



## AN OVERVIEW OF ENHANCING LIVELIHOOD SECURITY IN RURAL AREAS THROUGH MGNREGP

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### INTRODUCTION

National Rural Employment Guarantee Act 2005 (or, NREGA No 42, later renamed as the "Mahatma Gandhi National Rural Employment Guarantee Act", MGNREGA), is an Indian labour law and social security measure that aims to guarantee the 'right to work'. It aims to enhance livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The act was first proposed in 1991 by P.V. Narasimha Rao. In 2006, it was finally accepted in the parliament and commenced implementation in 625 districts of India. Based on this pilot experience, NREGA was scoped up to cover all the districts of India from 1 April 2008. The statute is hailed by the government as "the largest and most ambitious social security and public works programme in the world". In its World Development Report 2014, the World Bank termed it a "stellar example of rural development".

The MGNREGA was initiated with the objective of "enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year, to every household whose adult members volunteer to do unskilled manual work". Another aim of MGNREGA is to create durable assets (such as roads, canals, ponds, wells). Employment is to be provided within 5 km of an applicant's residence, and minimum wages are to be paid. If work is not provided within 15 days of applying, applicants are entitled to an unemployment allowance. Thus, employment under MGNREGA is a legal entitlement.

MGNREGA is to be implemented mainly by gram panchayats (Gps). The involvement of contractors is banned. Labour-intensive tasks like creating infrastructure for water harvesting, drought relief and flood control are preferred.

Apart from providing economic security and creating rural assets, NREGA can help in protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity, among others.

The law provides many safeguards to promote its effective management and implementation. The act explicitly mentions the principles and agencies for implementation, list of allowed works, financing pattern, monitoring and evaluation, and most importantly the detailed measures to ensure transparency and accountability.

Manpower Programme' taught the lesson of financial management, the 'Crash Scheme for Rural Employment' of planning for outcomes, a 'Pilot Intensive Rural Employment Programme' of labour-intensive works, the 'Drought Prone Area Programme' of integrated rural development, 'Marginal Farmers and Agricultural Labourers Scheme' of rural economic development, the 'Food for Work Programme' (FWP) of holistic development and better coordination with the states, the 'National Rural Employment Programme' (NREP) of community development, and the 'Rural Landless Employment Guarantee Programme' of focus on landless households. The Planning Commission later approved the scheme and the same was adopted on national scale.

### HISTORICAL BACKGROUND

On 1 April 1989, to converge employment generation,

infrastructure development and food security in rural areas, the government integrated NREP and RLEGP into a new scheme JRY. The most significant change was the decentralization of implementation by involving local people through PRIs and hence a decreasing role of bureaucracy.

On 2 October 1993, the Employment Assurance Scheme (EAS) was initiated by the then prime minister P.V. Narasimha Rao to provide employment to agricultural hands during the lean agricultural season. Rao had started discussions on this act in 1991. The role of PRIs was reinforced with the local self-government at the district level called the 'Zilla Parishad' as the main implementing authority. Later, EAS was merged with SGRY in 2001.

On 1 April 1999, the JRY was revamped and renamed to JGSY with a similar objective. The role of PRIs was further reinforced with the local self-government at the village level called the 'Village Panchayats' as the sole implementing authority. In 2001, it was merged with SGRY.

In January 2001, the government introduced FWP (Food for Work Programme) similar to the one initiated in 1977. Once NREGA was enacted, the two were merged in 2006.

On 25 September 2001 to converge employment generation, infrastructure development and food security in rural areas, the government integrated EAS and JGSY into a new scheme SGRY. The role of PRIs was retained with the 'Village Panchayats' as the sole implementing authority. Yet again due to implementation issues, it was merged with Mahatma Gandhi NREGA in 2006.

The total government allocation to these precursors of Mahatma Gandhi NREGA had been about three-quarters of 1 trillion (US\$16 billion).

According to the Eleventh Five Year Plan (2007–12), the number of Indians living on less than \$1 a day, called Below Poverty Line (BPL), was 300 million that barely declined over the last three decades ranging from 1973 to 2004, although their proportion in the total population decreased from 36 per cent (1993–94) to 28 per cent (2004–05), and the rural working class dependent on agriculture was unemployed for nearly 3 months per year.

The UPA Government had planned to increase the number of working days from 100 to 150 before the 2014 Lok Sabha Elections in the country but failed.

The NDA government has decided to provide 150 days for rain hit areas. The registration process involves an application to the Gram Panchayat and issue of job cards. The wage employment must be provided within 15 days of the date of application. The work entitlement of '120 days per household per year' may be shared between different adult members of the same household.

