



## MGNREGA: Implementation and Impact

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### Abstract

Employment is fundamental pre-requisite to raise per capita income and eradicate household poverty. Poor employment opportunity is one of the key reasons for the endurance of poverty in India. After independence and particularly from the fifth five year plan onwards, Government of India has initiated several rural development programmes for raising rural employment for the alleviation of rural poverty. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is one amongst them. MGNREGA scheme is as a flagship program by the Government of India started on February 2, 2006. As per the Scheme, each rural household gets 100 days of guaranteed employment (unskilled works) every year. Although the major objective of this scheme is to provide livelihood security for rural households, it also facilitates the creation as well as maintenance of rural infrastructure and employment generation. The present paper is an attempt to overview the implementation and impact of MGNREGA on employment generation in rural India. It also examined the financial progress of MGNREGA and employment generated by this scheme. It not only provides security for food but also supports rural development. To perform the objective of the paper secondary data has been used.

**Keywords:** NREGA/MGNREGA/MGNREGS, Convergence, BPL and APL household, Social capital, Scheme

## INTRODUCTION

The prevailing daily wage rate for manual labour in 2004-2005, it was necessary for at least three members of an agricultural labour household to get employment for more than 200 days in a year in order to maintain itself above the poverty level (Radhakrishna, 2005). We also noted that since in reality it is difficult for many households to get this much employment, the poverty level in rural households is still high (Nikhil et al., 2006). The ground reality continues to reveal disturbing trends (Ahmad et al., 1991). While the availability of food grains has come down in general (rural+urban) from about 510 grams in 1990-1991 to about 444 grams in 2009, the per capita consumption of food grains in rural households has declined relatively more from 373 grams in 1987-1988 to 313 grams in 2009-2010 (Mahendra, 1995). Further, besides a continued increase in the proportion of marginal farmers over time, among all the

three classes of agricultural households (landless, marginal and small farmers), there is a significant income deficit (to a tune of 20 to 40%) to meet their minimum consumption needs (Puja et al., 2012). As a result, the rural households are indebted with the landless/marginal/small farmers segment being more dependent on informal lending sources to meet their minimum consumption needs (Khera et al., 2011). More specifically, while in the aggregate close to 50% of rural households are indebted, more than 60% of landless labour incur debt for meeting their consumption expenditure (Shah et al., 2008). The wages paid to rural labour are often far below the statutory minimum wage and are differentiated by gender, location and nature of work/activity (Bhatia et al., 2006). Due to these disturbing trends, the government in its mid-term appraisal of the Tenth Plan (2002-2007) raised serious concern on the 'distress' experienced by agricultural labourers and

marginal/small farmers (Pankaj et al., 2010). The government has since taken many steps to mitigate their hardship experienced (Ashok, 2012). One of the notable initiatives of the government in the direction of providing guaranteed wage employment opportunities for rural unskilled manual labour was to enact a legislation The National Rural Employment Guarantee Act, (NREGA) in August 23, 2005 (Kannan et al., 2012). The Act guarantees employment at statutory minimum wages for all those persons who sought manual unskilled labour for at least up to 100 days in a year (Suryamani, 2010).

## LITERATURE REVIEW

### Key processes in implementation

The process of implementation of the act/scheme works in stages as follows.

- **Submission of names and issuing of job card:** Adult members of rural household can submit details of their name, age, address and photo to the Gram Panchayat (Reetika, 2011). The particulars of job seekers in the applications made are verified by reliable local sources in order that job cards are not issued wrongly. After due enquiry, the GP registers and issue a job card containing the details and the photograph of the member (FAQ, 2014).
- **Eligibility for applying for work:** A registered person becomes eligible to apply for work. Applicants are required to apply for at least 14 continuous days of work. The Panchayat or the programme officer accepts valid applications and issue a receipt. Letter of providing work would be sent to the applicant and also displayed at the panchayat office.
- **Offer of employment or unemployment allowance:** Employment would be provided within a radius of 5 km within 15 days of receipt of application. While the wage rates may be different for different regions, the per day wage for work provided shall not be less than Rs. 60 per day. The employment provided would be at least 100 days of employment per household per year. If work is not provided within this time limit, daily unemployment allowance will be paid to the applicant. If the distance for work offered is more than 5 km, extra wage is paid.
- The rate of unemployment allowance paid is to be notified by the state government and shall not be less than 25% of wages fixed by the state for the

first 30 days during a financial year and not less than 50% of the wages during the remaining part of the financial year. Further, in the event of inability to disburse the unemployment allowance in time, the programme officer shall report the matter to the district programme co-ordinator with reasons for the non-payment duly specified.

- **Cost sharing:** The central and the state governments would share the cost of works initiated under the Act in the ratio of 3:1. It means 75% by central government and 25% by state government.

