

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) - Description and Evaluation of the Rural Employment Policy in India

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Abstract:

This paper provides a comprehensive analysis of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in India, tracing its origins from the National Food for Work Programme. The study explores the policy framework, objectives, and implementation of MGNREGA, emphasizing its role in addressing work and food shortages in Indian villages. The paper employs policy analysis and impact assessment methodologies, considering factors such as rural poverty, wealth distribution, and the need for inclusive economic growth. The evaluation covers key features of the policy, including the establishment of a National Employment Guarantee Fund, weekly wage payments, gender equality, and prohibition of contractors and labour-displacing machines. The impact assessment indicates positive outcomes in areas such as income, labour rates, food security, savings, debt clearance, confidence building, and reduced distress migration. The case study of Andhra Pradesh highlights the program's effectiveness, with an average employment of 53 days per household and an additional income of Rs.5100 during the 2010-11 period. The paper underscores MGNREGA's significance in achieving participatory and equitable growth, complementing market-oriented and infrastructure-related policies.

Keywords: MGNREGA, policy analysis, impact assessment, rural poverty, wealth distribution, inclusive growth, National Employment Guarantee Fund, Andhra Pradesh.

As a result of sustained campaign by academicians and activists highlighting the shortage of work and food to large segments of population in Indian villages, MGNREGA was envisaged within the existing framework of the earlier National Food for Work Programme (NFFWP) (Bhatia and Dreze, 2006)². The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is “An Act to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto.”¹

Market oriented and infrastructure related policies, generate faster development and public resources. But they alone don't guarantee participatory and equitable growth. Active social policies such as

MGNREGA, far from detracting economic reforms complement them in an essential way,” (Shah et al, 2012)³. Claimed to be the largest and most ambitious public works and social security program in the world, MGNREGA was initiated in February 2006, by the Ministry of Rural development, Government of India, funded by the central government, implemented by all states. Under NREGA all rural households have legal right to get not less than 100 days of unskilled manual labour on public works in each financial year (Khera and Naik 2009)⁴. It is hailed as one of the most popular and successful ever policy of the government of India, it is claimed that a quarter of all the rural households participate and take benefit from the scheme. It is aimed at creating the minimum purchasing power for food security among the rural families living below the poverty line (Hazra 2012)⁶. This paper attempts to describe and evaluate the policy under active implementation by the UPA government.

Policy Analysis

According to Dunn (1983)⁵ policy analyses is a “discipline which uses multiple methods of inquiry and argument to produce and transform policy relevant information that may be utilized in political settings to resolve public problems.” MGNREGA has been under nationwide implementation and the objectives of this paper are the briefly revisit the framework and to evaluate the policy performance.

Impact Assessment

Impact assessment is undertaken to estimate whether or not interventions produce their intended effects. The basic aim of impact assessment is to produce an estimate of the ‘net effect’ of an intervention (Rossi and Freeman, 1993)¹. Various approaches and methods are suggested for impact assessment such as, comparing sets of statistics, experimental approach, cost-benefit analysis method, performance measurements approach, rapid assessment method, and using citizens response (Sapru, 2010)²

Rural Poverty in India

Rural poverty in India has been receiving a great deal of attention from the governments and policy makers in India. Top 1% of the population holds 16% of the wealth, and the top 5 % have 33%. The bottom 5% have 0.01% of the national wealth (Bhattacharya, 1989)³. It is felt that full employment and sustained growth of the national product should go hand in hand to alleviate poverty. It is felt that by the end of the 8th five year plan, 300 million people should be activated and inducted into the workforce and be drawn into the mainstream of economic activity. The NREGA that aims to cover all of rural India within five years is an attempt in this direction. The present paper reviews the various studies done by the government and researchers to assess impact of MGNREGA.

Anatomy of the policy

NREGA bill seeks to provide “at least one hundred days of guaranteed employment at the statutory minimum wage” to adult members of every rural household who volunteer to do casual manual work. For this, a dedicated National Employment Guarantee Fund is set up that will be expended exclusively for implementation of the act. (Shah 2004)⁴

The salient features of the scheme are-

1. Wages are paid every week. In case of any delay, labourers will be entitled to compensation as per the Payment of Wages Act.

2. Under no circumstances shall there be any discrimination on the basis of gender in the provision of employment or the payment of wages.
3. In case of injury, suitable treatment, on-site safe drinking water, care of small children, periods of rest and a first-aid box are to be provided.
4. Use of contractors and labour displacing machines is forbidden. At least 60 per cent of the expenditure under any project has to be on wages.
5. Employment will be provided to every registered person within 15 days of receipt of an application.
6. As far as possible, employment will be provided within a radius of 5 km. Failing this, the labourers are paid 10 per cent of the daily minimum wages extra, to meet additional transportation and living expenses.
7. If the applicants are not provided with work as described above, they will be entitled to a daily unemployment allowance after 15 days from the date of application.
8. The village council of elders monitor the work through regular social audits. All relevant documents, including muster rolls, bills, vouchers, measurement books, copies of sanctions, etc, will be made public.

