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**MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT: AN INTRODUCTION****KHEM RAJ****RESEARCH SCHOLAR DEPARTMENT OF POLITICAL SCIENCE  
HIMACHAL PRADESH UNIVERSITY  
SHIMLA****ABSTRACT**

*Programmes to create direct employment opportunities for wage workers through public works have been the past focused on generation of supplementary employment opportunities, especially during lean periods. They have been considered as an important component of anti-poverty strategy. These programmes are expected to create durable assets for the community and thus, enhance further economic activities. Wage employment programmes also push up demand for labour and thus, exert an upward pressure on the market wage rates by attracting people to public works programmes, thereby reducing supply of cheap labour, often at wages that would not even meet their bare basic needs. Apart from the advantages that would accrue to the employed, underemployed and the poorly employed, such programmes will also have a positive macroeconomic impact via the increase in effective demand from the hitherto poor and vulnerable segments of the population. Viewed in this perspective, the enactment of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a historic step in the Indian context.<sup>1</sup> Here an attempt has been made to introduce the various aspects of historic MGNREGA.*

**KEYWORDS**

MGNREGA, time bound guarantee, rural households &amp; wage employment.

**INTRODUCTION**

**M**ahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) is a major step in the direction of providing security of employment to rural workers by providing at least one hundred days of guaranteed wage employment in every year to every household whose adult members volunteer to undertake unskilled manual work. The act marks a historic step towards recognizing and ensuring work as a right of the people. The programme was launched in February 2006 in 200 districts and has been extended to all the districts in 2008. It aims to provide employment through public works, which lead to development, of infrastructure, land development, irrigation and construction. The main aim is to empower labour by making employment a right by which the rural workers can demand employment. From a development policy perspective, the MGNREGA can also be viewed as a distributive employment strategy, thereby, heralding a new deal for the country's poor and a foundation for inclusive development. The commission (NCEUS) has viewed MGNREGA as an important component of an employment based growth strategy.

Past experience shows that India's poverty alleviation strategy, including the National Rural Employment Programme (NREP), Rural Labour Employment Guarantee programme (RLEGP), Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS), Sampoorna Gramin Rozgar Yojana (SGRY) etc. leaned towards wage employment programmes. With specific reference to MGNREGA, the argument has been to treat it as a component of a full employment strategy for India. By ensuring employment for a minimum number of days at minimum wages, the thrust was on employment first with growth as an outcome, rather than the vice-versa. It is also argued that this path towards full employment alone can ensure the economic content of participatory democracy and allow for development with dignity. The path towards full employment lies sectors where the poor are located and stabilizing their incomes, improving their asset base, constructing basic socio-economic infrastructure at the local level, enabling access to paid work opportunities and exerting an upward pressure on market wages. MGNREGA as a programme is expected to create conditions for realization of the above outcomes.<sup>2</sup>

**OBJECTIVE OF THE ACT**

The objective of the MGNREGA is to enhance the livelihood security of the people in rural areas by guaranteeing 100 days of wage employment in a financial year to a rural household whose members volunteer to do unskilled manual work. The Act further aims at creating durable assets and strengthening the livelihood resource base of the rural poor. The choice of works suggested in the Act address causes of chronic poverty like drought, deforestation, soil erosion, etc. so that the process of employment generation is on a sustainable basis. The significance of MGNREGA lies in the fact that, it creates a right-based frame work for usage employment programmes and makes the government legally bound to provide employment to those who seek it. In this way the legislation goes beyond providing a social safety net, and towards guaranteeing the right to employment. By prioritizing natural resource management and emphasizing the creation of durable assets, it holds the potential of becoming a growth engine for sustainable development of agriculture based economy.

