

RURAL EMPLOYMENT SCHEME IN INDIA – REVIEW OF THE SCHEME MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGA)

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Abstract: *Unemployment is one of the major problems faced all over the world. According to International Labour Organisation (ILO) “unemployment covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight”. India since early independence always had focus on the rural areas and unemployment abolishment. This article is made in a effort to summerise the scenario of rural unemployment in India and the measures taken by the government to abolish the rural unemployment. Dev (2009) mentioned that “public works programmes have been a central component of the safety net approach in India since the 1960s, with the aim of improving the livelihood security of rural households by creating employment and developing rural infrastructure and assets” (Dev, 2009). Ministry of Rural Development in its report (2008) mentioned that “Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was passed in the Indian Constitution in September 2005, and has three overarching goals: 1) employment creation; 2) regeneration of the natural resource base and creation of productive assets in rural areas; and 3) strengthening of grassroots processes of democracy through transparent and accountable governance” (MoRD, 2008). Planning Commission (2008) conducted a survey in 20 states to study the impact of MGNREGA and the results showed that “there is a huge change of low income groups (about 50%) hiking towards high income groups, significant increase in the expenditure on food and non-food items (6%) & change in the expenditure pattern, procurement of livestock (68%) & household articles (42%). Initiation of savings for the first time (2%), clearing of outstanding loans (1/5th of sample households) were some of the positive impacts of MGNREGA on rural households. The other things observed were the non-provision of employment within stipulated timeframe (80%) and non-payment of unemployment allowances, utilization of small portion of households for more than 35 days of work and existence of distress migration” and so on. This article is aimed to eloborately explain a rural employment scheme of India named MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act), it’s implimentation and implications.*

Keywords: Rural India; Unemployment; Employment; NREGA.

JEL Classifications: R51; J21; E24.

1. Introduction:

National Rural Employment Guarantee Scheme (NREGA) which later was renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA), aims to guarantee work to the needed people. The goal of the scheme is to enhance the social, economical status of rural people by providing 100 days of wage employment in a financial year to every household whose adult is willing to do unskilled manual work.

MGNREGA which has got its name since October 2009 was previously known as NREGA. NREGA was first started in the year 2006 targeting only 200 districts which gradually owing to its great success has spread all across the nation. In the year 2008 the programme was already running successfully across the country. According to Ministry of Rural Development (2005), the programme was "the 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".

Government of India in the year 2004 when UPA was the ruling party had pledged to provide a national employment guarantee act that could provide gainful employment to any adult individual of a family for a legal 100 days of labour on asset creating public works at a minimum wage. owing to the oath the government in the very next year introduced an act named - Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). This act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or un-skilled work to people living below poverty line in rural India. It tries to fill the gap between the rich and poor in the country. Roughly one-third of the stipulated work force must be women.

2. Background Study:

According to WORLD BANK REPORTS (2007), the poverty in India has been coming down, from 64% in 1967 to 50% in 1977 and in 1986 it was 36% which was an appreciable achievement to a newly born country then. Though the percentages showcase the sharp decline the actual number of people in 1993-94 was 320 million which has fallen to 302 million in 2003-04 (PCI, 2008). Various factors influenced in this difference, one major factor being the population growth.

Ever since Independence India has been working towards upliftment of the rural people and the poverty in rural areas. MGNREGA being a successful programme, there were many other programmes took up by the Government of India, State Governments and a few in collaboration of Central and State Governments but were not as successful as MGNREGA. Few programmes for rural upliftment which were initiated before MGNREGA were;

2.1 National Rural Employment Programme (NREP) :

Launched in October, 1980, NREP was a regular programme from the starting of the next financial year – April, 1981. This programme was launched with an aim of enhancing the nutrition status and living standards of the poor by providing them an additional gainful employment in the rural areas. The goal was to provide ~400 million mandays per year.