Evaluation and Impact Assessment by the implementing agency

Most stakeholders have perceived MGNREGS's positive impact in the following areas – income, labour rates, food security, savings, clearance of high cost old debts, increased confidence and bargaining power, reduced distress migration and period of migration, education, health, agriculture and livestock, new livelihoods, permanent and livelihoods assets including houses, etc¹

Taking a case in point, the track record of implementation in Andhra Pradesh a representative state of India, during 2010-11, ¹ the average employment per household is 53 days and average additional income from MGNREGS is Rs.5100 per household.

There is a 44% reduction in the number of **migrant** families. Only 5% (9% earlier) families are in distress migration. There is a significant increase in **loan** volumes (Rs.6500 to Rs.32000 in 'Best' villages and Rs.17020 to Rs.34499 in 'Least' villages). Average savings per household have increased over 300%. The average **wage rate** has increased by 43% (from Rs.30-75/day). There is increase (43%) in number of households receiving higher wage rates across all the villages. The **income** of a household/year is Rs.50,097 and Rs.8585 (17%) is from MGNREGS on an Average. ¹

Critical Evaluation- At the conception level

A uniform wage of 100 rupees per day is fixed. However, "uniform all-India wage has meant that in several states the NREGA wage will be lower than the minimum wages for comparable work that are currently determined by each state... It is desirable to allow for sufficient flexibility to account for regional/geographical variation." (Sankaran, 2011)²

It was hoped that right to work is now given to the rural people through this policy. However, it is disappointing that the households, rather than individual in need, are included... this becomes a serious flaw in view of the 'intra-household gender discrimination.' The 100-days per year norm is an anomaly. Right to work is to be enjoyed by people in need without restrictions (Shah, M, 2004)³. Here, the sheer

size of the population and limitation of the funding and challenges in implementation comes into play. The administrative rationing of jobs is not pro-poor but exhibits a sort of middle-class bias” (Liu and Barret, 2013).⁴

Critical Evaluation- At the implementation level

Five years after initiation, the scheme has spread to 625 districts across India and made deep inroads into the lives of millions of rural poor increasing their purchasing power (Sinha, 2011)⁵. Woman participation has marginally increased in spite of various barriers to women participation. Women participation is better in states where women enjoy better status in general (Tamil Nadu, 82%, as against UP 15%) (Khera and Naik, 2009)¹. Women constituted 90% of the work force in Kerala (Jacob and Verghese, J. A. 2006).² Corruption continues to be an obstacle. Absence of muster roles, fake names, inflated entries, faulty and useless job card design are reported. Contractors who are banned under the Act in implementing the scheme process are very much present. Percentage system and bribes to government officials is practiced in some places (Vanaik and Siddharth, 2008³; Ravallion, 2012⁴). Jha and Gaiha (2012)⁵ reported a deteriorating trend in the implementation process. Average number of days of employment per household, the percentage of households completing 100 days of employment, the percentage of expenditure against total available funds, and the percentage of work completed, has steadily gone down according to the statistics reported by the government. The mean participation was 59 days and but targeting was satisfactory according to a report from Rajasthan (Gaiha, et al 2008)⁶. The social audit process has a long way to go before it can claim to have contributed to transparency, empowerment and good governance. What these audits achieved much less than expected (Gopal, 2009)⁷.

Very low understanding of the basic features of the Act was revealed in a study in the backward state of Jharkhand. Little has happened excepting distribution of job cards. Employment generation is limited. Wage payments were delayed and are always below the statutory minimum. Contractors ensured that their own kith and kin get the jobs (Bhatia and Dreze 2006)⁸. Child care facilities are non-existent leading to violation of Child rights, and social audit system is faulty in many states (Bhatty, 2006)⁹

Conclusion

Through the increased access to employment, increased wage rate, increased improvement on common resources and private resources, MGNREGS has significantly impacted the households directly and the villages indirectly (Impact of MGNREGS).¹⁰ Distress migration has significantly declined., eliminating the exploitative conditions migrants face, such as cost of migration, uncertain earnings, health hazards, breakdown of social life, vulnerability of women to sexual exploitation and child labour. (Akthar and Azeez, 2012)¹¹.

One of the most important aspects of this policy is, now the villagers can enjoy their right to work. Ahirrao(2012)¹ reports that in the year 2006-07, 21.2 million people demanded work and 21.0 million people were provided work out of which 40% were women.

The scheme is a threat to the established power equations at the local level. Therefore there is a certain fear and lethargy seen in the implementers. A study by Akthar and Azeez(2012)² has shown that most states utilized 55% to 60% of the allocated funds, a few utilized less than 50%. Budget allocation has

steadily increased from 113 billion rupees in 2006-07 to 401 billion in 2010-11, but has gone down to 330 billion in 2012-13.

The scheme should be revised taking into consideration the birth pangs as well as more serious flaws in the policy itself. Restricting the number of working days to 100 need reconsideration in view of the vagaries of climate such as prolonged drought or floods. The scheme should be more flexible for local conditions. Extreme conditions, such as farmer's suicides, need to be accommodated. The works are agriculture based. They need to be extended to other occupations. Skill based job creation is desirable. Local bottle necks and pit falls need to be addressed³. A more evolved policy must be designed. On the whole, MGNREGS is a success story and proved to be a boon to the rural poor, thus contributing to poverty alleviation in India.

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