Under MGNREGA, employment is dependent upon the worker exercising the choice to apply for registration, obtain a job card and then to seek employment through a written application for the time and duration chosen by her. The legal guarantee has to be fulfilled within the time limit prescribed and this mandate is underpinned by the provision of unemployment allowance. The Act is thus designed to offer an incentive structure to the states for providing employment as ninety per cent of the cost for employment provided is borne by the centre, and there is a concomitant disincentive for not providing employment, if demanded, as the states then bear the double indemnity of unemployment and the cost of unemployment allowance. Earlier wage employment programmes were allocation based. However, MGNREGA is not supply driven but demand driven. Resources transfer under MGNREGA is based on the demand for employment and this provides another critical incentive to states to leverage the Act to meet the employment needs of the poor. The delivery system has been made accountable, as it envisages an Annual Report on the outcomes of MGNREGA to be presented by the central Government to the Parliament and to the state legislature by the state Government.<sup>3</sup>

**SALIENT FEATURES OF MGNREGA**

There has been a "Significant dent" in poverty in rural areas as the implementation of MGNREGA has increased earning of rural households resulting in an increase in their purchasing power with the increase in employment opportunities and wage rates. Per household earning has increased under the flagship programme which resulted in increase in ability of rural households to purchase food grains, other essential commodities and to access education and health care and thus provides for enhancement of livelihood security of the rural households by providing at least 100 days of guaranteed wage employment in a year to every household on demand for doing unskilled manual work. The poverty reducing potential is severely undermined through non-recognition of eligible persons as right holders, inability to make claims due to imposition of a host of arbitrary and discretionary eligibility conditions, non-fulfillment of entitlements guaranteed under the Act, in particular days of work and wages, restrictions on the nature of permissible works, absence of work in the most food-deficit rainy season due to focus on manual labour and earth works. Creation of social and economic infrastructure too would go a long way in reducing poverty.

Government of India has accelerated its pace of poverty alleviation strategies by mobilizing great budget resources, creating time frames for quantifiable deliverables, linking, with global frameworks of action, such as the millennium development goals which provide an umbrella approach for addressing multi-dimensional deprivations.<sup>4</sup>



## FUNDING OF THE PROGRAMME

The central Government bears the costs on the following items:

1. The entire cost of wages of unskilled manual workers.
2. Administrative expenses as may be determined by the Central Government, which will include inter alia, the salary and the allowances of the programme officer and his supporting staff, work site facilities.
3. 75 per cent of the cost of material, wages of skilled and semi skilled workers.
4. Expenses of the National Employment Guarantee Councils.

The State Government bears the costs on the following items:

- 25 per cent of the cost of material, wages of skilled and semi skilled workers (As a ratio of 60: 40 is to be maintained for wages of the unskilled manual workers and the material, skilled/semi skilled worker's wages, the State Government has to bear only 25 per cent of the 40 per cent component, which means a contribution of 10 per cent of the expenditure).
- Unemployment allowance payable in case the state government cannot provide wage employment on time.
- Administrative expenses of the State Employment Guarantee Council.<sup>5</sup>

## EXPRESSION OF DEMAND FOR EMPLOYMENT

Unemployment is a cause of poverty. The Government has launched various programmes for poverty alleviation. Among these programmes, MGNREGA is the largest rural employment programme ever undertaken in India. The Government as a commitment to its National Common Minimum Programme, has successfully passed the Bill on this scheme. The launching of MGNREGA is an illustrious endeavour to ensure employment to the rural needy and poor family. MGNREGA is a holistic measure and aimed at fulfilling one of the most important Human Right, i.e. right to employment at least to one member of the family. Gram Panchayats are given more importance than Panchayat Samities and Zila Parishad for implementation of this scheme. To ensure transparency and accountability, the government has made a provision of 'Social Audit' under this scheme. Under the MGNREGA the tool of social audit is extensively used by local community to ascertain the relevance, usefulness and utility of the funds allocated. The formulation and implementation of MGNREGA constitute a significant step to poverty alleviation by providing an institutional framework for guaranteeing supplementary livelihood opportunity to the rural households.<sup>6</sup>

Since MGNREGA is a right based programme, expression of demand for employment by the rural poor is the basic premise of its operation, especially if the wage seekers are illiterate and unorganized. Generating awareness about the programme among local rural communities become critical for enabling the rural poor to express demand. States have adopted various methods for communication and social mobilization that include preparation of communication material on MGNREGA process in simple local language, orientation of sarpanch/ward members, convening gram sabhas, using district teams for village level interactions, local vernacular newspaper, TV and radio spots, pamphlets and brochures, local cultural forums fixing a Rojgar day in a week and establishing a helpline. The full knowledge of the rights the MGNREGA confers on the rural poor is the most important pre-requisite to enable them to seek employment as per their choice of time and duration.

