

LIVELIHOOD SECURITY OF MGNREGA-AN ANALYSIS

***Dr. Chinthireddy Prakash**

Department of Commerce & Business Management

Osmania University, HYD

Abstract

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) implemented by the Ministry of Rural Development (MoRD), is the flagship programme of the Government that directly touches lives of the poor and promotes inclusive growth. The Act aims at enhancing livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. Mahatma Gandhi NREGA is the first ever law internationally that guarantees wage employment at an unprecedented scale. The primary objective of the Act is augmenting wage employment and its auxiliary objective is strengthening natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable development. The process outcomes include strengthening grass-root processes of democracy and infusing transparency and accountability in governance.

Keywords

MGNREGA, Social Security, Rural Employment, Households, Rural Poor, etc.,

LIVELIHOOD SECURITY OF MGNREGA-AN ANALYSIS

***Dr. Chinthireddy Prakash**

Department of Commerce & Business Management
Osmania University, HYD

Introduction

The Indian government has taken up various measures to overcome the problem of poverty. Poverty alleviation programmes comprising of wage employment programmes, rural housing schemes and a public distribution system have been initiated from time to time. Some were partially successful in addressing the issue of poverty whereas others suffered from major flaws in their implementation. National Rural Employment Programme (NREP) 1980-89; Rural Landless Employment Guarantee Programme (RLEGP) 1983-89; Jawahar Rozgar Yojana (JRY) 1989-99; Employment Assurance Scheme (EAS) 1993-99; Jawahar Gram Samridhi Yojana (JGSY) 1999- 2002; Sampoorna Grameen Rozgar Yojana (SGRY) since September 2001; National Food for Work Programme (NFFWP) since November 14, 2004 (SGRY and NFFWP now merged with NREGS 2005) were national level rural employment generation schemes. However these programmes could not provide social security to the rural poor.¹ The Central Government launched NREGA on February 2, 2006. The Act guarantees the right to work to by providing 100 days of guaranteed wage employment in a financial year to every rural household whose adult members are willing to do unskilled manual work. NREGA is the first ever law internationally, that guarantees wage employment on an unprecedented scale. Its auxiliary objective is to strengthen natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable development.²

The outcomes include strengthening grassroots processes of democracy and infusing transparency and accountability in governance. NREGA covers the entire country with the exception of districts that have 100 percent urban population. NREGA provides a statutory guarantee of wage employment and is demand driven which ensures that employment is provided where and when it is most needed. The legal mandate of providing employment in a time bound manner is underpinned by the provision of an Unemployment Allowance. The right to work brings security in people's lives. Today, labourers cannot count on employment being

provided to them during the lean season. An employment guarantee gives labourers more confidence in the prospect of local employment, and discourages seasonal migration.

India is one of the fastest growing economies in the world. Second only to China in Asia, growth of gross domestic product (GDP) averaged 8.7% between 2003 and 2007.³ Meanwhile, although growth has slowed as a result of the recent global economic crisis, the country has escaped severe recession. However, the benefits of growth have not been distributed equally, and high rates of poverty persist, heavily concentrated in rural areas and strongly correlated with particular social and ethnic groups. The Indian government has a long history of social safety net interventions, dating back to before independence in 1947. India is the only country in South Asia where, theoretically, 100% of the poor are targeted by either national or state-led social assistance programmes.⁴ Public works programmes have been a central component in safety net policies since the 1960s. Coverage of such programmes has increased significantly during the 1990s and 2000s, ultimately culminating in the passing of MGNREGA in September 2005.

MGNREGA is one of the government's flagship programmes within the overarching national development strategy, the 11th Five-Year Plan (2007- 2012). This plan focuses on measures of "inclusive growth" through a three-pronged strategy: economic growth, income poverty reduction through targeted programmes and human capital formation. There are three overarching goals in MGNREGA: i) employment creation; ii) regeneration of the natural resource base and creation of productive assets in rural areas; and iii) strengthened grassroots processes of democracy through transparent and accountable governance.⁵

Objectives of MGNREGA

MGNREGA is a powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment. Its important objectives are:

1. Social protection for the most vulnerable people living in rural India through providing employment opportunities;
2. Livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity;
3. Drought-proofing and flood management in rural India; 4. Empowerment of the socially disadvantaged, especially women, Scheduled Castes (SCs) and Schedules

- Tribes (STs), through the processes of a rights-based legislation;
4. Strengthening decentralized, participatory planning through convergence of various anti-poverty and livelihoods initiatives;
 5. Deepening democracy at the grass-roots by strengthening Panchayati Raj Institutions;
 6. Effecting greater transparency and accountability in governance;

