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Mahatma Gandhi National Rural Employment Guarantee Act: A Critical Evaluation



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Abstract

The notion that public works programs can provide a strong social safety net through redistribution of wealth and generation of meaningful employment has been integral to the Indian policy-making agenda. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005 is currently a major part of this agenda. The Employment Guarantee Act is a step towards the right to work, as an aspect of the fundamental right to live with dignity. The "right to life" is a fundamental right of all citizens under Article 21 of the Indian Constitution and it includes the right to live with human dignity, which would make life meaningful, complete and living. This program provide income transfers to poor households during critical times and also enable consumption smoothing, especially during slack agricultural seasons or years. In countries with high unemployment rates, transfer benefits from workfare program can prevent poverty from worsening, particularly during lean periods. The basic object under the Act is that the funds must be reach to the rural poor. The lack of awareness on the part of the rural poor about their rights under the Act is a major impediment. There have been significant achievements, however various studies highlighted implementation problems at grass roots level across the States. Delay in distribution of job cards to target groups, delays in wage payments and payment of less than minimum wage, absence of worksite facilities, non-availability of muster rolls at the worksite, presence of private contractors and shortage of staff and delay in appointments are the major shortcomings.

Keywords : MGNREGA, Performance, Shortcoming

Introduction

'I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the weakest man whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to a control over his own life and destiny? In other words, will it lead to Swaraj (i.e. self-rule/freedom) for the hungry and spiritually starving millions?'¹

A majority of the poor in rural areas of the country depend mainly on the wages they earn through unskilled, casual, manual labour. They are often on threshold levels of subsistence, and are vulnerable to the possibility of sinking from transient to chronic poverty. Inadequate labour demand or unpredictable crises that may be general in nature, like natural disaster or personal like ill-health, all adversely impact their employment opportunities. In a context of poverty & unemployment, workfare programmes have been important interventions in developed as well as developing countries for many years. These programmes typically provide unskilled manual workers with short-term employment on public works such as, irrigation infrastructure, reforestation, soil conservation and road construction. The rationale for workfare programmes rests on some basic considerations. The programmes provide income transfers to poor households during critical times and also enable consumption smoothing, especially during slack agricultural seasons or years. In countries with high unemployment rates, transfer benefits from workfare programmes can prevent poverty from worsening, particularly during lean periods. Durable assets that these programmes may create have the potential to generate second-round employment benefits as needed infrastructure is developed.

Gensis of Labour Legislations

The need to evolve a mechanism to supplement existing livelihood sources in rural areas was recognized early in development planning in India. The Government implemented workfare programmes that offered wage employment on public works at minimum wages². The wage employment programmes started as pilot projects in the form of Rural Manpower (RMP) [1960-61], Crash Scheme for Rural Employment (CRSE) [1971-72], Pilot Intensive Rural Employment Programme (PIREP) [1972], Small Farmers Development Agency (SFDA), Marginal Farmers & Agricultural Labour Scheme (MFAL) to benefit the poorest of the poor. These experiments were translated into a full-fledged wage-employment programme in 1977 in the form of Food for Work Programme (FWP). In the 1980's this programme was further streamlined into the National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP). Jawahar Rozgar Yojana (JRY) [1993-94], Employment Assurance Scheme (EAS), Employment Assurance Scheme (EAS), The Jawahar Rozgar Yojana (JRY) was merged with Jawahar Gram Samridhhi Yojana (JGSY) from 1999-2000 and was made a rural infrastructure programme. The programme was merged with Sampoorna Grameen Rozgar Yojana (SGRY) from 2001-02, and National Food for Work (NFFWP) [2005]. These wage employment programmes implemented by State Governments with Central assistance were self-targeting, and the objective was to provide and enhance livelihood security, especially for those dependent on casual manual labour.

Constitutional Guarantee and Labour Welfare Mechanism

The Employment Guarantee Act is a step towards the right to work, as an aspect of the fundamental right to live with dignity. The "right to life" is a fundamental right of all citizens under Article 21 of the Indian Constitution and it includes the right to live with human dignity, which would make life meaningful, complete and living³. Justice Bhagwati in **People Union for Democratic Rights V. Union of India**⁴ held that human being have fundamental Right to maximum wages, drinking water, shelter, crèches, medical aid and safety in the respected occupations covered by various welfare Legislations to ensure basic human dignity to workmen.