## LABOUR BUDGET, INVENTORY OF PROJECTS AND PERSPECTIVE PLAN

MGNREGA guarantees providing employment within 15 days of demand and the instrument employment is unskilled manual work selected from the list of permissible works. This legal guarantee has implication for the way in which works have to be planned. A labour budget, as stipulated under the Act, is required to be prepared to facilitate advance planning, whereby districts estimate their labour demand for the ensuing financial year by December end.

National Guidelines indicate the way in which the annual shelf of the projects may be prepared to meet the estimate the labour demand. Districts should keep a list of works ready to meet employment demand. Estimated benefits in terms of person days need to be assessed, so that the employment expected to be generated through the works planned may be clearly matched with the estimated employment demand. Physical improvement envisaged (land/water conservation etc.) has to be qualified so that the focus remains on creating durable and productive assets that support further self-sustaining employment. Displaying the list of approved works at the Gram Panchayat office and the details of works taken up on the work site has been stipulated so that the workers know the work opportunities locally available.

## WORK RECORD, PAYMENT OF WAGES AND PREVENTING BOGUS MUSTER ROLLS

The legal guarantee of MGNREGA mandates that wages due to workers be paid within 15 days of work completion. This requires that of fair record be maintained for the work done. To ensure that authentic muster rolls are used, numbered muster rolls are to be issued for each sanctioned work by programme officer and maintained on the work site by the executing agency. Muster rolls must mention job card numbers of workers, days worked, quantum of work done, amount paid and must have space for recording inspections. Muster rolls should be read out on the work site during measurement and wage payment to prevent bogus records. Entries of the muster roll should be correspondingly recorded in the job cards of the workers. Updating of muster roll data at the block level computers in a 15 days cycle needs to be ensured. Regular measurement and supervision of works should be done by qualified technical personnel on time.

## WOMEN EMPOWERMENT

MGNREGA stipulates that priority shall be given to women. In terms of implementation it mandates that a minimum of one-third of the beneficiaries shall be women who have registered and have requested for work.

## VIGILANCE AND TRANSPARENCY

Vigilance and transparency have been strongly emphasized in MGNREGA. The field verification of MGNREGA process is through external and internal agencies and the feedback is shared with the states for follow up. Independent concurrent studies have also been taken up. Monitoring at the state level is required and states are expected to ensure 100 per cent verification at block level, 10 per cent at district level and 2 per cent at the state level, especially work muster rolls, and records. Guidelines for muster roll verification have been evolved. The setting up and training local vigilance and monitoring committees is also required for bringing in lateral transparency. A web enabled M/s [www.nrgc.nic.in](http://www.nrgc.nic.in) has been developed that seeks to place all information in public domain. It is a household level database and has internal checks for ensuring consistency and conformity to normative processes. All critical parameters get monitored in public domain.

Since the MIS places all critical data on the web and this data is software engineered, it has significant advantages in terms of transparency as it allows cross verification of records and generation of reports on any parameter of the Act.

## PUBLIC ACCOUNTABILITY

MGNREGA contains specific provisions for public accountability. This has to be accomplished through the provisions made in the Act and guidelines regarding right to information, proactive disclosure of information and a transparent social audit process. The right to information should be followed in both letter and spirit in all matters relating to MGNREGA. Section 17 of MGNREGA provides for social audit of all works in a Gram Panchayat (GP) by the Gram Sabha and the Gram Panchayat has to provide records for social audit.

## GRIEVANCE REDRESSAL

Enforcement of the right to employment requires setting up an effective grievance redressal system. MGNREGA vests the responsibility for grievance redressal with the programme officer. To ensure prompt grievance redressal, certain basic arrangements must be ensured, such as setting up a grievance redressal cell at

the programme officer (PO)/District Programme Co-coordinator (DPC) offices, preferably with a toll free helpline. The PO and DPC must review the disposal of complaints on a monthly basis and the persons concerned must be informed.<sup>7</sup>

## FINANCIAL MANAGEMENT

A non-lapsable central employment guarantee fund has been set up to ensure that availability of funds match working season demands. Districts have dedicated accounts for MGNREGA funds and submit their proposals based on clearly delineated guidelines so that funds may be devolved efficiently at each level, and adequate funds may be available to respond to demand. The funds are released on the basis of demand for employment received in a district and are based on an appraisal of both financial and physical indicators of outcomes.

