



MGNREGA, A Reality or Rhetoric

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-----ABSTRACT-----

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a major policy undertaken by the Indian government. However, whether MGNREGA will continue to yield the same positive benefits that it brought forth in the first three years of its implementation is a vital question that needs to be examined. The paper attempts to respond to this critical issue by portraying various aspects of MGNREGA's advancement. The primary focus is to examine its impact on the human resource base of rural India. Has it energized, mobilized, empowered, and delivered to India's poorest and most marginalized rural people? The paper begins by explicating the details of the Act, its innovative characteristics, its institutional hurdles and its impact on rural-urban migration. It also includes the bottlenecks in the money flow, women participation in the employment, the governance and challenges in the implementation of the act, the factors that support its future viability and opportunities for policy actions are scrutinized and presented .It proposes a mechanism for identifying new and relevant projects.

KEYWORDS : *rural -urban migration, employment, women empowerment, financial inclusion-----*

INTRODUCTION

The Constitution of India refers to the Right to Work under the “Directive Principles of State Policy”. Article 39 envisages the state to ensure that citizens, men and women equally have the right to an adequate means to livelihood. Further, Article 41 emphasizes that the State within the limits of its economic capacity and development will make effective provision for securing ‘Right to Work’. This was to be achieved through a systematic public intervention in terms of policies and planning popularly known as Five Year Plans. The first Five Year Plan (1951-56) stressed on full employment with minimum wage

THE SCHEME OF THE ACT

The Mahatma Gandhi Rural Employment Guarantee Scheme (MNREGS), initiated in 2005, has received priority policy attention in India’s Eleventh Five Year Plan (2007–12), under the broader objective of *Bharat Nirman* aiming for the resurgence of rural India. The civil society and activists working for the welfare of the poor provided the much needed persistence, as a prerequisite to influence a policy. MNREGS, India’s Public Works Programme is unique, being large in size, and intended to cover long periods, disburse huge funds and be dynamically responsive to climatic and rainfall conditions, and above all open to anyone intending to work at wage rates that are often lower than the prevailing causal wages in local areas. Since the programme is designed to self-target the needy, besides chronic poverty manifested, for example, in food inadequacy, it also intends to address idiosyncratic risks and shocks faced by other households.

The MNREGA is radical as:

- (i) it guarantees 100 days of wage work on demand, failing which the claimants can legally demand cash compensation;
- (ii) the Act promotes the seeking of paid employment on the volition of *at least one member from any household in manual rural works*;