Source: <http://www.teindia.nic.in/>

- 2.1. Rural Landless Employment Guarantee Programme (RLEGP)
In the year 1983, on the day of Independence (15th August) Rural Landless Employment Guarantee Programme (RLEGP) was introduced. The objectives of this programme were
(a) Improving and expanding employment opportunities for the rural landless with a view to providing guarantee of employment to at least one member of every landless household up to 100 days in a year.
(b) Creating durable assets for strengthening the infrastructure so as to meet the growing requirements of the rural economy.
Source: 9th Five Year Plan (Vol 2) : Poverty Alleviation Programme".
- 2.2. Jawahar Rojgar Yojana (JRY)
Jawahar Rojgar Yojana (JRY) is an amalgam of two initiatives of the Indian Government – National Rural Employment Programme (NREP) and Rural landless Employment Guarantee Programme (RLEGP). JRY is initiated on the first of the financial year 1989 (1st April, 1989). The programme mainly targetted the people below poverty line and the initiative is aiming to make sure that all the BPL people in the rural areas get 90 to 100 days of employment.
Source: General Knowledge Today (2017): Jawahar Rojgar Yojana, <http://www.gktoday.in/jawahar-rozgar-yojna-22/>, Downloaded 10th April, 2017.
- 2.3. Employment Assurance Scheme (EAS)
Employment Assurance Scheme (EAS) was introduced on 2nd October 1993 with an intention of supporting nearly 1800 blocks which were identified as the backward blocks of different states. These blocks included the drought disposed, deserts, hills and tribal areas.
- 2.4. Jawahar Gram Samridhi Yojana (JGSY)
Jawahar Gram Samridhi Yojana (JGSY) is the more efficient version of the earlier discussed Jawahar Rojgar Yojana (JRY). This initiative was made on the 1st of April 1999 with an aim to further improve the quality of life of rural people. *Source: Your Article Library (2017): Jawahar Gram Samridhi Yojana, <http://www.yourarticlelibrary.com/essay/jawahar-gram-samridhi-yojana-by-government-of-india/35005/>, Downloaded 10th April, 2017.*
- 2.5. Sampoorna Grameen Rojgar Yojana (SGRY)
Sampoorna Grameen Rojgar Yojana (SGRY) was introduced in the year 2001 on 21st of September with an aim of providing employment and food security to people in the rural areas who live below poverty line.
- 2.6. National Food For Work Programme (NFFWP)
Launched on 14th November 2004, National Food For Work Programme (NFFWP) basically aimed 150 backward districts in the nation. A total of nearly 30.6 Billion U.S. Dollars were allocated towards this project.
- 2.7. Integrated Rural Development Programme (IRDP)
Integrated Rural Development Programme (IRDP) is a self employment programme targetted to rise the income and living standards of the poor people. This programme was launched in the year 1978 and was spread all over the country by 1980.

3. Features of MGNREGA:

MGNREGA was mainly aimed to provide employment to all those people who wish to work and this programme promises 100 days of work to the workers.

The main features of MGNREGA according to *MGNREGA operational guidelines 2013 – 4th edition*, are listed:

- *Guaranteed Employment* – Any adult member of a rural household applying for work under the Act is entitled to employment. Every rural household is entitled to not more than 100 days of employment.
- *Guaranteed Wages* – Wages are to be paid on a weekly basis and not beyond a fortnight. Wages are to be paid on the basis of:
 1. Centre- notified, state- specific MGNREGA wage list
 2. Time rates and Piece rates as per state- specific Schedule of Rates (SoRs)
 3. In any case, the wage cannot be at a rate less than Rs. 100 per day.
- *Unemployment Allowance* – If work is not provided within 15 days of applying, the state is expected to pay an unemployment allowance which is one- fourth of the wage rate.
- *Provision of Work* – Work is to be provided within a 5km radius of the applicant's village, else compensation of 10 per cent extra wage is to be provided to meet expenses of travel.
- *Gender Equity* – Men and women are entitled to equal payment of wages. One- third of the beneficiaries are supposed to be women. Worksite facilities like creches are to be provided at all worksites.
- *Financial Inclusion* – Since 2008, all wage payments have had to be transferred to bank or post office accounts of beneficiaries.
- *Social Security Measures* – In 2008, a provision was created which made it possible to cover beneficiaries under either the Janashree Bima Yojana (JBY) or the Rashtriya Swasthya Bima Yojana (RSBY).
- *Transparency and Accountability* – All MGNREGA- related accounts and records documents have to be available for public scrutiny. Contractors and use of machinery is prohibited.
- *Rights- based, demand- driven approach* – Estimation and planning of work is conducted on the basis of the demand for work. Hence, beneficiaries of the scheme are enabled to decide the point in time at which they want to work.