## OTHER PROCESSES OF MGNREGA

### A. RIGHT-BASED FRAMEWORK

1. Audit members of a rural household who are willing to do unskilled manual work may apply for registration to the local Gram Panchayat, in writing, or orally.
2. Gram Panchayat after due verification will issue a job card. The job card will bear the photograph of all adult members of the household and is free of cost.
3. A job card holding household may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought.

### B. TIME-BOUND GUARANTEE

1. Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates. If employment is not provided within 15 days, daily unemployment allowance in cash has to be paid. Liability of payment of unemployment allowance is of the states.
2. Work should ordinarily be provided within 5 km radius of the village or else extra wages of 10 per cent are payable.
3. Wages are to be paid according to minimum wages. Disbursement of wages has to be done on weekly basis and not beyond a fortnight.

### C. WORK SITE FACILITIES

1. Work site facilities such as creche drinking water, shade have to be provide.

### D. LABOUR –INTENSIVE WORKS

1. A 60:40 wages and material ratio has to be maintained. Contractors and use of labour displacing machinery is prohibited.

### E. PERMISSIBLE WORKS

1. Water conservation
2. Drought proofing (including plantation and afforestation)
3. Irrigation canals
4. Minor irrigation horticulture and land development on the land of SC/ST/BPL/IAY and land reform beneficiaries
5. Renovation of traditional water bodies.
6. Flood protection
7. Land Development
8. Rural connectivity
9. Any other work that may be notified by the central government in consultation with the state government.

### F. ROZGAR JAGARAN PURUSKAR

The objective of the award is to acknowledge the outstanding and exempt any contribution made by a registered Civil Society Organization (CSO) in the effective implementation of the MGNREGA at state, district, block and gram panchayat levels. The award includes a medal, scroll and cash (Gram Panchayat ₹1000; Intermediate Panchayat, 2000; District Panchayat ₹ 2500; and state level ₹ 25,000.<sup>8</sup>

## E-GOVERNANCE IN RURAL AREAS

Ministry of Rural Development, Government of India has developed a number of applications to automate the processes of information generation and strengthening E-governance. Efforts are also made to develop national level ICT solutions for some important activities like the land records computerization, MIS for Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), online monitoring of schemes of the Ministry, Rural Bazaar, Rural Soft, Below Poverty Line (BPL) census 2002 etc.

## RURAL PORTAL

Rural Portal for Ministry of Rural Development ([www.rural.nic.in](http://www.rural.nic.in)) has been developed for information exchange and learning from others experience. It provides a gateway to around 150 websites. It provides details of schemes of the Ministry, their physical and financial status, release position, sanction orders etc. Apart from this, news related to Ministry are also uploaded daily onto the site, circulars of public interest, information regarding events, tenders/notices, e-mail are also uploaded regularly onto the site. Online SARAS Mela is available on the website to web showcase the products made by rural artisans for wide publicity and to create national /international market for their products. Applications have been developed to on-line monitor the Monthly Progress Reports of schemes of the Ministry.

## HOUSEHOLD SURVEY (BPL CENSUS 2002)

NIC-DRD informatics cell has designed and developed the software for the household survey BPL Census 2002. The software was designed in such a way that it uniquely identifies a family and all the members of the family at national level. It also assigns a unique number to all panchayats which are the executing agencies/ service providers for most of the schemes of Ministry of Rural Development. The family and the persons whose information is captured in the software are the beneficiary/service receiver for most of the schemes of the Ministry and are uniquely identified.

## NATIONAL RURAL EMPLOYMENT GUARANTEE ACT SOFTWARE PACKAGE

Ministry and NIC commenced the preparation of appropriate E-governance solution to strengthen NREG scheme in October 2005 and when the scheme was launched in February 2006, the MGNREGA Software was also launched across the country. The software is available to all stakeholders online through <http://INREGA.nic.in> and also could be downloaded for off-line working. The package is Unicode-enabled and supports local languages. The training to use the software has been organized in States.

MGNREGA software is web-based software prepared to capture all the activities under MGNREGA at National, State, District, Block and Panchayat level. Using this portal each stakeholder can input information and access his/her own information through this portals NREGA soft captures Registration of workers, work demanded, number of days of employment for whole family, funds transferred/utilized and number of works undertaken under the scheme. Various stake holders of the project are the following:

1. Citizens
2. Gram Panchayats, Block Panchayats, Zila Panchayats.
3. Workers
4. Programme officers
5. District Programme Coordinators.