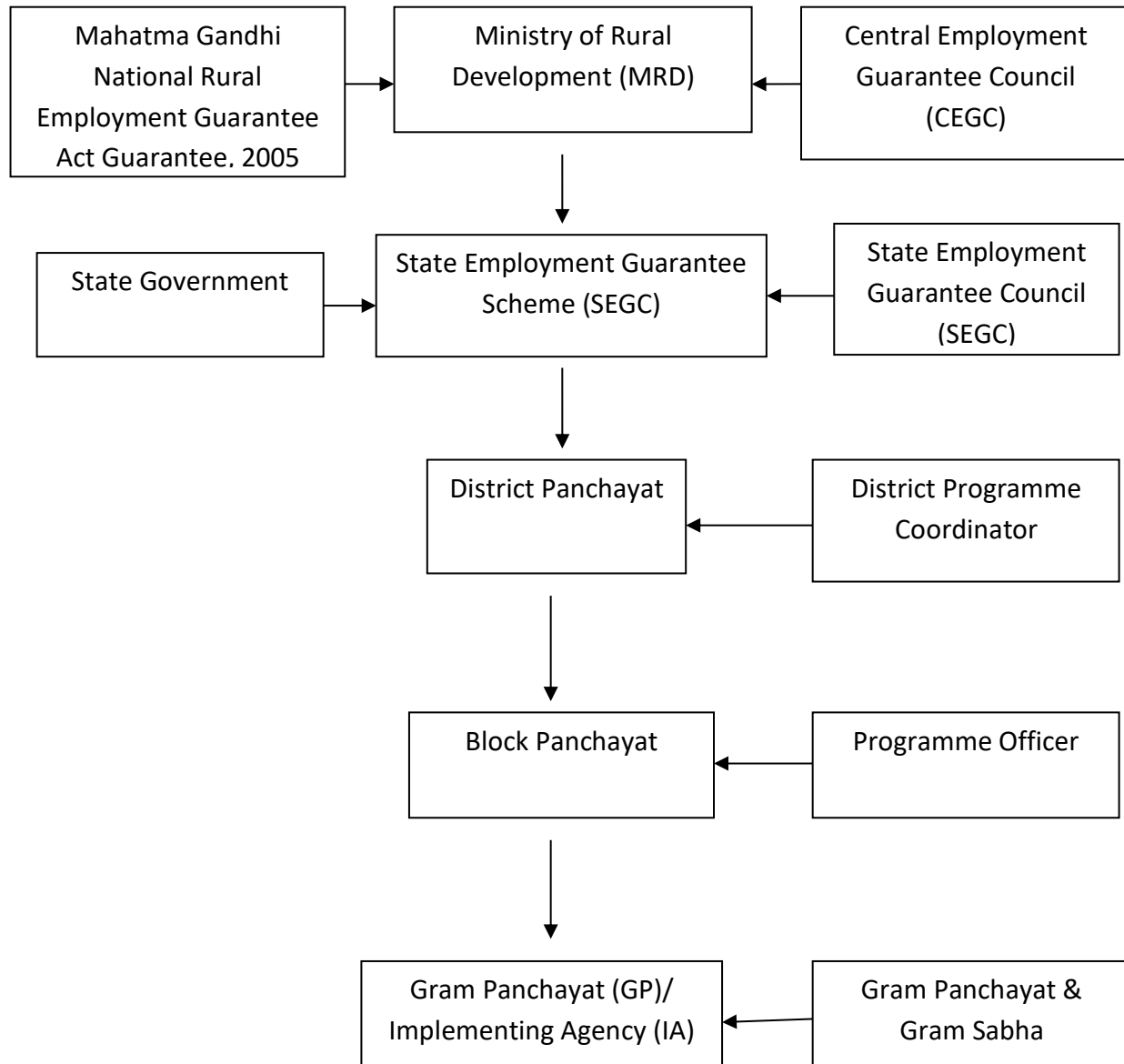


- (iii) the scope for *self-selection* of those who indeed require imminent income support for livelihood is an innovation, which should result in a high degree of automatically targeting the most deprived—thus reflecting its potential for poverty reduction;
- (iv) this scheme can attract the attention of the otherwise unemployed or under-employed workforce because of immediate income (cash) transfer opportunities, which is an inbuilt short-term relief objective;
- (v) the Act also aims at “the generation of productive assets, protecting the environment, empowering rural women, reducing rural urban migration and fostering social equity, among others”;
- (vi) MNREGA, if implemented with due earnest, has the potential of not only reducing vulnerability and relieving chronic income deprivation and improving rural livelihood security but also of the construction of durable assets and markets in rural areas;
- (vii) the Act envisages free entry and exit into the MNREGA, but has made it mandatory to follow a ‘*two-step*’ procedure. The first step is that all households intending to work on NREGA have to ‘*register*’ and show an expression of interest with the *Gram Sabha/ Panchayat*, followed by the second step of making a *written application* for actual work.

IMPLEMENTATION MECHANISM

The given chart displays mechanism of implementation and the key bodies and functionaries that are responsible for the effective implementation of the Act. According to the MGNREGA Operational Guidelines, the Ministry of Rural Development, Government of Rural Development, Government of India is the nodal Ministry for the implementation of MGNREGA. It is required to set up the Central Council which will be responsible for ensuring timely and adequate resource support to the states.

It will undertake regular review, monitoring and evaluation of processes and outcomes. It will establish a Management Information System (MIS) to capture and track data on every critical aspect of implementation, and assess the utilization of resources through a set of performance indicators. It will support innovations that help in improving processes towards the achievement of the objectives of the Act. It will support the use of Information Technology (IT) to increase the efficiency and transparency of the processes as well as improve interface with the public. It will also ensure that the implementation of MGNREGA at all levels is sought to be made transparent and accountable to the public.