### Mahatma Gandhi national rural employment guarantee scheme

It is pertinent to note here that three articles of the constitution of India have bearing on the right to work and these are listed in the directive principles of state policy. These three articles are:

- Article 39 envisage that the state to direct its policy towards securing for all its citizens, men and women, the right to an adequate means of livelihood.
- Article 41 enjoins the state to make effective provision for securing the right to work, to education and to public assistance in case of unemployment, old age, sickness and disablement and in any other of undeserved want, all within the economic capacity of the state.
- Article 43 direct the state to secure to all its citizens, work, living wage conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities.

Unemployment is a cause of poverty and generation of employment is central to eradicate poverty from rural India. The MGNREGS was launched in 2004 in 200 backward districts and later on extended to all the districts in the country in 2008. The mandate of the MGNREGA is to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. On 2<sup>nd</sup> October 2009 an amendment was made in the national rural employment guarantee act 2005, to rename the national rural employment guarantee act with the words the Mahatma Gandhi national rural employment guarantee act (Table 1). The major differences between NREGA and MGNREGA are summarized below:

**Table 1.** Differences between NREGA and MGNREGA.

NREGA	MGNREGA
The national rural employment guarantee act is the foundation for the Mahatma Gandhi national rural employment guarantee act and provides guaranteed employment	The Mahatma Gandhi national rural employment guarantee act, created as directed in NREGA and the means to implement the act so that the guarantee comes into effect

The central government specified the features and conditions for guaranteed employment in NREGA 2005	The state governments have to incorporate all features of Mahatma Gandhi NREGA in the state Mahatma Gandhi NREGS as mentioned in schedule –I and condition of employment as mentioned in schedule-II of Mahatma Gandhi NREGA
The central government has powers to make rules and to amend NREGA	The state governments have powers to make rules and amend the concerned state act
NREGA has been notified through the Gazette of India extraordinary notification and is national legislation.	Mahatma Gandhi NREGA of a state shall be notified through the official gazette of concerned state.

## DISCUSSION

### Components of MGNREGS

Salient features of the MGNREGS Some of the salient features of MGNREGS are as follows:

- At least 100 days of employment for at least one able-bodied person in every rural household.
- Minimum wages on rate prevailing in states as per minimum wage act 1948 and centre to step in if wages go up beyond minimum or less than rupees 60.
- Panchayats to finalize, approve, implement and monitor the projects. The scheme shall not permit engaging any contractor for implementation of the projects.
- The task under the scheme shall be performed by using manual labour and not machines.
- A minimum of 33% reservation to be made for women, where the number of applicant is very large.
- The scheme will ensure transparency and accountability at all level of implementation and
- All accounts and records relating to the scheme shall be made available for public scrutiny.

Strategies of the MGNREGS Some of the strategies adopted are as follows:

- Central government meets the cost towards the payment of wage, three fourth of material costs and certain percentage of administrative cost.
- The state governments meet the cost towards unemployed allowances, one fourth of material cost and administrative cost.
- Adult members of rural households submit their name, age and address with photos to gram panchayats for registration.
- Block is the basic unit of implementation.
- Gram panchayats are the main implementing agencies and
- Gram Sabha is the main work identifying body.

Mandatory worksite facilities some of the mandatory work site facilities needed to be available in the work sites of MGNREGS are:

- Drinking water facilities for the workers
- Provision of shade near the work sites
- Provision of medical aid
- Provision of creche, if more than five children

below six are present at the work sites

Gender related provisions:

- Equal wage to both male and female worker employed
- No gender discrimination in employment and wage
- Priority in allocation of work to women and at least 33% of the workers in a particular work should be women

Permissible works:

- Water conservation activities: (a) digging of ponds and (b) de-silting of ponds.
- Small check dam/other harvesting structure.
- Afforestation in common land/waste land areas.
- Construction of minor irrigation canals.
- Repair of minor irrigation facility to SCs/STs.
- De-silting of old canals.
- De-silting of traditional open well.
- Land development of common waste areas.
- Drainage/Nallah to drain extra water in water logged/flood affected areas.
- Construction of embankment for flood control.
- Repair of embankment for flood control connecting road to village main road.
- Any other work which may be notified by the central government in consultation with the state government.

Cost sharing central GOVERNMENT has to pay for:

- Wage costs
- 75% of material costs
- Some administrative costs

State governments have to pay for:

- 25% of the material costs
- Other administrative cost
- Unemployment allowances

Social audits:

- Gram sabha will conduct social audits of all work done within the panchayat.
- All relevant documents of the NREGS will be provided by the panchayat to the gram sabha such as work register, muster roll etc.