Salient Features of MGNREGA

1. Adult members of a rural household, willing to do unskilled manual work, may apply for registration in writing or orally to the local Gram Panchayat.
2. The Gram Panchayat after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA and is free of cost.
3. The Job Card should be issued within 15 days of application.
4. A Job Card holder may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought. The minimum days of employment have to be fifteen.
5. 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.
6. Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid. Liability of payment of unemployment allowance is of the States.
7. Work should ordinarily be provided within 5 km radius of the village. In case work is provided beyond 5 km, extra wages of 10% are payable to meet additional transportation and living expenses.
8. Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labourers in the State, unless the Centre notifies a wage rate which will not be less than Rs. 60/ per day. Equal wages will be provided to both men and women.

9. Wages are to be paid according to piece rate or daily rate. Disbursement of wages has to be done on weekly basis and not beyond a fortnight in any case.
10. Panchayat Raj Institutions (PRIs) have a principal role in planning and implementation.
11. At least one-third beneficiaries shall be women who have registered and requested work under the scheme.
12. Each district has to prepare a shelf of projects. The selected works to provide employment are to be selected from the list of permissible works.

The different categories of permissible works are as follows:

- Water Conservation and water harvesting;
- Drought Proofing (including plantation and afforestation);
- Irrigation canals including micro and minor irrigation works;
- Provision of irrigation facility, horticulture plantation and land development facilities to land owned by households belonging to the Scheduled Castes and the Scheduled Tribes or below poverty line families or to beneficiaries of land reforms or to the beneficiaries under the Indira Awas Yojana of the Government of India or that of the small farmers or marginal farmers as defined in the Agriculture Debt waiver & debt relief schemes or beneficiaries under the Scheduled Tribes & other traditional forest dwellers (recognition of forest right) Act 2006;
- Renovation of traditional water bodies including desilting of tanks;
- Land Development;
- Flood control and protection works including drainage in water logged areas;
- Rural Connectivity to provide all-weather access. The construction of roads may include culverts where necessary, and within the village area may be taken up along with drains;

- Any other work which may be notified by the Central Government in consultation with the State Government. In addition construction of Bharat Nirman Rajiv Gandhi Sewa Kendra as Village Knowledge Resource Centres and Gram Panchayat Bhawan at Gram Panchayat level has also been notified by the Central Government. The shelf of projects has to be prepared on the basis of priority assigned by Gram Sabha. At least 50% of works have to be allotted to Gram Panchayats for execution. The cost of material component of projects including the wages of the skilled and semi-skilled workers taken up under the Scheme shall not exceed forty percent of the total project costs. Contractors and use of labour displacing machinery are prohibited.
- Work site facilities such as crèche, drinking water, shade have to be provided.
- The shelf of projects for a village will be recommended by the Gram Sabha and approved by the Zilla Panchayat.
- At least 50% of works will be allotted to gram Panchayats for execution.
- Permissible works predominantly include water and soil conservation, afforestation and land development works.
- A 60:40 wage and material ratio has to be maintained. No contractors and machinery is allowed.
- The Central Government bears the 100% wage cost of unskilled manual labour and 75% of the material cost including the wages of skilled and semi skilled workers.
- Social Audit has to be done by the Gram Sabha at least once in every six months.
- Grievance redressal mechanisms 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 and to any person desirous of obtaining a copy of such records, on demand and after paying a specified fee.

Through MGNREGA, the government of India has successfully integrated a sustainable rights-based poverty reduction programme into the Indian Constitution. The programme has been scaled up rapidly in a short space of time and now reaches over 40 million households.

Rights-based employment guarantee MGNREGA is the largest rights-based employment guarantee programme in the world, going beyond providing a social safety net to guarantee employment as a right. It entitles any rural household to 100 days of employment per year. If the local government (panchayat) does not generate requested work within 15 days, it must provide an unemployment allowance for each day employment is not given. The Act stipulates equal wages for men and women workers, set at the minimum unskilled agricultural wage in each state.

Focus on social equity

MGNREGA has a focus on social equity and has ensured a high participation rate of the poorest and most excluded households (SC and ST), which represent 14% and 8% of the population in India, respectively. Overall, SC and ST households make up 20% of MGNREGA participants. Overall, women's participation exceeds the one-third quota: in 2009/10, it was at 46% of participants. Many factors influence the number of women employed in MGNREGA, including existing cultural and social norms, wage rates and provision and quality of child care facilities. Moreover, the quality of participation for women remains a challenge, in particular in cases of unequal wages and the allocation of inappropriate work.

