

## MGNREGA: The Contribution to Strengthening the Rural Economy

The Union Government has announced the wage rate increase of overall Rs 2000 per worker i.e. from **Rs 182 it is increased to Rs 202**, to **benefit 5 Cr families**. The **local district commissioners** are empowered to **allocate the work and accordingly utilize the fund**, depending on the requisites in his area to benefit the rural workers, provided the social distancing norms respected.

### What is MGNREGA?

- The **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)** is a law whereby any adult who applies for employment has to be given a guarantee of 100 days of work on local public works within fifteen days of registration. If employment is not given, then the unemployment allowance has to be paid.
- The Act enacted in 2005 is regarded as the largest work guarantee program in the world, guarantees 100 days of wage employment per year to rural households. Roughly one-third of the stipulated work force must be women.

**Note:** Previously, this social security scheme was called as 'National Rural Employment Guarantee Act, but after April 2008, it was renamed as Mahatma Gandhi National Rural Employment Guarantee Act. Presently, the minimum number of days of work have been increased up to 150 days.

### The objective of the MGNREGA Scheme

- It aims at addressing the causes of chronic poverty through the works that are undertaken and ensuring sustainable development.
- The Act was introduced with the aim of improving the purchasing power of the rural people, primarily semi or un-skilled work to people living below the poverty line in rural India.
- It also aims to strengthen the process of decentralization and empowers Panchayati Raj Institutions (PRIs) for the planning and implementation of these works.

The social security scheme is backed by the Govt of India. It provides employment and livelihood to rural labourers in India. As the person seeking work under the MGNREGA must be registered under the gram panchayats. Therefore, a person has to first enrol himself in this scheme to obtain the work.



### Key features of MGNREGA:

The Ministry of Rural Development under the Government of India is monitoring the entire implementation of this scheme in association with State Governments.

1. **Decentralized planning:** Panchayati Raj Institutions are primarily responsible for planning, implementation, and monitoring of the works that are allocated and implemented. Gram Sabhas are empowered to undertake the recommendation of the work and at least 50% of the works must be executed by them.
2. **Application Procedure:** Adult members of rural households submit their name, age and address with photo to the Gram Panchayat. The Gram Panchayat registers households after making inquiry and issues a job card. The job card includes the complete details of adult members enrolled and his /her photo. A registered person can submit an application for work in writing (for at least fourteen days of continuous work) either to Panchayat or to Programme Officer.
3. **Time-bound work allowance or unemployment allowance:** Anyone meeting the criteria to obtain the work, if approaches for getting the work, must be given the work within 15 days of their application, failing which an 'unemployment allowance' must be given.
4. **Funding aspects:** the fund is shared between the centre and the states. There are three major items of expenditure-
  - a. Wage- unskilled, semi-skilled and skilled labour
  - b. Material cost
  - c. Administrative cost

The central govt has to take care of 100% of the unskilled labour, 75% of the cost of materials, 75% of the cost of semi-skilled and skilled labourers, and 6% of the administrative costs.

1. **Work-site facilities:** Under the MGNREGA working ambience, there is a provision of all work site facilities such as creches, drinking water, and first aid.
2. **Transparency and accountability:** Social audits are conducted by gram sabhas to enable the community to monitor the implementation of the scheme. it is a way of measuring, understanding, reporting and improving an organization's social and ethical performance. Also, it helps to narrow the gap between vision, goal and reality. Other measures include:
  1. **National Electronic Fund Management System (NeFMS):** At the Panchayat level officials has been given training in using the electronic system



developed by the National Informatics Centre (NIC). NeFMS is meant to reduce the delay in funds to the workers to meet their daily needs. Aadhar card is linked so chances of corruption are less. Under the NeFM system, the workers will get the payment within 48 hours from the moment gram panchayats generate an order.

2. **Grievance redressal mechanism:** State-level officers have been designated to monitor the disposal of complaints in the state. Also, complaint boxes at district levels have been installed.
3. **State quality monitor:** It includes govt officials at the district level supervising the utilization of funds under the scheme.
4. **National level monitors:** it consists of retired as well as serving civil servants to monitor the policy and implementation of the program at the national level.

### How the scheme is implemented?

India is administratively divided into States and Union Territories. Each state has districts, then within districts there are blocks and within blocks have wards. Under this scheme employment related to public work at the block, the level is given. The funds are released by central govt to the states. States then give the funds to local bodies i.e. gram panchayats. All the labourer's accounts are registered with the gram panchayats.

MGNREGA work allocation is directly linked to the Agriculture and allied activities. Majorly works are allocated concerning Publics work relating to Natural resource management, community assets or individual assets, common infrastructure works. Variety of permissible works which can be taken up by the Gram Panchayaths:

- Raising a block plantation in community lands i.e. planting of trees.
- Maintenance and building of check dams. Check dams are the small dams that are created in small reservoirs to check the flow of water.
- Building farm ponds
- Water absorption trenches at foothills to reduce soil erosions
- Digging of soak pits
- Restoration of irrigation ponds
- Construction of anganwadis, roads etc.

All these kinds of public works are given under the scheme. MGNREGA provides "Green" and "Decent" work. MGNREGA focuses on the economic and social empowerment of women. The Gram Sabha is the principal forum for wage seekers to raise their voices and make demands. It is the Gram Sabha and the Gram Panchayat which approves the shelf of works under MGNREGA and fix their priority.



## What impact does MGNREGA has on the Indian economy?

With the implementation of MGNREGA, reports suggest that there have been significant changes in social fabric such as a reduction in distress migration, higher participation by SCs and STs population and improve in their purchasing power, Increase in average wages, equal wages for men and women economic empowerment of poor women, improvement in a rural environment and sanitation etc.

Over the years, MGNREGA has also caused a major financial drain on India's economic resources. The actual benefits of this scheme do not reach to the rural labourers. In the process of funds transfer, there is a lot of irregularities that cause funds to shrink before it reaches its beneficiaries. Article 243 (G) empowers an MLA to decide whether or not Panchayats need to be empowered. This provision sometimes, make it difficult for fund allocation.

NREGA has also been criticized for leakages and corruption implementation. But with the introduction of the Direct Beneficiary Transfer (DBT) system introduced by the central government, wherein, the workers get their payment directly into the bank account, the chances of corruption have gone down to great extent.