Article 21 of Indian Constitution has wider meaning which includes right to livelihood, better standard of life, hygienic conditions in work place and leisure.⁵

The State shall direct its policy towards securing that the citizen, men and women equally, have the right to an adequate means of livelihood⁶ and equal pay for equal work for both men and women.⁷ The doctrine of equal pay for equal work is equally applicable to the persons employed on daily wages basis. This is the duty of the welfare State to make effective provisions for securing the right to work.⁸ Right to work is in fact right to live. All other rights are meaningless in the absence of right to work because

when we have nothing to earn then how can we have anything to eat and survive. In present scenario there is need for enshrining the provisions of right to work or employment and Mahatma Gandhi National Rural Employment Guarantee Act, 2005 is a step toward the empowerment for rural labourers. Guaranteed employment can protect them from economic insecurity, strengthen their bargaining power, help them to organise and fight for their rights.⁹

Mahatma Gandhi National Rural Employment Guarantee Act, 2005: An Overview

The notion that public works programs can provide a strong social safety net through redistribution of wealth and generation of meaningful employment has been integral to the Indian policy-making agenda. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005 is currently a major part of this agenda. The Act was enacted at a point in time when more than a decade of sustained high growth in GDP experienced in the 1980s and the 1990s was perceived not to have made a sufficient dent in poverty in the rural India. The Act was notified on 5 September 2005 and was implemented in rural districts in 3 phases. Each state is required to design an employment guarantee scheme based on a set of National Guidelines. Public Work Programmes or Employment Generation Programmes like the Maharashtra Employment Guarantee Scheme (MEGS), Food for Work Programme (FWP), Sampoorna Grameen Rozgar Yojana (SGRY) and National Food for Work Programme (NFFWP) have been used to address the issue of unemployment and generate employment through the creation of labour- intensive productive assets and have thus provided the foundation for the MGNREGA.¹⁰

Objective of the Study

The mandate of the Act is to provide 100 days of guaranteed wage employment in a financial year to every rural household¹¹ whose adult members volunteer to do unskilled manual work. The objectives of the programme include:

1. Ensuring social protection for the most vulnerable people living in rural India through providing employment opportunities,
2. Ensuring livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity,
3. Strengthening drought-proofing and flood management in rural India,
4. Aiding in the empowerment of the marginalized communities, especially women, Scheduled Castes (SCs) and Scheduled Tribes (STs), through the processes of a rights-based legislation,
5. Strengthening decentralized, participatory planning through convergence of various anti-poverty and livelihoods initiatives,
6. Deepening democracy at the grass-roots by strengthening the Panchayati Raj Institutions (PRIs).¹²

7. Effecting greater transparency and accountability in governance.

MGNREGA has become a powerful instrument for inclusive growth in rural India through its impact on social protection, livelihood security and democratic governance.

Jurisdiction

The Act was notified in 200 rural districts in its first phase of implementation (with effect from 2 February 2006). In Financial Year 2007-08, it was extended to an additional 130 rural districts. The remaining districts were notified under MGNREGA with effect from 1 April 2008. Since 2008, MGNREGA has covered the entire country with the exception of districts that have a hundred per cent urban population.

Salient Features of the Act¹³

Registration

Adult members of a rural household willing to do unskilled manual work, may apply for registration either in writing, or orally to the local Gram Panchayat.¹⁴ The unit for registration is a household. Under the Act, each household is entitled to a 100 days of employment every year.

Job Card

After due verification of place of residence and age of the member/s (only adult members are eligible for employment), the registered household is issued a Job Card. Job Card forms the basis of identification for demanding employment. A Job Card is to be issued within 15 days of registration. Each Job Card has a unique identification number. The demand for employment in the Gram Panchayat, or at block level has to be made against the Job Card number. Job Cards are also supposed to be updated with days of work and payment made to the beneficiary as and when the work is undertaken.

Application for Work

A written application seeking work is to be made to the Gram Panchayat or Block Office, stating the time and duration for which work is sought. The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates.

Unemployment allowance¹⁵

In case employment is not provided within 15 days, the state (as per the Act) will pay an unemployment allowance to the beneficiary.

Provision of Work

While allocating work, Work is provided within 5 kilometres (kms) radius of the village. In case, work is provided beyond 5 kms, extra wages of 10 per cent are payable to meet additional transportation and living expenses. Priority is awarded to women, such that at least one-third of the beneficiaries under the Scheme are women. At least 50 per cent of works, in terms of cost, are to be executed by the Gram Panchayats.