Source : *MGNREGA operational guidelines 2013 – 4th edition*.

4. Financing:

Mahatma Gandhi Rural Employment Gaurantee Scheme (MGNREGA) gets its entire financial support from the Government of India. Ever since the introduction of this programme the budget allocation for the programme is been increasing every year which also implies that the programme is a success year by year. In the very first financial year (2006/07) of the implimentation of MGNREGA the Government of India has spent \$ 1.7 billion which has increased more than 5 folds in financial year 2009-10 to \$ 6 billion (Dev, 2009)

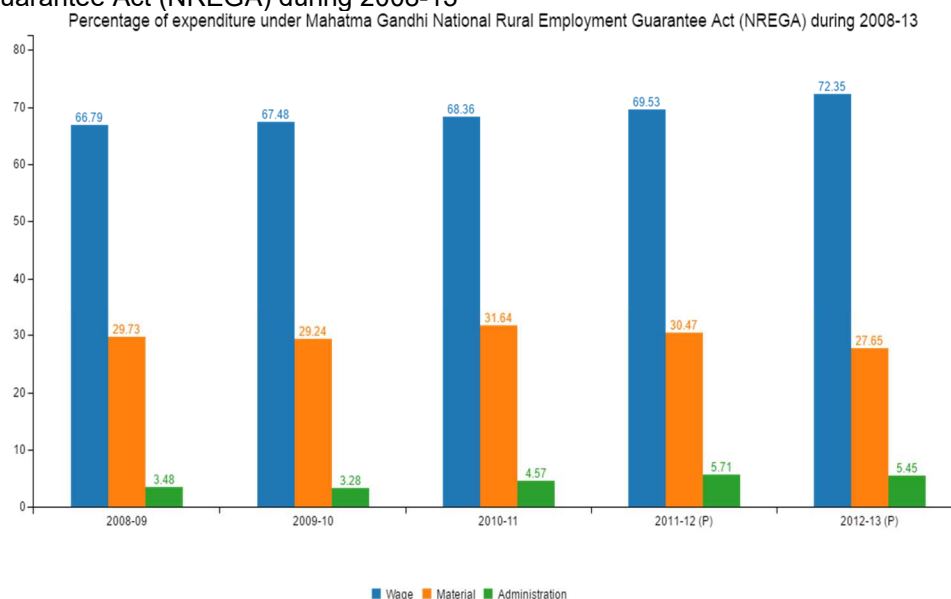
The budget from government is divided into three expenditures – the wages, the material and the administration. Usually the expenditure is highest on the wages then comes the material costs and the last expenditure is on the administration (Table 1).

Table 1: The expenditure made by the government of India from 2008 to 2013.

