



IMPLEMENTATION OF MNREGS IN INDIA – A CRITICAL ASSESSMENT

Sibin.K

Research Scholar, Bharathidasan University, Trichy.

Abstract

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is considered as a “Silver Bullet” for eradicating rural poverty and unemployment, by way of generating demand for productive labour force in villages. It provides an alternative source of livelihood which will have an impact on reducing migration, restricting child labour, alleviating poverty, and making villages self-sustaining through productive assets creation such as road construction, cleaning up of water tanks, soil and water conservation work, etc. For which it has been considered as the largest anti-poverty programme in the world. But the success of this Act depends upon its proper implementation. Thus, the present study attempts to critically examine the implementation process of this programme The MGNREGA, which was launched in 2005, is one of the most ambitious centrally sponsored schemes of independent India. Its scale and complexity continue to test the strength and creativity of India’s public systems in new and exciting ways. Recognizing that State governments around the country are likely to adapt it differently because of the diversity of the country, the scheme has allowed the State administrations a fair amount of autonomy in shaping its implementation. This research article highlights the issues and challenges being faced by Government while implementing the world’s largest employment generating programme and the issues among the people covered under the scheme and also attempts to see how far the programme is effective in reducing rural poverty.

Key Words: NREGA, Rural Poverty, Social Security, Affordability, Durable Assets.

Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been a landmark intervention in post-Independence history. Along with the Right to Information Act, it marked a new era in implementing rights-based approaches. For the first time, worker’s rights were given paramount importance in the formulation and implementation of labour generation programmes. The passing of the MGNREG Act reflected the changing approach to concerns of equity, with work being viewed as an entitlement of the worker, and not as something that was handed down to her/him by the government. An equally important feature of MGNREGA is that it links the livelihood security of the poorest sections of society with natural resource regeneration and protection. By laying down a clear priority in which works are to be taken up (beginning with water conservation, drought proofing, afforestation, land development and so on), this legislation attempted to link livelihood security with the revival of agriculture and sustainable management of natural resources, which alone can sustain the livelihoods of the poor in our society. The MGNREGA therefore, made a departure from the age old prescription of labour generation programmes wherein labour opportunities were generated through infrastructure creation, which was largely civil/construction based.

NREGA is the most significant act in the history of Indian polity in many ways like grass-root level participation of every citizen and beneficiary through democratic process, multi-layered social audit and transparency mechanism by involvement of civil society, comprehensive planning at village level towards sustainable and equitable development etc. Important salient feature of the Act is to improve the quality of life of rural households who are vulnerable to out-migration in search of daily wage employment by channelizing the wage workforce towards developmental activities at the village level itself. Since its implementation, concerns have been voiced that MGNREGA is affecting agriculture adversely by bidding up agricultural wages, and causing farmers to switch to less labour intensive crops or to quit agriculture altogether. If these concerns are true, then, all else remaining the same, labour use in agriculture should be declining. However, given that irrigation accounts for a significant share of the works undertaken under MGNREGA, it is also reasonable to expect that cropping patterns may be shifting toward more water-intensive crops that typically also demand more labour. Therefore, the net effect of MGNREGA on labour use in agriculture and on cropping patterns needs to be examined more closely. Although there have been several studies that have attempted to capture the impact of MGNREGA on a range of outcomes, including employment and wages income, consumption, welfare, women’s empowerment and child health, there has been little attention paid thus far to the impact of the scheme on agriculture. The present paper attempts to contribute to this literature with a specific focus on the impact of MGNREGA on outcomes in the agriculture sector.

In a nutshell, the implementation of the MGNREG Act has raised a formidable challenge and questions to the existing institutional framework, as well as to the elected representatives, officials and workers to effectively plan, organise and execute a large number of works across the country in order to work towards the creation of assets that contribute to livelihood security and regeneration of the natural resource base.



Actual implementation has however raised issues of concern. Ten years down, it is time to evaluate the extent to which our local bodies and the State have been able to realise the objectives of MGNREGA in the country. The present paper attempts to contribute to this literature with a specific focus on the impact of MGNREGA on increasing the income of the rural folk and reducing the incidence of poverty in the rural area by augmenting the rural labour potential and the paper also looks into some mismatches and the question of efficiency in the implementation of the scheme.



Objectives of the study

- To analyze the quantum of productive employment generated and its contribution towards increasing the income and reducing the poverty in India.
- To assess the quality of the programme implementation and the effectiveness of the processes intended to ensure the rights-based framework of the Act.