Reduced vulnerability of poor and socially excluded households Given the short time frame in which the programme has been implemented, research on the impacts of MGNREGA is just emerging. Initial evidence suggests that when implemented well MGNREGA can have important benefits towards reduced vulnerability to seasonal and household shocks, as well as improved food security and use of services. For example, in Andhra Pradesh, MGNREGA has reduced household vulnerability to external shocks and allows households to smooth consumption⁶ and a study from Nuapada district in Orissa, where communities are highly dependent on forest land, found that 43% of the community felt that the availability of fuel wood and / or fodder had increased due to MGNREGA works.⁷ Furthermore, income from MGNREGA supports households to meet health expenses – one of the key drivers of poverty in India.⁸ For instance, a survey from six states in northern India found that the majority (57 per cent) of the sample workers had used a part of their wages to buy medicine or treat an illness in the family.⁹ In Andhra Pradesh, 13% of household earnings from MGNREGA are spent on health security.¹⁰

MGNREGA has also supported rural purchasing power and boosted overall spending,

particularly in the face of drought and higher food prices. Moreover, in relation to human capital development, households use wages to increase access to children's education, by paying admission fees, purchasing books, providing tuition and buying school uniforms. For instance, in Andhra Pradesh 18% of household earnings from MGNREA is spent on education.¹¹ Children are also more able to go to school because of the improved road connectivity generated under the public works.¹² Reductions in child labour and improvements in child health have also been noted where parents are MGNREGA participants.¹³

National ownership, governance and the Constitution

MGNREGA is enshrined in the Indian Constitution, ensuring its sustainability and continuity into the future. MGNREGA is the flagship programme of the current government (Indian National Congress), and was a key component of the party's election campaign in 2004. Once elected, the government started to implement the programme and put in place financing mechanisms to scale up the programme nationally. The first Act of its kind at a national level, MGNREGA has been carefully designed to incentivise effective delivery. Although implementation challenges remain, the legal guarantee technically holds the state responsible for ensuring the delivery of entitlements: if the legal guarantee of work is not fulfilled within the time limit prescribed, the state must provide an unemployment allowance. A number of other acts provide support to MGNREGA implementation, including the Payment of Wages Act (1936), the Equal Remuneration Act (1976) and the Right to Information (RTI) (2005). The RTI in particular empowers India's citizens to access information to support government accountability and transparency.

Strong civil society at national and local level

The government of India has established a fund called the National Employment Guarantee Fund, from which grants are released directly to Districts. Revolving funds are to be set up under REGS at the District, Block and Gram Panchayat levels, with separate bank accounts being opened for such funds at each level. Each Rural Employment Guarantee Scheme is required to have the minimum features specified in Schedule 1 and Schedule 2 of the Act. Section 4 of the Act also provides that until such a Scheme is notified by the State Government, the Annual or Perspective Plan of the Sampoorna Grameen Rozgar Yojana (SGRY) or National Food for Work Programme (NFFWP), whichever is in force in that area, shall be deemed to be the action plan for the Scheme for the purposes of the Act. These

guidelines have been formulated to facilitate the design and implementation of Rural Employment Guarantee Schemes. They should be interpreted as a broad operational framework, around which further provisions may be built, taking into account the State's economic, social and institutional context. The Act is a Centrally Sponsored Scheme on a cost sharing basis by the Central and the States Governments as follows:

Central Government to pay for:

- Wage costs, 75% of material costs, and some administrative costs.

State governments to pay for:

- 25% of material costs, other administrative costs and unemployment allowance.

A vibrant national civil society was instrumental in achieving a rural employment guarantee act as a social security mechanism on behalf of the rural poor in India. The process involved a wide range of actors, including academics, social movement activists, political Development Progress stories parties, trade unions and bureaucrats. Civil society has also been integral to the programme's design. India's longstanding experience of implementing public works enabled previous lessons to inform MGNREGA, including demand-led components, and civil society's recognition of issues of corruption and inefficiency was vital in designing MGNREGA with such strong transparency and accountability provisions.¹⁴ At local level, civil society plays an important but distinct role in supporting implementation, most notably raising awareness on legal entitlements, supporting panchayats to deliver the programme and mobilising communities to utilise monitoring and accountability tools, such as community social audit forums and the RTI.