Wages¹⁶

Wages are to be paid as per the State-wise. Government of India notified MGNREGA wages. Wages are also to be paid according to piece rate, as

per the Schedule of Rates¹⁷. Payment of wages has to be done on a weekly basis and not beyond a fortnight in any case. Payment of wages is mandatorily done through the individual/joint bank/post office beneficiary accounts.¹⁸

Planning¹⁹

Plans and decisions regarding the nature and choice of works to be undertaken. In a Financial Year along with the order in which each work is to be taken up, site selection, etc. are all to be made in open assemblies of the Gram Sabha²⁰ and ratified by the Gram Panchayat. Works that are inserted at Block and District levels have to be approved and assigned a priority by the Gram Sabha before administrative approval can be given. The Gram Sabha may accept, amend or reject them.

Cost Sharing

The Government of India bears the 100 per cent wage cost of unskilled manual labour and 75 percent of the material cost, including the wages of skilled and semi-skilled workers.

Worksite Management

To ensure that the workers are directly benefitted under the Scheme, the Act prohibits the use of contractors or machinery in execution of the works. To ensure that the spirit of the Act is not diluted and wage employment is the main focus, MGNREGA mandates that in the total cost of works undertaken in a Gram Panchayat, the wage expenditure to material expenditure ratio should be 60:40. Worksite facilities such as crèche, drinking water and shade have to be provided at all worksites.

Transparency and Accountability²¹

Transparency and accountability in the programme is ensured through the Social audit,²² To scrutinize all the records and works under the Scheme are to be conducted regularly by the Gram Sabha. Grievance redressal mechanisms and rules have to be put in place for ensuring a responsive implementation process. All accounts and records relating to the Scheme should be available for public scrutiny.

Performance of MGNREGA

Mahatma Gandhi National Rural Employee Guarantee Scheme (MGNREGA) has generated more rural employment than any other government scheme or private initiative in the history of independent India. At the same time, it has also generated a great deal of controversy over its merits and demerits. It would be fair to say that the policy establishment in the country right now is not favorably disposed towards the MGNREGA, with the Prime Minister himself branding it a "monument to 60 years of failure." Its critics have called it wasteful, ineffective, leaky, and argued that it hurts the poor by fuelling inflation. They claim that the assets created by MGNREGA works are of poor quality; that the money would be better spent on skill-development; that promoting economic growth and private investment is the only way to battle rural poverty, etc. Such a negative view of the MGNREGA enjoys credence in many quarters, especially among the urban middle classes. This is not entirely unexpected given that this is a rural-specific scheme

(districts that are 100 % urban are excluded from it) aimed at the extremely poor²³.

The picture that emerges is different from what is conveyed by the scheme's critics, but consistent with the findings of several field studies, many of which have been endorsed and published by the Union Ministry of Rural Development (MoRD) in a volume titled 'MGNREGA Sameeksha'. The studies reveal that, far from being a wasteful expenditure, the works under the MGNREGA have helped to create rural assets and infrastructure, ranging from anganwadis, toilets for individual households, crematoria, cyclone shelters, and playgrounds for children, to drought-proofing, flood protection and control, water conservation and harvesting, and rural road connectivity. Contrary to the claim that it distorts the rural economy, the MoRD's 'Report to the People on MGNREGA, 2014' acknowledges that the scheme has actually boosted agricultural productivity through development of wasteland/fallow land, and construction of post-harvest storage facilities and work sheds.

An Indian Institute of Science, Bangalore, study states that MGNREGA works have "contributed to improved ground water levels, increased water availability for irrigation, increased area irrigated by ground and surface water sources, and increased availability of drinking water for humans and livestock." The MoRD report also states that the MGNREGA's works on regenerating the rural ecosystem has "aided workers in moving from wage employment to sustainable employment." Further, MGNREGA has been a critical source of income for female-headed households, providing as much as 15 percent of the household income in some states. Plus it has given a fillip to rural entrepreneurship, with households using the supplementary income to start a rural business.

In many states, up to half of the MGNREGA income was spent on food, which improved health and nutrition, a critical factor in a country plagued by malnutrition. And since only the most needy sought work under this Act, it was an accurate self-targeting scheme, with a major proportion of the beneficiaries, much higher than their percentage in the general population belonging to Scheduled Castes/Scheduled Tribes and other marginalized communities.

