



## **Upliftment of Rural Employment – 17 Years of MGNREGA Scheme**

January 2023



# The Forewords

- MGNREGA's origin lies in sustained activism by citizens and civil society groups on the issues of transparency and accountability in wage payments through government schemes and the availability of employment in rural areas.
- In the early 2000s, the demands for a Right to Work in rural areas emerged in tandem with demands and campaigns for the Right to Information.
- Several organizations and people played key roles in advocating Right to Work, especially the Mazdoor Kisan Shakti Sangathan (MKSS) led by Aruna Roy and Nikhil Dey. Eminent social activist Harsh Mander; renowned development economist Jean Drèze, and many others also took part.
- The MKSS, with other like-minded organizations, had built upon an older demand for the extension of work guarantee, which existed in Maharashtra under Maharashtra State Employment Guarantee Act (1977).
- From this widespread campaign emerged a demand for a National Rural Employment Guarantee as a legal entitlement.
- The slogans "**Har haath ko kaam do**" (Give every pair of hands work), "**Kaam ka poora daam do**" (Full wages for work done), and "**Poora kaam, poora daam** (Get complete work, give complete wages)" conveyed the spirit of the Right to Work that was envisaged in MGNREGA.





# The Act and the Scheme

## Mahatma Gandhi NREGA (the Act)

- The Mahatma Gandhi National Rural Employment Guarantee Act (Mahatma Gandhi NREGA) is the foundation for the Mahatma Gandhi National Rural Employment Guarantee Scheme (Mahatma Gandhi NREGS) and provides guaranteed employment.
- The Central Government specified the features and conditions for guaranteed employment in Mahatma Gandhi NREGA 2005.
- The Central Government has powers to make rules and to amend Mahatma Gandhi NREGA.
- Mahatma Gandhi NREGA has been notified through the Gazette of India Extraordinary notification and is National legislation.
- Mahatma Gandhi NREGA was notified on 7<sup>th</sup> September 2005.

## Mahatma Gandhi NREGS (the Scheme)

- The Mahatma Gandhi National Rural Employment Guarantee Scheme (Mahatma Gandhi NREGS), created as directed in Mahatma Gandhi NREGA and the means to implement the Act so that the guarantee comes into effect.
- 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 State Governments have powers to make rules and amend the concerned State scheme.
- Mahatma Gandhi NREGS of a State has been notified through the Official Gazette of concerned State.
- Different States have notified Mahatma Gandhi NREGS on different dates but within a year of Mahatma Gandhi NREGA notification.





# About MGNREGA

National Rural Employment Act (NREGA), later renamed as “Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)”, is an Indian labor law that guarantees people of India the ‘RIGHT TO WORK’.



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**100 days of employment** in every financial year to adult members willing to do unskilled manual work in rural India.

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**Statutory minimum wage within 15 days.**

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**Employment within 5 km of an applicant's home.**

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**Guarantee of payment of minimum wage**, even on the failure of the government to provide employment.



# Objectives of MGNREGA

Provide a minimum 100 days work as per the demand. The programs under the act are demand-driven and provide legal provisions for appeal in the case, work is not provided, or payments are delayed.

It not only ensures equal participation of both men and women, but also guarantees equal payment for equal work for them.

It differentiates itself from earlier welfare schemes by taking a grassroots-driven approach to employment generation. It ensures livelihood opportunity and social security to the rural population.

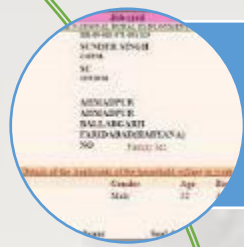
It gives a significant amount of control to the Gram Panchayats for managing public works, therefore strengthening Panchayati Raj Institutions. Gram Sabhas are free to accept or reject recommendations from Intermediate and District Panchayats.

It focuses on the village infrastructure and flourish durable assets such as roads, canals, ponds and wells.





# The Working Mechanism – MGNREGA



Job cards are issued to every household under the MGNREGA within 15 days from the date of application.



The Gram Panchayat after a due verification will issue a job card. The card is free of cost and contains the picture of the adult member willing to work.



At least 50% of the work shall be allotted to Gram Panchayat for execution. The work proposed by the village community can not be altered unless they are not in conformity with the guidelines of MGNREGA.