The law also lists permissible works: water conservation and water harvesting; drought proofing including afforestation; irrigation works; restoration of traditional water bodies; land development; flood control; rural connectivity; and works notified by the government. The Act sets a minimum limit to the wage-material

ratio as 60:40. The provision of accredited engineers, worksite facilities and a weekly report on worksites is also mandated by the Act.

Furthermore, the Act sets a minimum limit to the wages, to be paid with gender equality, either on a time-rate basis or on a piece-rate basis. The states are required to evolve a set of norms for the measurement of works and schedule of rates. Unemployment allowance must be paid if the work is not provided within the statutory limit of 15 days.

The law stipulates Gram Panchayats to have a single bank account for NREGA works which shall be subjected to public scrutiny. To promote transparency and accountability, the act mandates 'monthly squaring of accounts'. To ensure public accountability through public vigilance, the NREGA designates 'social audits' as key to its implementation.

The most detailed part of the Act deals with transparency and accountability that lays out role of the state, the public vigilance and, above all, the social audits. For evaluation of outcomes, the law also requires management of data and maintenance of records, like registers related to employment, job cards, assets, muster rolls and complaints, by the implementing agencies at the village, block and state level.

The legislation specifies the role of the state in ensuring transparency and accountability through upholding the right to information and disclosing information proactively, preparation of annual reports by CEGC for Parliament and SEGs for state legislatures, undertaking mandatory financial audit by each district along with physical audit, taking action on audit reports, developing a Citizen's Charter, establishing vigilance and monitoring committees, and developing grievance redressal system.

The Act recommends establishment of 'Technical Resource Support Groups' at district, state and central level and active use of Information Technology, like creation of a 'Monitoring and Information System (MIS)' and a NREGA website, to assure quality in implementation of NREGA through technical support.

The law allows convergence of NREGA with other programmes. As NREGA intends to create 'additional' employment, the convergence should not affect employment provided by other programmes.

## THE LAW AND THE CONSTITUTION OF INDIA

The Constitution of India – India's fundamental and supreme law.

The Act aims to follow the Directive Principles of State Policy enunciated in Part IV of the Constitution of India. The law by providing a 'right to work' is consistent with Article 41 that directs the State to secure to all citizens the right to work. The statute also seeks to protect the environment through rural works which is consistent with Article 48A that directs the State to protect the environment.

In accordance with the Article 21 of the Constitution of India that guarantees the right to life with dignity to every citizen of India, this act imparts dignity to the rural people through an assurance of livelihood security. The Fundamental Right enshrined in Article 16 of the Constitution of India guarantees equality of opportunity in matters of public employment and prevents the State from discriminating against anyone in matters of employment on the grounds only of religion, race, caste, sex, descent, place of birth, place of residence or any of them. NREGA also follows Article 46 that requires the State to promote the interests of and work for the economic uplift of the scheduled castes and scheduled tribes and protect them from discrimination and exploitation.

Article 40 mandates the State to organise village panchayats and endow them with such powers and authority as may be necessary to

enable them to function as units of self-government. Conferring the primary responsibility of implementation on Gram Panchayats, the Act adheres to this constitutional principle. Also the process of decentralization initiated by 73rd Amendment to the Constitution of India that granted a constitutional status to the Panchayatsis further reinforced by the Mahatma Gandhi NREGA that endowed these rural self-government institutions with authority to implement the law.

## THE LAW IN ACTION

Academic research has focused on many dimensions of the NREGA: economic security, self-targeting, women's empowerment, asset creation, corruption, how the scheme impacts agricultural wages. An early overall assessment in the north India states suggested that NREGA was "making a difference to the lives of the rural poor, slowly but surely." The evidence on self-targeting suggests that works though there is a lot of unmet demand for work.

One of the objectives of NREGA was to improve the bargaining power of labour who often faced exploitative market conditions. Several studies have found that agricultural wages have increased significantly, especially for women since the inception of the scheme. This indicates that overall wage levels have increased due to the act, however, further research highlights that the key benefit of the scheme lies in the reduction of wage volatility. This highlights that NREGA may be an effective insurance scheme. Ongoing research efforts try to evaluate the overall welfare effects of the scheme; a particular focus has been to understand whether the scheme has reduced migration into urban centers for casual work.

## CONCLUSION

On asset creation, there have not been too many detailed studies. A few focusing on the potential for asset creation under NREGA suggest that (a) the potential is substantial and (b) in some places it is being realized and (c) lack of staff, especially technical staff rather than lack of material are to blame for poor realization of this potential. Others have pointed out that water harvesting and soil conservation works promoted through NREGA "could have high positive results on environment security and biodiversity and environment conservation" A study conducted by researchers at the Indian Institute of Science and other collaborators attempts to quantify the environmental and socio-economic benefits of works done through the NREGA.

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