Methodology

The present study relies primarily on secondary sources of information to analyze and infer conclusions. The study follows a descriptive and diagnostic method which are sought to examine the context for implementation of MNREGA, performance of the programme at all India level by taking into account various issues and challenges such as issues with job cards, provision of employment to the households, types of works and status of the works besides expenditure incurred for the works etc. Secondary data for the study were collected from government and various other recognized sources including data available in the Ministry of Rural Development. Data for the period 2005- 2016 were availed from mnrega website and Reports of ILO, Planning Commission, Ministry of Labour (India) and other published sources of information such as working papers have also been looked into.

National Rural Employment Guarantee Scheme- An overview



A study on Indian economy is likely to begin with the cliché sentence that India is an agrarian economy, this statement remains true even when we consider the ever-growing industrial and service sectors. It's an undisputable fact that 75% of Indian population depends either directly or indirectly on agriculture and allied activities for their sustenance and agriculture has always been considered and given emphasis not merely as means of earning but as an inseparable part of a magnificent culture, these are perhaps the reasons why agriculture was given over importance in our five-year planning right from the days we started thinking of a strategy of planned development and this this is very evident from the funds allocated and year marked for agricultural development during various planning periods. It is in this general context, the ambitious scheme of



National Rural Employment Guarantee Programme evolved. Though the scheme is not meant primarily to accelerate the agricultural production, but it's a breakthrough in creating unskilled agricultural jobs.

NREGA is formulated based on some basic principles like Common Minimum Wages, Equal Pay for Equal Work, Economic Equality. Etc but apart from these, the programme upholds some other broad ideals. According to the Planning Commission 38% of the Indian population comes under below poverty line, out of which 75% lives in rural areas with poor living conditions and less social security. Commission itself has pointed out unemployment and low labour productivity of the rural households as the main reason for this phenomenon. Considering this fact, NREGA seeks to eradicate rural poverty by creating more unskilled jobs in the rural areas and this constitutes the social perspective of the programme. There is an economic view of the scheme that is to create durable and sustainable assets in the rural areas to augment the process of economic development in these areas. An exploratory study on the objectives and achievements of the NREGA is possible only by keeping the above mentioned socio-economic perspectives in mind.

National Rural Employment Guarantee Act (NREGA), 2005

Employment generation and social security programmes of various kind are in place since 1980s, but a transition from mere programmes to a legislation happened only later in 2005 when both opposition and party in power joined hands to vote in favour of National Rural Employment Guarantee Programme realizing the need to empower such welfare and development programmes for a the betterment of the downtrodden. Generally the historical legislation is regarded as pro poor and hence popular. The National Rural Employment Guarantee Act upheld the rights of the rural poor for a better living. The act guarantees 100 days of wage employment in a financial year to any rural household whose adult members are willing to participate in unskilled manual work The Act is an important step towards realization of the right to work and aims at arresting out-migration of rural households in search of employment simultaneously enhancing people's livelihood on a sustained basis, by developing the economic and social infrastructure in rural areas.

The united Progressive Alliance (UPA) on 6th February, 2006 launched NREGS as its dream project and initially it was implemented in 200 backward districts with the objective of expanding it to all districts with a period of five years. So in the first phase of the scheme, only 200 most backward districts in India were selected for implanting the scheme and in April 2007, it was expanded to another 130 districts. In October 2009, NREGA was renamed as Mahatma Gandhi NREGA. The act gives a legal validity to the right of the citizens to practice and pursue a dignified job and thereby to lead a reasonable quality life. This ideas became even clearer when the verdict of the honourable Supreme Court came out in 2008 which makes it very clear that the benefits of the scheme should be availed to all the needies without any discrimination and nobody shall be prevented in any way from getting the fruits of the scheme.

National Rural Employment Guarantee Scheme (NREGS)

To improve the living condition and enabling the rural poor to achieve livelihood security and thereby gradually reaching the goal of rural development is the basic objective of the scheme, and it is with this that ministry of rural development is implementing NRES from 2006 onwards. Notable objectives and conditions of the scheme are briefly described below.

Objectives of the scheme

Apart from the basic objective of increasing the purchasing power and living conditions of the rural poor through the creation of better wage-employment conditions, there are some other objectives which the program aims to achieve and they are given below

- Guarantee employment to workers in the rural areas in the absence of alternative sources of income and employment.
- To strengthen resource base and encouraging the creation of sustainable and durable assets in the rural areas.
- To create employment opportunities for unskilled manual labours to address potential threat to the sustainability of Indian agriculture like draught, resource depletion, soil erosion etc.
- Empowerment rural inhabitants, especially of rural women.
- To strengthen democracy through peoples participation by setting an ideal model of administration and transparency.

Conditions

- Any adult member of rural household who is willing to do unskilled manual work can be the beneficiary of the scheme.
- It is the liability of the respective state government departments to ensure 100 days of wage employment to the applicants who have registered for unskilled job in the state.