### Decentralized planning and MGNREGS

Under the MGNREGS each district has been asked to prepare a district perspective plan. Customarily, the district plan will be an aggregate of block plans and block plan is the sum total of the village panchayat plans. In some states there are wards within the panchayat, then the district could have the ward plan and the panchayat plan is the

aggregate of ward plans like Himachal Pradesh. The key to plan preparation is the panchayat plan, as panchayat is the main implementing agency of MGNREGS.

### Importance of decentralized planning

In recent years decentralized planning *i.e.*, planning below the national and subnational level has become an instrument for future development of the local areas in most of the democratic societies including India. Both the decentralized as well as the democratic planning go hand in hand for facilitating development in the democratic societies. The decentralized planning in a democratic society believes in multi-level planning at the sub-national government levels to facilitate maximum utilization of available local resources and manpower for the local development.

Some of the differences between the centralized and decentralized planning are:

- Decentralized planning is planning by the people and is democratic in nature. On the other hand, the centralized planning is a planning for the people and authoritative in nature.
- Decentralized planning is based on the bottom-up approach, while centralized planning is based on top-down approach.
- Decentralized planning, the people through gram sabha and the elected representatives of village panchayats took part in plan preparation. Thus, in other word, the decentralized planning is people's planning and more realistic in nature and closer to the accuracy and while the centralized planning is government's planning prepared in the white chamber without taking into consideration the views of the people for whom the plan is prepared.
- Centralized planning a single plan is prepared by the government for the state; while in case of decentralized planning each district and even of blocks and villages of a state have their own plan based on their local needs and is an integration of the plans of the both urban and rural areas.
- In case of centralized planning, the elected representatives are least involved, however, in decentralized planning, the elected representatives of the Urban Local Bodies and the Rural Local Bodies are largely associated in plan formulation exercises.

The need for decentralized planning and development was felt in India in the first five-year plan (1951-1956), which advocated that there is a need to break the planning exercise into national, state, district, and local community levels. The two new components of decentralized planning came into picture in the Second Five Year Plan, namely, the establishment of the District Development Council and the drawing up of Village Plans. In 1969, the Planning Commission communicated guidelines to the states that to formulating district plans, encompassing the concept, the

methodology and the detail drawing up plans within the framework of annual, medium term and perspective plans. The 39 Administrative Reforms Commission report (1967) highlighted that the district planning needed to be focused in those areas where local variations in the pattern and process of development were likely to yield quick results in terms of growth. M.L.Dantwala Committee (1978) also laid stress on Block Level Planning to form a link between village and district level planning. In 1984, Hanumantha Rao Committee recommended for decentralization of functions, powers and finances and setting up of district planning bodies and district planning cells.

### District plan preparation

The first to prepare a district plan is to prepare a need-based village plan. The bottom-up approach is usually followed in the preparation of District Plan. At the outset, village plan or panchayat plan is prepared. The block plan is the sum total of panchayats plan. The district plan is the aggregate of block plans. The organization or individual involved in the preparation of the village plan has to involve and work in co-ordination with the district and block administration and the functionaries of the line department in the district administration.

#### Steps in preparation of district plan

Step I: Village plan

Step II: Block plan

Step III: District plan

### Village MGNREGS perspective plan

The village MGNREGS plan preparation is the key to the district plan. In North Indian states where one village plan is also called the panchayat plan. But in the southern state where each panchayat consists on an average seven to eight villages, the panchayat plan is the aggregate of village plans.

### Strategy for village plan preparation

While preparing the village plan following points have to be kept in mind:

- Assessing the demographic and other dynamics of the villages/panchayats
- Identifying the available resources with the villages/panchayats
- Identifying the gaps and practices and their relation to the problems
- Identifying the possible infrastructure required to deal with the problems
- Resource mapping for the creation of required infrastructure
- Man days and manpower mapping for creation of required infrastructure
- Year-wise prioritization of activities to be conducted, work generated and resources required
- Preparation of a strategic five years' plan

Process of village plan preparation following steps needed to be followed in the process of village plan preparation:

- Informing the panchayat and through its, the people about the need and importance of grass roots planning and making them understand how their participation is vital for plan preparation.
- Collection of required data both primary as well as secondary.
- Conducting Gram Sabha for identification of existing and required infrastructure.
- Year wise prioritizing the need and their implementation through PRA in which panchayat is actively involved.
- With the help of panchayat and line department functionaries estimating the project wise activities and expenditure requirement.

### Orientation about grassroots planning

The following people functionaries and community based organization may be oriented about the importance of grassroots planning:

- Members of the village panchayat and members of the intermediate and district panchayats who are in the panchayat.
- Youth club and Mahila mandal members
- Self-help group members
- Members of farmer's association
- Line department functionaries
- Opinion leader of the village
- Representatives of the NGOs, if any
- Any interested villagers

The important topics to be covered in the orientation programme are:

- What is planning and grassroots planning
- Need and importance grassroots planning
- NREGS and its various features
- How to prepare grass-roots plan and importance of people's participation in grassroots planning.