Year	Total Expenditure (in lakhs)	Expenditure on Wages	Expenditure on Material	Expenditure on Administration
2008-09	₹2725009.92	₹1820003.13	₹810089.26	₹94917.51
2009-10	₹3790522.78	₹2557932.28	₹1108448.71	₹124141.72
2010-11	₹3937727.05	₹2568652.93	₹1189108.96	₹179965.15
2011-12	₹3707282.22	₹2430622.40	₹1065047.60	₹211612.15
2012-13	₹3926767.98	₹2686191.46	₹1026565.73	₹214010.78

Source: http://www.developmentprogress.org/sites/developmentprogress.org/files/india_report_-_master_0.pdf

Figure 1: Percentage of expenditure under Mahatma Gandhi Rural Employment Guarantee Act (NREGA) during 2008-13

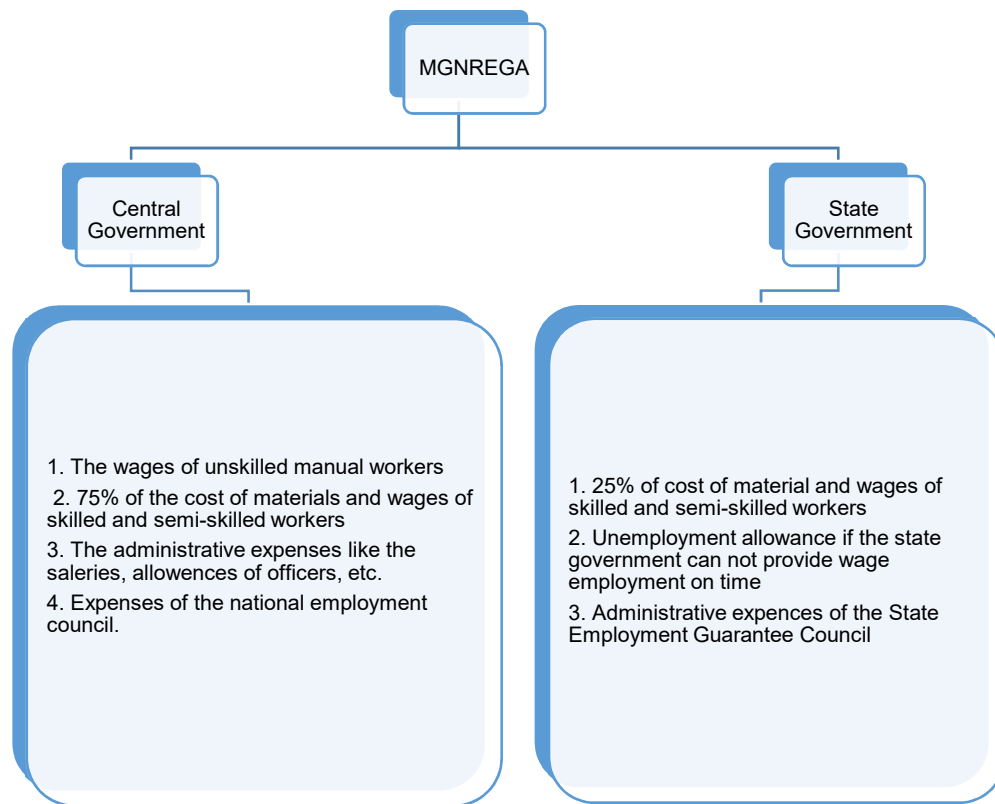


Source: <https://data.gov.in/visualize3/?inst=ed1562f26aaf11f182eabbb285b7ab12&vid=783#>

From then derived graph it is very clear that the government is giving the highest importance to the wages of the workers and the administration expenditure is pushed to the least of the whole expenditure but gradually the administration costs are increasing.

The central government of India bears three quarters of the whole costes incurred in the implimentation and maintainance of MGNREGA, however, a quarter part is boarn by the state government accordingly.

Chart 1: The chart below depicts the costs beared by state and central governments.



5. Time line of MGNREGA:

- August 2005:** Inception of NREGA.
- February 2006:** NREGA implementation starts in 200 most backward districts.
- April 2007:** After the success of the programme in the first implemented 200 districts Government decides to add more 130 districts.
- April 2008:** The initiative is a huge success and implementation started in the whole nation.
- October 2008:** Government decided to transfer the wages directly to the bank accounts or post office accounts of workers to make sure that the money of workers reaches them properly
- October 2009:** Name of the scheme changed to MGNREGA.

