

Mahatma Gandhi national rural employment guarantee act (MGNREGA): A right based initiative towards alleviation through employment generation

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ABSTRACT

Alleviation of poverty remains a major challenge before the government. In the Indian context rural development assumes greater significance as 72.22 percent (according to the 2001 census) of its populations still live rural areas. Most of the people living in rural areas draw their livelihood from agriculture allied sectors (60.41% of total work force), and poverty mostly persists here (25.7% in 2011-12). The most significant rural development initiative of the Eleventh Plan period was the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

1. Introduction

Targeting poverty through employment generation using rural works has had a long history in India that began in the 1960s. After the first three decades of experimentation, the government launched major schemes like JRY, EAS, FFW, JGSY and SGRY that were forerunners to MGNREGA. The theme of the government approach has been to merge old schemes to introduce new ones. Evolving the design of the wage employment programmes to more effectively fight poverty, the central government formulated the National Rural Employment Guarantee Act

[NREGA] in 2005. In contrast to the earlier wage employment programmes, MGNREGA, as per its definition guaranteed employment as a legal right. The objective of MGNREGA is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year.

2. Implementation

Notified on September 7, 2005, the act was implemented in a phased manner. In its first phase, implemented on February 2, 2006, the act covered 200 districts. In the second phase in 2007-08, the act was extended to 130 additional districts and in its third phase, all the remaining rural areas have been notified W.E.F. April 1, 2008. Along with community participation, the MGNREGA is to be implemented mainly by the Gram Panchayats. The UPA government on 2 October, 2009 renamed NREGA as Mahatma Gandhi National Rural Employment Guarantee Act [MGNREGA] on the occasion of Mahatma Gandhi's 140 birth anniversary.

3. Objectives of the act

- provide, on demand, not less than one hundred days of unskilled manual work in a financial year to every household in rural areas;
- create productive assets of prescribed quality and durability through wage employment;
- strengthen the livelihood resource base of the rural poor;
- proactively ensure social inclusion; and

- strengthen panchayat raj institutions.

4. Features of the act

- The adult member of every household residing in any rural area and willing to do unskilled manual work may submit the names, age and the address of the household to the gram Panchayat at the village level for registration of their household.
- Under the act, each household is entitled to a 100 days of employment every year.
- A job card is to be issued within 15 days of registration.
- In case employment is not provided within fifteen days from the date of registration of the demand for work, he/she shall be entitled to a daily unemployment allowance.
- Work is provided within 5 kilometers [kms] radius of the village.
- 6) In case, work is provided beyond 5 kms, extra wages of 10 percent are payable to meet additional transportation and living expenses.
- Contractors and use of labour displacing machinery are prohibited.
- Payment of wages has to be mandatorily done through bank/post office beneficiary accounts unless exempted by the ministry of rural development.

5. Funding pattern

The legislation details the financing pattern between the central and state government and the establishment of the employment guarantee funds at both levels. The act provides that 60% of the total funds are to be spent on wages and 40% on material cost. The funding is shared between central and state government in the following manner:

Central government:

- The entire cost of wages of unskilled manual workers
- 75% of the cost of material, including payment of wages to skilled and semi-skilled workers
- Administrative expenses as may be determined by the central government
- Expenses of the central employment guarantee count

- State government:
- 25% of the cost of material, wages of skilled and semi-skilled workers
- Unemployment allowance payable in case the state government cannot provide wage employment in time
- Administrative expenses of the state employment guarantee council

- One of the major causes which have affected the performance of MGNREGA is the large scale corruption at all levels.

6. Weakness

- The single most important distinguishing feature of MGNREGA from employment programmes of the past is that provision of work is triggered by the demand for work by wage-seekers and provided as their legal right. The major weakness so far has been that states have not set up effective systems of recording demand.
- Delays in wage payments have emerged as one of the main weakness of MGNREGA over the last seven years.

7. Conclusion

Starting from 200 districts in February 2006, and extended to all the remaining rural districts from 1 April, 2008, MGNREGA has ensured social protection to a large number of beneficiaries. It provides employment to around 5 crore households, on an average every year. Since its inception MGNREGA has generated 15,575 crore person-days of employment up to December, 2013. From the financial year 2006-07 up to financial year 2013-14 [upto December 2013], over rs.1.55,000 crore has been spent on wages. The scheme's notified wages have increased across all states since 2006. The average wage earned per beneficiary has risen from rs.65 per person day to rs.124 by 2013. The scheme has been affected by corruption, delay in wage payment, lack of effective system for recording demand for work.

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