- The workers who have registered for job under NREGS is entitled for unemployment allowance on daily basis if the state government department fails to provide employment to the registered workers.
- Employment should be provided within 5Km radius of the applicant’s residence.
- It has to be ensured that the workers are getting common minimum wage according to Minimum Wages Act, 1948.

Challenges

National Rural Employment Guarantee Programme is the biggest social security initiative in the world in terms of the no of beneficiaries covered under the programme. But so many criticisms have been levelled against the programme since 2006 itself, the very year in which the programme started and discussions about the paradoxical results produced by the scheme were also held. A reliable statistics may cited for example, that during 2012-13 period 50 million rural employment opportunities were created spending 8.9 million USD, which means that a good sum from national income has been year marked for implementation alone. These figures makes it very clear that either a kind of extravaganza or some sort of drain is happening in the implantation of the scheme, this would help only to undermine thegood things achieved by the scheme in the field of rural development and poverty reduction.

Moreover, the drawbacks of the scheme and the financial liability it creates above the achievement it has made were subjected to much heated discussions recently and questions are echoing from various corners that if it is leading to an unbalanced growth in the economy, what kind of development, the scheme envisages? These are some crucial questions which are to be answered immediately as it questions the very purpose and existence of the programme. These criticisms, comments and findings cannot be put aside by saying that these are all incomplete and isolated results and cannot be trusted. But one thing that has to be understood that, many of the researches and reports came out recently validates these criticisms levelled against the programme.

Economic Liability

Funds spent on social welfare schemes and measures are unproductive and hence it is worthless according to traditional economic perspective, and the justification for such a view is that these expenditures never becomes a productive investment. But such spending are well justified by modern economies as they give equal importance to social development along with economic development. Having said all these, one question remains how the expenditure on welfare programs could be justified if a lion’s share of the project fund is utilized for implementation alone? Table 1.below shows the unprecedented hike in the expenditure for NREGS implementation year after year.

Table 1, Annual Expenditure for NREGS Implementation

Sl.No.	Year	Total Expenditure(In cores)
1	2009-10	154.8
2	2010-11	137.5
3	2011-12	0.207
4	2012-13	39,778.29
5	2013-14	36,319.22
6	2014-15	30,383.90

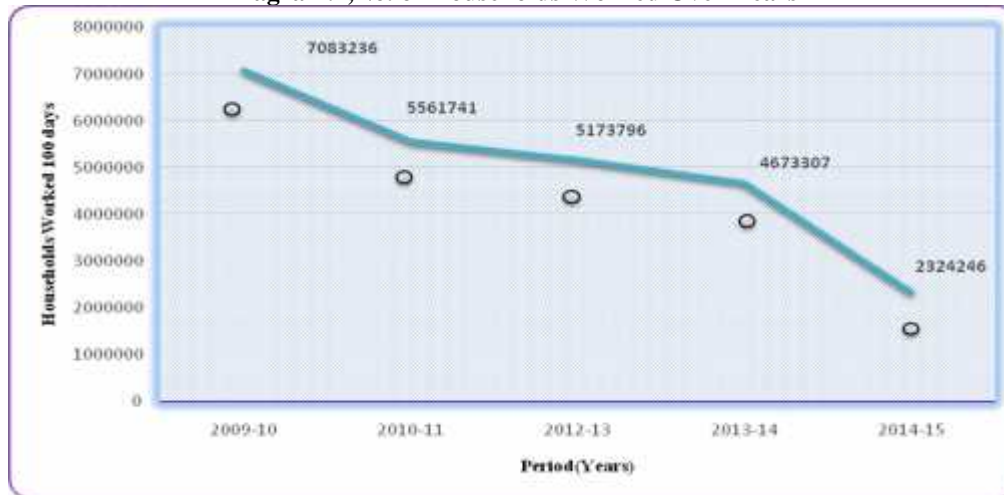
Source: NREGS website

It’s evident from the above table that during 2013-15, the steady increase in the expenditure is huge and it’s the biggest drain from the revenue account and these expenditures are tend to increase, if that happens, that definitely would result in revenue budget disequilibrium.

The real paradox in the implementation of NREGA could be understood by comparing the no.of households worked each year and the amount spend for implementation during the same period. Since labour cost constitutes the major portion of the expenditure, it must reflect on the no.of households (Labour) worked, in this case, it’s not reflecting and that is the irony. The following diagram (Diagram 1) and Table 1 together will explain the above mentioned irony well.



Diagram.1.No. of Households Worked Over Years



Source: Portrayed using Compute data

The possibility for pushing down the wages of labours has been completely ruled out as it is practically impossible since the Minimum Wages Act has to be followed in payment of wages to labours.). A reduction in the no. of households worked should result in a decline of the expenditure since the major expenditure item being labour cost (wages), but this basic principle is not held correct in this case.