Over the past 10 years of the implementation of MGNREGA many highets have been achived by providing every year on an average 5 crore households work under this

scheme, also there is a huge employment opportunity given to the backward classes and women.

6. Permissible works under MGNREGA Scheme:

According to MGNREGA operational guidelines 2013 – 4th edition, “MGNREGA aims at providing 100 days of wage employment in a financial year to every household whose adult is willing to do unskilled manual work. While the rural labours are ready to do any sort of work pertaining to their financial status, the government has a list of works which are permitted to be done by them, they are:

- Irrigation canals.
- Provision of irrigation facility, dug out farm pond, horticulture, plantation, farm bunding and land development on land owned by households.
- Renovation of traditional water bodies.
- Land development.
- Drought proofing including afforestation and tree plantation.
- Flood control and protection works including drainage in water logged areas including deepening and repairing of flood channels, chaur renovation, construction of storm water drains for coastal protection.
- Agriculture related works.
- Water conservation and water harvesting including contour trenches, contour bunds, gabion structures, etc.
- Livestock related works, like poultry shelter, goat shelter, construction of pucca floor, urine tank and fodder trough for cattleshed, azolla as cattle-feed supplement.
- Fisheries related works, such as, fisheries in seasonal water bodies on public land.
- Works in coastal areas, like fish drying yards, belt vegetation.
- Rural drinking water related works, like soak pits, recharge pits.
- Rural connectivity wherever necessary.
- Construction of Bharat Nirman Rajiv Gandhi Sewa Kendra as Knowledge Resource Centre at the Block level and as Gram Panchayat Bhawan at the Gram Panchayat level.
- Rural sanitation related works, like individual household latrines, school toilet units, anganwadi toilets, solid and liquid waste management.
- Construction of anganwadis.
- Construction of playfields.
- Any other work which may be notified by the Central Government in consultation with the State Government.”

Source: *MGNREGA operational guidelines 2013 – 4th edition*

7. Challenges faced by MGNREGA:

Being the biggest of its kind in the world the MGNREGA is doing extremely well. But as the other side of the coin this huge project is having its own drawbacks. Driving such a huge project is a biggest challenge to any government. Though the central government and the state governments are working very hard towards reducing the gaps in the implementation of the project a few listed below are the problems which are to be addressed at the earliest.

- Un-realistic and improper planning at the GP level.

- Delays in the wage payments
- fund constraints
- quality, durability, and usefulness of assets
- low awareness of the programme and less public participation
- lack of outcome based monitoring
- poor maintenance of records
- inadequate coverage of person with disabilities
- non compliance with transparency and accountability
- lack of ICT infrastructure
- inadequate capacity of functionaries
- lack of adequate number of technical staff

Source: MGNREGA operational guidelines 2013 – 4th edition

Conclusion:

Reducing poverty in India is a huge challenge, but the government has taken up this extreme challenge in the year 2005 and is doing extremely well in reaching its set goals. Since last five financial years the Government of India has released a total of nearly 26 billion USD for MGNREGA which shows how big the project is. The government of India has a record of providing nearly 125 million job cards and has 254 million employees.

Though the scheme is a huge success, a few recommendations I would like to suggest for the further goodness of MGNREGA are:

1. According to me there should be more provision for the semi and skilled workers and a different payments/remunerations for these people which may further make this programme more success.
2. the awareness among the rural people about such beneficiary programme should be increased. Only 1/6th part of the whole rural population are technically being benefitted by this programme
3. Limiting the political interference in the programme only upto necessity.
4. The number of employment days if increased, it would benefit the regular beneficiaries. Though the Government of India is taking quick steps to increase the number of working days from 100 to 150 in the drought-affected areas (<http://indianexpress.com/article/business/economy/centre-increases-number-of-work-days-under-mgnrega/>), if this increase will be done in all across country it would be more beneficiary.

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