Collection of data both primary and secondary data to be collected for the preparation of village plan:

**Primary data:** The primary data have to be collected on following aspects:

- Demographic aspects
- Type of households: Caste wise and religion wise population
- Percentage of BPL families
- Percentage of migratory households
- Land/irrigation pattern
- Occupation of the households
- Literacy status
- Banking facility
- Cropping pattern
- Village small scale/cottage industry
- Village common land and their utilization pattern
- Available infrastructure and required

infrastructure

- Number of unemployed persons
- Various sources of income of the panchayats

**Secondary data:** The secondary data for the village plan will be collected from following sources:

- Panchayat record and register
- Records available with block and district offices

Conduction of gram sabha:

- People should be informed well in advance about the date, timing and agenda of discussion in gram sabha.
- Registering the members who attended the gram sabha. The required quorum of the gram sabha needed to be fulfilled.
- The president of the gram sabha should preside over the gram sabha and secretary of the village panchayat prepare minutes of gram sabha.
- The wish-list of the gram sabha need to be posted in the panchayat houses after the end of gram sabha.

Prioritizing the needs through PRA one small working group must be constituted who will conduct PRA and perform following functions:

- Year wise prioritization of activities
- The calculation of man days and budget
- Passing the final plan in the gram sabha

### Report writing

The report on the district perspective plan, MGNREGS needs to have following six chapters and an executive summary. The chapters are discussed below:

**Executive summary:** It would give a brief of the plan with objectives, methodology, physical and financial mapping.

#### Chapter I: Introduction

The introduction will contain the information about the district. Information from various secondary sources has to be collected for writing this chapter. The information will cover aspects such as demography, caste-wise and religion-wise population; employment status of the population; agricultural productivity; size of land holding; depth of water table; sources of irrigation, literacy, main crop; occupation of the population; village small and cottage industries; banking facilities; etc.

#### Chapter II: Resource envelope: District, blocks and panchayats

The second chapter will deal at length, the data on various sources of income of the district, block and panchayats collected with the help of questionnaire. The sources of income from different centrally and state sponsored schemes are SGSY (Swarnajayanti Gram Swarozgar Yojana); BRGF (Backward Region Grant Fund); MPLAD (Member of Parliament Local Area Development Fund); MLALAD (Member of Legislative Assembly Local Area Development

Fund); etc. The own sources of revenue of the district panchayat; block panchayats and village panchayats have to be included in the calculation of the resource envelope.

### **Chapter III: Panchayat-wise details of infrastructure, resources and employment**

The third chapter will discuss the panchayat-wise details of the list of infrastructure already existing and the list of infrastructure required. Secondly, it will also include the total finance available to a panchayat in the current year and the expected finance to be available in the next five years. Thirdly, the chapter will discuss the number of employment and man days to be generated in the next five years in the panchayat.

### **Chapter IV: Block-wise details of infrastructure, resources and employment**

The fourth chapter will discuss the block-wise details of the list of infrastructure already existing and the list of infrastructure required. Secondly, it will also include the total finance available to the block in the current year and the expected finance to be available in the next five years. Thirdly, the chapter will discuss the number of employment and man days to be generated in the next five years in the block.

### **Chapter V: District-wise details of infrastructure, resources and employment**

The fifth chapter will discuss the district-wise details of the list of infrastructure already existing and the list of infrastructure required. Secondly, it will also include the total finance available to the district in the current year and the expected finance to be available in the next five years. Thirdly, the chapter will discuss the number of employment and man days to be generated in the next five years in the district.

### **Chapter VI: Effectiveness of MGNREGS**

This chapter will discuss the effectiveness of MGNREGS in creating employment, promoting wage earning, checking rural-urban migration, promoting irrigation, raising productivity etc.

## **CONCLUSION**

The analysis of rural poverty and employment trends in India highlights the stark challenges faced by agricultural laborers, particularly in securing sufficient employment to rise above the poverty line. Despite efforts by the government to address these issues, including the introduction of schemes like MGNREGA, rural households continue to experience income deficits, food insecurity, and significant levels of indebtedness. The implementation of MGNREGA has made some progress in offering guaranteed employment and improving rural infrastructure, but structural issues remain.

The scheme's success in providing livelihood security is evident in the employment generation and infrastructure development it has facilitated. However, to fully realize its potential, continued focus is required on ensuring timely employment, equal wage distribution, and effective decentralization of planning. MGNREGA's ability to transform rural lives will depend on the efficient execution of the program at the local level and ongoing government commitment to addressing the underlying causes of rural poverty, such as access to credit, land ownership, and wage disparity. Effective social audits and decentralized planning mechanisms can play pivotal roles in sustaining the scheme's impact and achieving the broader goal of poverty eradication in rural India.

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