Durability of Assets

The scheme spans over a wide range of unskilled works including construction and maintenance of public roads, public wells, comfort stations, anganwadibuildings.etcThe programme is also focused on building poverty alleviation initiatives like water harvesting/renovation of water bodies, etc. These works are very much gelling with the visions of the program i.e. ensuring unskilled work to rural people to raise their livelihood. The program should also address specific infrastructure initiatives that would deliver multiplying effects to their village. For a developing economy, the program is definitely a boon but it needs to metamorphose fitting to the locality needs and thereby maturing its activities from being just a means of “short term job provider” to “long term sustainable livelihood” enhancement initiatives.

The quality and durability of assets created under the programme is often questioned as most of these constructions and other public utilities required renovation or maintenance immediately after the construction. So it's evident that the public utilities created under NREGA are of poor quality. There are mainly two reasons for this poor quality work. Firstly, there are no default mechanisms within the scheme to carry out frequent monitoring to ensure the quality of work except some weak systems like social audit. Secondly, the resulting poor quality is not surprising when engaging unskilled workers to such works which requires semi-skilled labours.

Productivity

It's a greatest limitation of the programme that it could achieve only a little in the field of productive asset creation. Assets which yields are called productive assets, contribution to towards creating such assets which fetch some revenue in the future is negligible and this forms a real threat to the existence of the schemes. Plenty of job opportunities existing in the agriculture sector which are of skilled and semi-skilled natures are not fully utilized by the programme, if this has happened, agricultural production would have reached its pinnacle and thereby could have prevented the stagnant growth of agricultural sector.

Efficiency and Corruption

Deep rooted corruption and inefficacy has adversely affected the programme implantation, absence of an effective control mechanism and intervention of intermediaries led to inefficient and distorted working of the scheme. The question of efficiency and corruption has to be discussed along with durability and sustainability of assets created. Over and above, misappropriation and Misutilisation of resources which are rampant throughout implementation has undermined the very objective of the scheme.

Section 17 of National Rural Employment Guarantee Act, 2005 empowers the Gramasabha to conduct frequent audit of records, which is popularly called social audit. It's an irony that even these social audits has found corruption is deep-rooted in the implementation of NREGS.In addition to this C & AG report cites some gravies financial crimes and misappropriation of resources carried out by intermediaries.



Key Findings

Facts and findings discussed throughout this article is briefly summarized as follows

- NREGA is an unprecedented Programme envisaged to provide guaranteed employment to rural households who are willing to do unskilled manual work. It is the biggest social security programme ever implemented in Indian since independence
- Large scale social security programmes like MGNREGA are subjected to undergo several stumbling blocks. Government and NGOs must study the impact of MGNREGA in rural areas so as to ensure that this massive anti-poverty scheme is not getting diluted from its actual path and to see that the disparity in terms of socio-economic condition among people in rural and urban areas is reduced to considerable extend.
- MGNREGA is criticized is also on the ground of corruption, non-payment of minimum wages and poor quality of the assets. Recently the programme is criticized for pushing up wages of rural workers in a manner that make farmers hard to compete in an uncertain world economy.
- Since the programme gives more importance to unskilled manual work, the scope and significance of skilled jobs which can play a pivotal role in the socio-economic development of the rural area has not been looked into.

Conclusion

NREGA is a path-breaking legislation with the main objective of providing legal guarantee to all the rural households to have secured access to employment opportunities. Employment now, is a legal entitlement to rural households. Started in the year 2006, the scheme has been in operation in all the states. The outcome of the scheme is quite encouraging as it has started yielding dividends in terms of improved wages, improved income, and marginal improvement in living standards and so on. The scheme has come across certain hurdles or shortcomings which include delayed payment of wages, creation of less productive assets, poor quality of assets instances of fudging of muster rolls, corruption and inefficiency, more emphasis on short term employment rather than long-term interest such as ownership and maintenance of assets, shortage of dedicated human resources at the Panchayat level, failure to provide employment within 15 days of demand for work, non-convening of Gramasabha meetings, uneven performance within the state and across the states and so on. However, despite these relatively minor shortcomings, the scheme is unique in its objectives and proposed manner of implementation, and dominates all other centrally sponsored schemes with its merits and the scheme is described unprecedented in the history of employment programme throughout the world, which now has been slowly and steadily picking up. Towards this aim, Steps are being taken to position, the safeguard mechanism related to transparency and accountability at all levels. The success of the scheme largely depends on the state, local bodies, civil society organizations and of course the proactive participation of the beneficiaries of the scheme.

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