Capacity of institutions:

The bottom-up planning process envisaged in MGNREGA, and the sheer increase in coverage over such a short period of time, has been possible only because of the existence and functioning of a system of decentralised governance the Panchayati Raj. The capacity and functioning of the panchayats is highly variable by district and by state, however, and new roles and responsibilities, coupled with a complex planning process, have challenged existing capacities within them and also opened up avenues for corruption. In recognition of these capacity constraints, a number of mechanisms have been put in place in an attempt to overcome

such challenges, including capacity building and training for government officials, community monitoring activities and the use of monitoring through information technology.

Lessons learnt

- Strong political commitment, broad-based public support and a powerful lobby on behalf of the poor played a key role in translating policy into legislation and securing sustainable domestic funding.
- Enshrining the Act in the Indian Constitution has ensured its sustainability, regardless of potential changes of government.
- The design of MGNREGA has important innovative features, including the provision of an unemployment allowance if work cannot be allocated within 15 days and the 100-day guarantee. The demand-driven nature of the programme acts as ‘insurance’ for poor households, whose members are able to demand work when they need it.
- Existing decentralised institutions have enabled the rapid scale-up of MGNREGA. Institutional and financial incentives have been put in place to improve implementation, such as a financial penalty at the state level if work is not allocated on time, and institutionalised mechanisms to encourage transparency and accountability.
- Significant investment in administrative capacity building is required to overcome challenges in programme delivery, not only technical expertise to plan and carry out public works, but also awareness raising and sensitisation of the administration to overcome socio-cultural attitudes which perpetuate institutional discrimination (e.g. towards SCs, STs and women in MGNREGA).
- Support to mobilise and empower communities to participate in programme governance structures is also important, as are ongoing communication efforts to inform communities of their right to work.
- Reducing corruption and promoting accountability and transparency also remain critical areas in public works programmes, particularly MGNREGA in this case.

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. The 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 building. It will ultimately lead to sustainable development.

Refernces:

1. "MGNREGA (2012) Operational Guidelines 2012", Govt. Of India, Ministry of Rural Development, Department of Rural Development (MG NREGA-I Division), Krishi Bhavan, New Delhi, 29th September, 2012.
2. "MGNREGA (2012), Report to the people", Ministry of Rural Development, Department of Rural Development, Government of India, New Delhi, 2nd February, 2012.
3. PCI (2008) Eleventh Five Year Plan 2007-2012, Volume I Inclusive Growth. New Delhi: CI.
4. Baulch, B., Weber, A. and Wood, J. (2008) Social Protection Index for Committed PovertyReduction Volume 2: Asia. Manila: ADB.
5. Ajay Kumar Singh, Niti Sury and Sameer Lama (2012), "MGNREGA: A Critical Assessment of Issues and Challenges", The Indian Journal of Commerce, Vol. 65, No. 2, April-June 2012, pp.151-164.
6. Johnson, D. (2009) 'Can Workfare Serve as a Substitute for Weather Insurance? The Case of NREGA in Andhra Pradesh.' Working Paper 32. Chennai: IFMR.
7. Centre for Science and the Environment (2008) NREGA Opportunities and Challenges, Centrefor Science and the Environment, New Delhi.
8. Dreze, J. and Khera, R. (2009) 'The Battle for Employment Guarantee.' Frontline 26(1), 3 January.

9. Dreze, J. and Khera, R. (2009) 'The Battle for Employment Guarantee.' *Frontline* 26(1), 3 January.
10. Kareemulla, K., Sriniva Reddy, K., Rama Rao, C. A., Shalander, K. and Venkateswarlu, B. (2009) Soil and water conservation works through national rural employment guarantee scheme (NREGS) in Andhra Pradesh – An analysis of livelihoods impact. *Agricultural Economics Review*, Vol. 22 (2009), pp.443 – 450.
11. Kareemulla, K., Sriniva Reddy, K., Rama Rao, C. A., Shalander, K. and Venkateswarlu, B. (2009) Soil and water conservation works through national rural employment guarantee scheme (NREGS) in Andhra Pradesh – An analysis of livelihoods impact. *Agricultural Economics Review*, Vol. 22 (2009), pp.443 – 450.
12. Samarthan Centre for Development Support (2007) 'Status of NREGA Implementation, Grassroots Learning and Ways Forward.' Bhopal: Samarthan Centre for Development Support.
13. Uppal, V. (2009) 'Is NREGS a Safety Net for Children?' University of Oxford. *Development Progress stories*1.
14. Chopra, D. (2010) 'PWPs in South Asia.' Background Paper, unpublished.