

## MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT – A BOON TO RURAL INDIA

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### Abstract

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) which came into existence in 2005 is a social security measure that aims to generate the “right to work” by providing at least 100 days of wage employment in a financial year to every household adult member. In 2015 and 2016 according to one study five states namely Tripura, Mizoram, Andhra Pradesh, Jharkhand and Sikkim are proved to be the best States implementing the scheme while five States namely Chhattisgarh, Goa, Meghalaya, Punjab and Arunachal Pradesh were considered the worst states. During the period 2012-2013 and 2017-2018 not only the number of families throughout the country under this scheme registered a downward trend from 97 percent to 87 percent but also the average number of days during which work is provided has come down from 50 to 39 days. Despite its contribution to eradication of rural poverty, upliftment of rural economy, prevention of migration, the scheme is not free from severe criticism.

### Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was initially called as the National Rural Employment Guarantee Act (NREGA), which came into existence in 2005. MGNREGA is a social security measure that aims to guarantee the “right to work”. It aims to ensure livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. It is one of the important schemes being implemented by Government to achieve inclusive growth.

Starting from 200 districts on 2<sup>nd</sup> February 2006, the NREGA covered all the districts of India from 1<sup>st</sup> April 2008. The scheme is hailed by the Government as “the largest and most ambitious Social Security and Public Works Programme in the world”. In its World Development Report 2014, the World Bank termed it a “Stellar example of Rural Development”.

### Assessment of the Scheme

S. Mathur and Bolia<sup>1</sup> assessed the implementation of the Act by the States between 2015 and 2016 by taking into account three indicators of MGNREGA implementation namely employment generation, wages paid in time and assets created as promised. States have been ranked out of a total score of 30. The study revealed that five States namely Tripura (26.8), Mizoram (26.3), Andhra Pradesh (23.6), Jharkhand (22.9) and Sikkim (20.9) are found to be the best States implementing the scheme while five States namely Chhattisgarh (12.7), Goa (12.7), Meghalaya (12.7), Punjab (12.7) and Arunachal Pradesh (7.1) were considered the worst states.

The number of families getting employment under this scheme throughout the country registered a downward trend from 97 percent in 2012-2013 to 87 percent in 2017-2018 (Table-1).

**Table - 1:** Percentage of families getting employment during 2012-2013 to 2017-2018.

Year	Percentage of families
2012-13	97
2013-14	93
2014-15	89
2015-16	90
2016-17	90
2017-18	87

Source : Eenadu, March 3,2018, P.5

The average number of days have also come down from 50 in 2012-2013 to 39 by February 2017-2018 (Table-2).

1. <http://nrega.nic.in>

**Table - 2:** Average number of working days under MGNREGA

Year	Average working days
2012-13	50
2013-14	49
2014-15	40
2015-16	48
2016-17	46
2017-18 (By February end)	39

Source : Eenadu, March 3, 2018, P.5

### Poverty Reduction

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) reduced poverty by upto a third, gave a large number of women their first opportunity to earn income in cash, reduced reliance on money-lenders, and did not significantly affect rural wages, a new research has found<sup>2</sup>. Ministry of Rural Development and National Council of Applied Economic Research (NCAER) a few years back released a report which used data from two rounds of India Human Development Survey (IHDS) – 2004 – 2015 and 2011 – 2012 – conducted by the NCAER and the university of Maryland by taking a sample of 26,000 rural households nation-wide. Comparisons of the two rounds of the survey found that the programme reduced poverty overall by up to 32 percent and prevented 14 million people from falling into poverty. The survey also revealed that there was a substantial increase in women's control over resources, including cash in hand and the likelihood of having a bank account, and improvement in women's ability to make independent decisions about their health.

Fascinated with the Indian Government National Rural Employment Guarantee Scheme, Aled Fisher<sup>3</sup> a British national hailing from Wales, England, a Research Scholar of University of Oslo, Norway has chosen Anantapur district in August 2016 to study the programme and find out how it is financially empowering the rural populace in a district where poverty and drought are rulling the roost. He found that NREGS programme having multiple effects on many fronts including natural resources management and water resources conservation. Creation of water harvesting and ground re-charging assets, infrastructure building like laying of roads, tree plantation, building community assets desilting of community water tanks and greening of environment are the by-products of the massive NREGS programme which is implemented country-wide. Of late, the centre permitted the states to extend this scheme to their railway premises works located in their States.<sup>4</sup> The ramification of the scheme is massive and huge in terms of work generation and permanent infrastructure building.