A study conducted in Karnataka in 2010-11 revealed that the MGNREGA has also had a multiplier effect on the rural economy, with the additional purchasing power generated from it spent on items produced in the rural economy. Yet, despite so many positives (all documented in the field studies anthologised by the MoRD and in its Report to the People 2014), prominent voices from across the political spectrum have dismissed the MGNREGA as nothing more than a glorified ditch-digging scheme²⁴. Of course, a country like India which accounts for one-third of the world's poorest needs a multi-pronged approach to poverty-alleviation. Skills development is necessary for the integration of the rural poor into a modernizing economy. But till date there are no

studies which prove that skills development can take place on an empty stomach.

The two biggest complaints against the MGNREGA, however, are ones that are not often aired in public, perhaps because they might show the critic in poor moral light. One, the MGNREGA has altered the power balance between the landless poor and their employers (agricultural landlords, labour contractors), making it less loaded in favour of the latter; two, by raising rural incomes, it has decreased distress migration to the cities, thereby reducing the numbers of the reserve army of labour, and increasing the cost of labour²⁵.

The data shows a clear decline in the work provided under the MGNREGA. For instance, the number of households that received the legally guaranteed 100 days of work fell from 51.73 lakhs in 2012-13 to 46.73 lakh in 2013-14 (under the UPA), and then dipped sharply to 23.24 lakh in 2014-15 (under the NDA). One explanation for this could be that funds are not being released by the Centre²⁶.

If we look at the data on amount sanctioned, it shows a similar steep decline under the NDA government, from Rs. 27,484 crore in 2013-14 to Rs17,074 crores in 2014-15. While the government might argue that this reflects falling demand, testimonies from the field reports indicate that it is the delay in payments that is turning people away from this programme.

MGNREGA is a demand-driven scheme. A widespread denial of work under MGNREGA and endless delays in wage payment would end up killing the demand for work. If that happens, it wouldn't be long before the program is deemed a failure and wound up for good.

Shortcoming of MGNREGA

An ambitious programme like the MGNREGA is bound to suffer from shortcomings, especially when implemented by different authorities. State Governments do not give adequate attention to all the aspects of the programme. The basic object under the Act is that the funds must be reach to the rural poor. The lack of awareness on the part of the rural poor about their rights under the Act is a major impediment²⁷. There have been significant achievements, however various studies highlighted implementation problems at grass roots level across the States. Delay in distribution of job cards to target groups, delays in wage payments and payment of less than minimum wage, absence of worksite facilities, non-availability of muster rolls at the worksite, presence of private contractors and shortage of staff and delay in appointments are the major shortcomings²⁸.

Delayed wage payments are creating uncertainty in incomes of rural poor households. The labourers who preferred to stay in villages to migrating urban areas are rethinking their options. Hardly few villagers got 100 days wage employment in any of sample villages. An investigation of hunger deaths Baren District, Rajasthan, found that delay in MGNREGA wage payments were partly responsible. Main reason for delay is the inability of banks and

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post offices to handle mass payments of MGNREGA wages. Cases of a single worker having two job cards also came up and job cards issued in favour of women were also not seen. No job card issued to handicapped person.²⁹ It is a rare to find muster rolls at the worksites. Rough notebooks and diaries are being used to mark attendance and wage payments. Very few worksite have mandatory facilities like first aid kit, child care facility and shade or water.³⁰ There is particularly urgent need for trained supervisors at the worksites and to record keeping but most of the functionaries in charge have not received any training. Private contractors are banned for work under MGNREGA, but the survey found that they were in fact involved at 30 percent of the sample worksites. Many contractors enjoy the patronage of political leaders. The nexus of corruption and crime which also involves corrupt bureaucrats worrying implications of the budgetary provisions under the MGNREGA.

Although implementation has suffered from corruption and which is also mentioned in the draft report of the Controller and Auditor General of India. So some call it a source of corruption; others says it is a best thing to have happened in the rural development. There are villages, where it has provided employment to the large number of people leading to creation of public assets, whereas in some parts the funds have been siphoned off. The problems associated with its implementation are teething problems.³¹ If these defects are rectified, the programme can be an effective tool for inclusive growth and abolition of poverty.