Implementation Mechanism



IMPACT OF THE ACT ON RURAL - URBAN MIGRATION

In this connection, there is much to learn from the experience of relief work in drought years, notably in Rajasthan. The last major drought in Rajasthan occurred in 2002-03. MGNREGA has had a more direct and positive impact on reducing distress migration as compared to migration taken up for economic growth and other reasons. Studies indicate that MGNREGA has reduced migration by providing work closer to home and decent working conditions. The impact of MGNREGA may be more on the population that migrates for employment; as per the National Census data 2001 around 15 per cent of the households migrate for employment. In Punjab, while there has been a reduction in the in-flow of labour, there is no significant impact of MGNREGA on out-flow of labour. This may be because, to begin with only a limited percentage of population migrates out of the state for migration.

The World Development Report 2009 contended that a reduction in migration, as caused by MGNREGA, is posing a barrier to internal mobility thus limiting economic growth of these households. A majority of the studies on the subject note that the Scheme has caused mostly a reduction in distress migration, and opportunistic or aspirational migration in search of better and more lucrative opportunities continues as before (particularly because MGNREGA cannot match the wages of skilled labour in cities). Rural-urban migration is a response to diverse economic opportunities across space. According to the Second National Commission on Labour [2002] 369 million or 90.6% of the workers in India are in the unorganised sector. But because both demand and supply are so powerful, these services and businesses persist and fuel rent seeking among petty officials and policemen that is of gargantuan proportions. There are laws instated to protect the rights to decent working conditions and wages such as the Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, legislation to regulate inter-state flows of migrant workers through the contractors, Minimum Wages Act, 1948, Equal Remuneration Act 1976.

WOMEN PARTICIPATION

MGNREGA's stipulation of work within 5 kilometres (kms) of the village where the job applicant resides makes participation in the Scheme logistically feasible for women who may have limited employment opportunities available to them, given their role and responsibilities in their households.

NREGA Contribution to Women Empowerment and Financial Inclusion

By putting cash incomes into their hands, NREGA is beginning to create a greater degree of economic independence among women implying empowerment and financial inclusion. While women's labour (farm and non-farm) has always been an essential component in the functioning of rural households, it has been made invisible due to the absence of any monetary remuneration. By putting cash earnings in women's hands, NREGA has both increased and diversified the contributions that women are making to household incomes as wage earners.

Women Participation in Panchayati Raj Institutions (PRIs) and Gram Sabhas

NREGA is designed to be largely implemented through PRIs and at least 50% of all sanctioned works are to be implemented by the Gram Panchayats. The Gram Sabha too plays a crucial role in the selection of works and the conduct of social audits. Participation of people at large and women in particular in these institutions and assemblies is, then, critical to realising the participatory potential of the Act. Viewed in a wider perspective, NREGA signals a possible reshaping of state priorities in India through a democratic determination to provide real livelihood opportunities for the rural poor. Thus, as a progressive legislation for hitherto excluded groups - women, Scheduled Castes, Scheduled Tribes, among others - NREGA can help to reclaim the lost faith in the possibility of pro-people governance.

Is MGNREGA at the Crossroads?

While favorable conditions support the continuation of the program, a mere persistence of the Act is no guarantee for a positive impact on the lives of the people. In order to estimate the future impact of the Act, several factors need to be examined. Three such factors that support an increasing trend and three possible hurdles are identified below.

First, the widespread success of the scheme from different parts of the country must be studied. It is apparent that the program has been successfully carried out in many parts of India. However, the Act has also failed to deliver in certain parts of the country. The reasons for failure in those parts where the Act has not succeeded must be studied in greater detail. This must be contrasted with the success stories. Depending on the causal factors at play, the differential impact of the program can be predicted better across the country.



Second, there has been a great deal of attention bestowed upon the program by the media. This has created a positive self-fulfilling cycle of government action. Because the machinery has shown its usefulness and practicality, the government is piggy backing on the Act. In other words, the machinery created by the program has been used as a vehicle for improving the implementation of other schemes. In fact, the government has attempted to combine several program with the MGNREGA machinery.