### Sustainable Development

The programme has the provision of ensuring a critical minimum of employment and income to rural households in the form of guaranting at least 100 days of manual work of any household whose adult members volunteer to take up such work. In the process, it ensures a critical minimum of economic security to the poorest of the poor. Further, being the largest public wage employment programme for the poor in the developing world, it is based on the Keynesian Macro Economics of public expenditure and therefore is designed to provide a multiplier effect to the income generation process in the rural economy of India.<sup>5</sup>

### Criticism

The scheme has continuously been criticised by a section of prominent economists as regards its economic rationality. Sections of people from all walks of life have come up with scathing attacks particularly with respect to corruption and mal-practices prevailing in this scheme. Doubts are also raised about the quality of assets created under this scheme. Ghost job card holders are found everywhere. The programme has led to shortage of farm labour for undertaking agricultural operations<sup>6</sup>. Regarding corruption, many stories are available that tell of officials taking bribes in the purchase of materials and the heads of the village often give employment to their family members and kin instead of the poorest in the village. Even CBI inquiries been instituted in some cases.

The present NDA Government introduced a few changes in this scheme which are appreciable. Along with public works it has allowed a number of private works such as deepening of personal fish ponds, construction of personal toilets and deepening of wells. The number of works allowed to be undertaken has been expanded to 155. The Government has also started geo-tagging of the assets created under the scheme.

One problem is that many farm workers who get benefitted under MGNREGA do not own land themselves. Therefore, they can not undertake private works such as making fish ponds on their own lands. This problem can be overcome if it is provided that a person can work on the farm land of another farmer and claim benefits under MGNREGA. Farmers will then be able to employ labour which is paid for by the government.

2. The Hindu 13-8-2015, P.13.

3. Hans India, 15-2-2017, P.6.

4. Eenadu, 31-10-2018, P.6.

5. Bhagirathi Panda, National Rural Employment Guarantee Scheme - Development Practice at the cross roads, Econmic & Political Weekly, June 6, 2015, Vol Lno.23,P.127.

6. Dr. Bharat Jhunjhunwala, Allow farm works under MGNREGA, Hans India, April 23, 2018, P.8

In may 2016 on a petition moved by the Swaraj Abhiyan on a series of issues related to agrarian distress and on the implementation of MGNREGA, the Supreme Court Judgment read "The Government of India is directed to release to the State Governments adequate funds under the scheme in a timely manner so that the workforce is paid its wages well in time. It is regrettable that the pending wage bill for 2015-2016 was cleared during the pendency of the petition. The Government of India must shape up in this regard."

### MGNREGA in Andhra Pradesh

One of the criticisms levied against this scheme is misuse of funds. It is found from the social audits that an amount of Rs.165 crores were misused in Andhra Pradesh since the inception of the scheme. Table-3 shows an amount of Rs.63.23 lakhs were recovered from 304 cases so far.

**Table-3:** Particulars of Cases Registered in all the Districts of Andhra Pradesh under Revenue Recovery Act.

District	Cases	Funds (in Rs.)	Cases	Recovery (in Rs.)
Anantapur	399	1,73,22,295	2	2,776
Chittoor	514	1,50,94,444	82	7,19,336
East Godavari	338	2,12,53,593	43	11,03,446
Guntur	139	2,53,98,195	12	6,07,902
Krishna	218	1,88,41,869	26	1,86,778
Kurnool	22	2,12,07,867	4	12,22,434
Nellore	75	85,84,843	0	0
Prakasam	69	27,26,683	17	1,19,256
Srikakulam	332	11,04,542	37	1,99,609
Visakhapatnam	1466	1,25,75,634	44	17,85,358
Vizianagaram	117	71,46,463	6	1,14,505
West Godavari	230	64,64,310	30	2,57,677
Kadapa	324	1,53,88,553	1	4,904
<b>Total</b>	<b>4243</b>	<b>17,31,09,291</b>	<b>304</b>	<b>63,23,981</b>

Source : Eeendu, March 3, 2018, P.5

Another criticism against this scheme in Andhra Pradesh is utilisation of funds in the ratio of 70: 30 for material and labour against the stipulated ratio of 60:40.

### Conclusion

MGNREGA is a poverty reduction scheme providing employment to large number of destitute not found anywhere in the world. The scheme is indeed a boon to rural India where a large number of illiterate and unskilled labor living below the poverty line. The scheme has reduced the rural poverty, increased the rural social assets and stopped rural migration. The scheme is being lauded for its achievements in the past 12 years. There are 277.9 million registered workers under the scheme and 98.3 million of them are active workers. There is a proposal from farmers association to link the scheme with agricultural operations. This will save the labour cost of the small and marginal farmers and contribute to raise their incomes. No doubt there are certain leakages in the functioning of the scheme. If they are wiped-out, the scheme will certainly metamorphose the rural economy.

### Select Bibliography

1. Gaurav Datt & Ashwani Mahajan, Indian Economy (2016), S. Chand & Company Pvt. Ltd., Ramnagar, New Delhi – 110 055.
2. V.K. Puri & S.K.Misra, Indian Economy (2016), Himalaya Publishing House, New Delhi.
3. Economic & Political weekly, November 15, 2014, Vol XLIX No 46, P. 46 to 53.
4. Economic & Political Weekly, March 28, 2015, Vol LNo13, P. 53 to 61.
5. Kurukshetra, January 2018, Vol.66 No3, P. 68 to 72.
6. www.magnrega.nic.in