6. Implementing agencies other than PRIs
7. State RD Departments
8. Ministry of Rural Development and administrators in Government of India.<sup>9</sup>

### NEED FOR MGNREGA

India is the world's largest democracy and one of the ten fastest growing economies of the world. It is home to over a third of the world's poor people. India contains more poor people than any other country. Agriculture forms the backbone of the Indian economy wherein more than three-fourths of the poor live in rural areas and depends on agriculture as their primary occupation. During the present reforms period, economy is growing at the rate of six per cent of GDP, but it has witnessed marked deceleration in employment generation. Excessive labour intensive agricultural sector has not provided adequate employment opportunities to the rural poor.<sup>10</sup>

### MGNREGA-DIFFERENT FROM OTHER SCHEMES

The MGNREGA scheme is entirely different from other social security and rural development schemes. The following are the differences:

1. Unlike the other schemes it is enacted through the parliament of India. The legitimacy and authority is being provided by the parliament of India. This is the unique strength of the MGNREGA scheme.
2. The ideology behind the MGNREGA scheme is different from other public service schemes. The main goal of this MGNREGA scheme is to empowering the livelihood of the rural poor rather than providing employment to the rural poor.
3. The MGNREGA scheme is ensuring guaranteed wage employment for at least minimum 100 days to every eligible rural household in the rural areas. Whereas the existing other schemes have not such as guaranteed wage and employment.
4. The MGNREGA is ensured daily unemployment allowance of one-third to one-half of the minimum wages, if the person was not provided employment opportunity within 15 days of application. In case, the person is not provided either employment or compensation, the concerned person has the right to seek judicial intervention to ensure his/her rights. Here, getting employment becomes an entitlement of the individual. Whereas this feature is not applicable to the existing other schemes.
5. The MGNREGA ensures that for the first time, the government can be penalized, if they were not provided employment on time. These kind of penalizing provisions are not available with other employment guarantee schemes that have been implemented in India.
6. The MGNREGA is also ensuring that minimum wages must be provided as per the Minimum Wages Act, 1948. This provision is not available with the existing other employment guarantee programmes.
7. The MGNREGA is guaranteed for equal wages for both men and women. Whereas this feature is not available with the existing other employment guarantee programmes.
8. The MGNREGA is mandatory that at least one-third of the works to be provided exclusively for women. This provision is also not applicable with the existing other programmes.
9. The MGNREGA is also made mandatory for providing necessary facilities for women at the worksites like, drinking water, baby crèche, first aid and shade.
10. Finally, the MGNREGA ensures the transparency and accountability. This is considered as a key feature. The public are empowered to scrutinize the matters pertaining to the works details, payment and other particulars, such as social auditing is very much pertinent for the success of any programme. These kind of provisions are not available with the existing other programmes.<sup>11</sup>

The MGNREGA is one of the rights-based scheme introduced in India since independence to empower the rural households by providing guaranteed wage employment to the better extent of the real beneficiaries. It ensures the individual getting employment as legal entitlement of the citizens of India. This Programme has created much hopes in the minds of rural households, through proper implementation of MGNREGA with revision of minimum wages from time to time, the standard of living of the rural poor can be improved.

### CONCLUSION

It is concluded that the programmes to create direct employment opportunities for wage workers through public works have been the past focused on generation of supplementary employment opportunities, especially during lean periods. They have been considered as an important component of anti-poverty strategy. These programmes are expected to create durable assets for the community and thus, enhance further economic activities. Wage employment programmes also push up demand for labour and thus, exert an upward pressure on the market wage rates by attracting people to public works programmes, thereby reducing supply of cheap labour, often at wages that would not even meet their bare basic needs. Apart from the advantages that would accrue to the employed, under-employed and the poorly employed, such programmes will also have a positive macroeconomic impact via the increase in effective demand from the hitherto poor and vulnerable segments of the population. Viewed in this perspective, the enactment of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a historic step in the Indian context.<sup>1</sup> Here an attempt has been made to introduce the various aspects of historic MGNREGA.

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