Conclusion

India's MGNREGA is the only Act which gives its rural people such a right and that too in the era of Liberalization, Privatization and Globalization (LPG). It has a vital role to play because of its humane approach. It serves as an effective safety net for the unemployed especially during famine and drought. It has enabled them with sufficient purchasing power and they are able to at least to supports their basic necessity i.e. food. MGNREGA is a life line for rural people. It has the potential to lead to the empowerment of the poor people and usher in greater democratization of opportunities thrown up by the scheme are put to effective use. It can also contribute to improvement in governance in an incremental manner. The present Act has confined the rural poor to their areas and stopped migration to the cities. It is not only giving rural livelihoods but also involving them in other non-agricultural work. This has helped in handling disguised workers. Employment in other non-agricultural work will also improve the rural infrastructure i.e. rural asset building³². It will ultimately lead to sustainable development.

Suggestive Measures

Though MGNREGA has come up as a boon for rural poor but still filled with few lacunas and loopholes in the implementation of the Scheme. Therefore following steps can be suggested for consideration in order to make the Act more effective and beneficial.

1. The Scope of Scheme needs to be widened

2. At least 200 days work as against 100 days
3. Role of Gram Panchayat And Programme Officer needs to be clearly demarcated
4. Women/ sick men should be trained to do some light work
5. 60:40 wage material ratio is unrealistic, should not any ratio
6. Sufficient fund should be allocated from Centre budget to each State
7. States performing good must be awarded with additional funds To remove Corruption, the scheme must be implemented both by Govt. Machinery and Panchayati Raj
8. Gram Sabha / Gram Panchayat also allow to actively participate in Planning, Monitoring, Supervision, auditing, Coordination with the other Agencies etc.
9. Effective mobilization of local resources
10. Focus must be on women Participation
11. Review and Monitoring of the implementation progress must be on monthly and regular basis
12. Hoarding of job cards should be made punishable
13. Proper training camps should be organized in the village for mass awareness of Scheme and every one having the right of social auditing.
14. Electronic and Print media should also use to highlight the features of the Act.

References

1. These lines were quoted by Mahatma Gandhi, the father of the Nation, always concerned about the poverty and living conditions of the rural India. MGNREGA is a 'humble Tribute to Mahatma Gandhi on his 140th birth Anniversary.
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3. Meneka Gandhi v. Union of India, AIR 1978 SC 597
4. AIR 1982 SC 1473
5. For more Detail, See; Article 21 of Indian Constitution, 1950.
6. Ibid; Article 39(A)
7. Ibid; Article 39(d)
8. Ibid; Article 41
9. www.righttofoodindia.org
10. See, Krushna Ranaware, 'An overview of the feature of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005', IFMR Finance Foundation
11. A household is defined as members of a family related to each other by blood, marriage or adoption, and normally residing together and sharing meals.
12. Panchayati Raj Institutions (PRIs) are systems of local governance in rural India at three levels of administration: village, block and district.
13. See, MGNREGA SAMEEKSHA, An anthology of Research Studies on Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (2006-2012), Ministry of Rural Development, Govt. of India, New Delhi.

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14. Gram Panchayat is the primary unit of the three-tier structure of local self governance in rural India, the Panchayati Raj System. Each Gram Panchayat consists of one or more villages.
15. See, Section 7 MGNREGA
16. See, Section 6 MGNREGA
17. The details of the productivity norms are listed in the Schedule of Rates (SoRs). The SoRs are calculated through Work Time and Motion Studies. The SoRs, under the Act, have to be such that an average person working for nine hours, with one hour of rest, is able to earn the notified MGNREGA minimum wage.
18. Exceptions are made if the State Government has an exemption from the Government of India (GoI), specifying a plausible reason.
19. See; Section 13 MGNREGA
20. A Gram Sabha is a body of all persons entered as electors in the electoral roll for a Gram Panchayat. All the meetings of the Gram Sabha are convened by the Gram Panchayat to disseminate information to the people as well as to ensure that development of the village is done through participation or consent of all households.
21. See; Section 17 MGNREGA
22. Social audit refers to an audit of all processes and procedures under the Scheme, including wage payments, Muster Rolls etc. It normally involves a scrutiny of all documents and records of work done.
23. <http://www.thehindu.com/tag/social-issues-general/1562/>
24. <http://www.worldbank.org>
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26. Source: Official website MGNREGA (<http://mgnrega.nic.in>)
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