Third, the scale of the scheme has been vast and unmatched globally. It has attracted international attention. It has gained considerable appreciation of international scholars and thought leaders who continue to remain hopeful of positive change in the lives of the Indian poor. This has created an affirmative impetus for the Act globally.

The above three factors suggest that there is a positive momentum that has been built up for MGNREGA both within and outside the country. This has created an opportunity for policy makers to build on the optimism and the healthy state of affairs that exist at present.

There exist several hurdles for the potential positive impact of the program as well. First, there is a possibility of saturation of projects at the village level. Rural workers have already benefited from the program over the last three years (Annexure 2). It is possible that the laborers may have exhausted all work opportunities in several villages. There is so much work that may remain that are relevant and useful to a particular village. Will the laborers continue to be engaged in similar works? Given many of the work have already been undertaken, what more exists for the workers? Answering this key question is a complex task. It requires a deep understanding of those activities that truly benefit a particular rural community; that has finished a certain number of projects. The precise answer may vary from one village to another in each of the six lakh villages of India.

Second, the aspirations and hopes of the workers must be taken into account. It is not clear how the workers feel about the projects. While it can be inferred that the projects have been taken up that add to the productive assets of the village, it is not clear whether this is appreciated by the workers themselves. Ultimately, in a democratic country, how the workers perceive their role cannot be ignored for ever. At present, no mechanism is in place that bonds the views of the workers with the planning process at the panchayat level.

Third, as has already been highlighted by *Desai (2009)*, it is unclear whether the program envisages that people will continue to work as unskilled workers over the medium term (10-15 years). The long term perspective and intent of the government needs clarification. This will ensure a sustainable support for MGNREGA.

The above three hurdles i.e. project saturation, lack of worker involvement, and unclear long term goals of the government can potentially weaken the Act. Given the above positive factors and hurdles, it can be asserted that MGNREGA is at the crossroads. At this juncture, good policy initiatives and interventions should be taken up to ensure a growing trend of effectiveness.

Envisaged role of panchayats in NREGA

Gram Panchayats are central to the implementation of NREGA at the grassroots. The National Employment Guarantee Act envisages that at least 50% of the total works are to be executed by the Gram Panchayats. Remaining 50% jobs may be executed by other agencies such as the higher tier of panchayats, government departments or voluntary organizations. The Project officer at the block level will coordinate with the Gram Panchayat for facilitating the implementation of NREGS at the grass roots. The act ensures that Gram Panchayats have maximum control over the planning and resources as Gram Panchayats take decision on the 50% jobs. In any case the panchayats remains an important institution as the jobs are demanded from the panchayat and employment is generated at the Panchayats.

The following three processes are working simultaneously at the block level with respect to the execution of NREGS at the Panchayat:

- (i) Panchayat have to make a plan and build a shelf of the project to be taken up in NREGS.
- (ii) People will demand work from Panchayats as an employment guarantee.
- (iii) Gram Panchayat acts as an implementing agency and provides employment as well as wages to workers.



Top down implementation drive adversely affecting local planning

The success of NREGA depends on two important factors - creation of employment for poor and needy, and creation of required infrastructure and productive assets in the scheme. This scheme probably provides the first ever, such a big opportunity to gram panchayat. Panchayat have freedom to plan large-scale work and execute the work with sufficient resources provided under the National Employment Guarantee Act. The legal provisions in the Act strengthen the Gram Panchayats for their control over the planning, implementation as well as resources.

CONCLUSION

MGNREGA is a massive government program that is innovative and special. There are several policy implications that can be drawn from it. Further, there are several conditions that favor the continuation of the program. However, it can also be argued that MGNREGA is at the crossroads. This is because while the program is likely to continue, its impact trajectory may demonstrate either an increasing or a decreasing trend. In this sense, the Act can be considered to be at the crossroads. Good policy initiatives and interventions at this juncture can enhance the impact of the program and transform the rural economy.