netnrega/home.aspx>. Note: \*31<sup>st</sup> December 2016

The above table reveals that the result was a sharp decline in employment generated, which fell from 2.84 billion person-days in 2009–10 to 1.66 billion person-days in 2014–15. This was also the case with the average number of days of employment provided, which fell from 54 person-days per household in 2009–10 to just 40 person-days per household in 2014–15. Whereas seven million households completed 100 days of employment in 2009–10, it was down to only 2.5 million in 2014–15.

This was largely a result of a decline in funds made available to MGNREGA, which fell not only in nominal terms after 2009–10 but also in real terms, by more than half by 2013–14 compared with the peak years of 2009–10. This happened at a time when the wage rates in rural areas were increasing by more than 5% per year since 2009–10. To add to the problems, the administrative reforms in MGNREGA were designed to keep the poor and vulnerable out of the programme, with an

emphasis on technological fixes. The net result of these financial and administrative measures was a decline in participation in the programme, a classic case of discouraged worker syndrome.

While the attempt of the current government to revive the MGNREGA is welcome, it is difficult to attribute it to any change in perception towards the scheme. Not only have the last two budgets of the NDA government failed to increase the budget for MGNREGA, but there was hardly any effort to address the issues of delay in wage payments or improving the financial flow to the lowest functionaries until late last year. However, better late than never. The rebound in demand for work from MGNREGA is a clear indicator of the need for MGNREGA. More so in a situation of rural distress, where the rural economy has not only suffered back-to-back droughts, but the decline in agricultural commodity prices has led to declining agricultural incomes. The fact that wages in rural areas have been stagnant in real terms since November 2013 has also contributed to rural distress. Given the severe stress in the rural economy, reviving MGNREGA will not only require strengthening the administrative structure of the programme but also financial support to make it truly demand-based.

### CONCLUSION

MGNREGA is the flagship programme and produces benefits when it comes to the development of rural India. The whole employment structure has been changed by MGNREGA. Although the programme has many parts that need development, the above paper describes various pitfalls faced by this programme. When it comes to the generation of employment, MGNREGA has more job card holders, but the allotment of work is not satisfactory. The shortcoming in this part of MGNREGA is that there is no provision of work when required by the card holders, for which the government has to pay wages. Somehow, data showed that MGNREGA is very successful in a gripping rural economy. MGNREGA stopped a huge amount of relocations, the availability of work, and, above all, the increment in the wage structure in rural India. Fixed wage allotment under MGNREGA leads to a change in the wage structure in private sector work done by the rural population. In spite of many pitfalls in the conduct of the act, MGNREGA was somehow able to alleviate the status of poor rural people. The foremost thing is the 100-day job guarantee rule of the statute; non-repair of work within 15 days will lead to paying without work. Equal participation by rural poor women assures equality in the workplace. On one side, MGNREGA decreased unemployment; on the other side, it lacks skilled work. The government can think of emerging skills with the work allotted under MGNREGA, with the objective of incorporating skills into development.

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