Wages are paid according to State Minimum Wage Rate notified under Minimum Wages Act 1948. If the employment is given beyond the 5km jurisdiction, then additional 10% of the total wage is mandated to be paid to the job seeker.

# The Salient Features

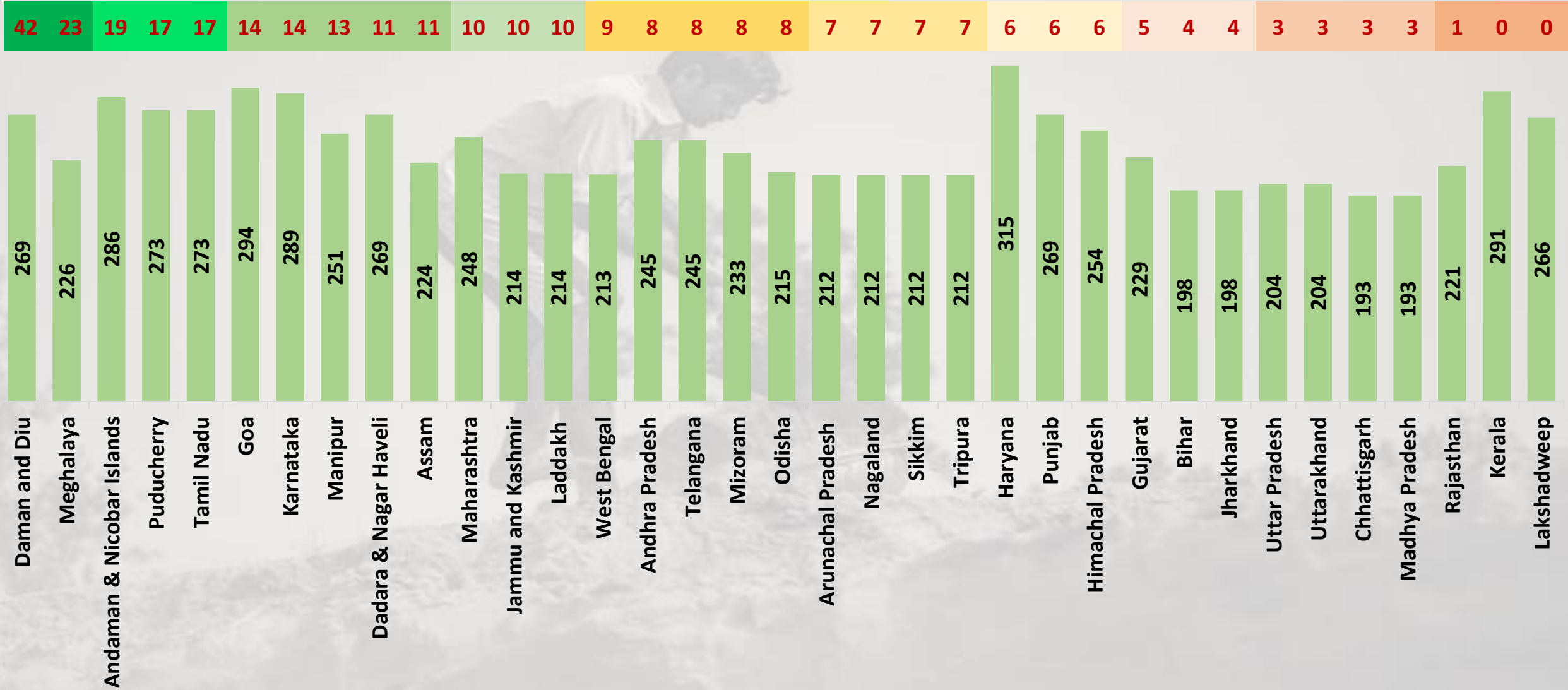
- The Act strictly prohibits the engagement of contractors/middlemen in the programme.
  - One-third of all employment is reserved for women and there is a provision of equal wage between the men and women.
  - Gram Panchayats (GPs) implement the programs under MGNREGA.
- The Act requires transparency and accountability of-
    - Principles and agencies for execution
    - List of allowed works
    - Financing pattern
    - Monitoring and evaluation





# State wise MGNREGA Wage Rate [INR] : Year 2021 – 22

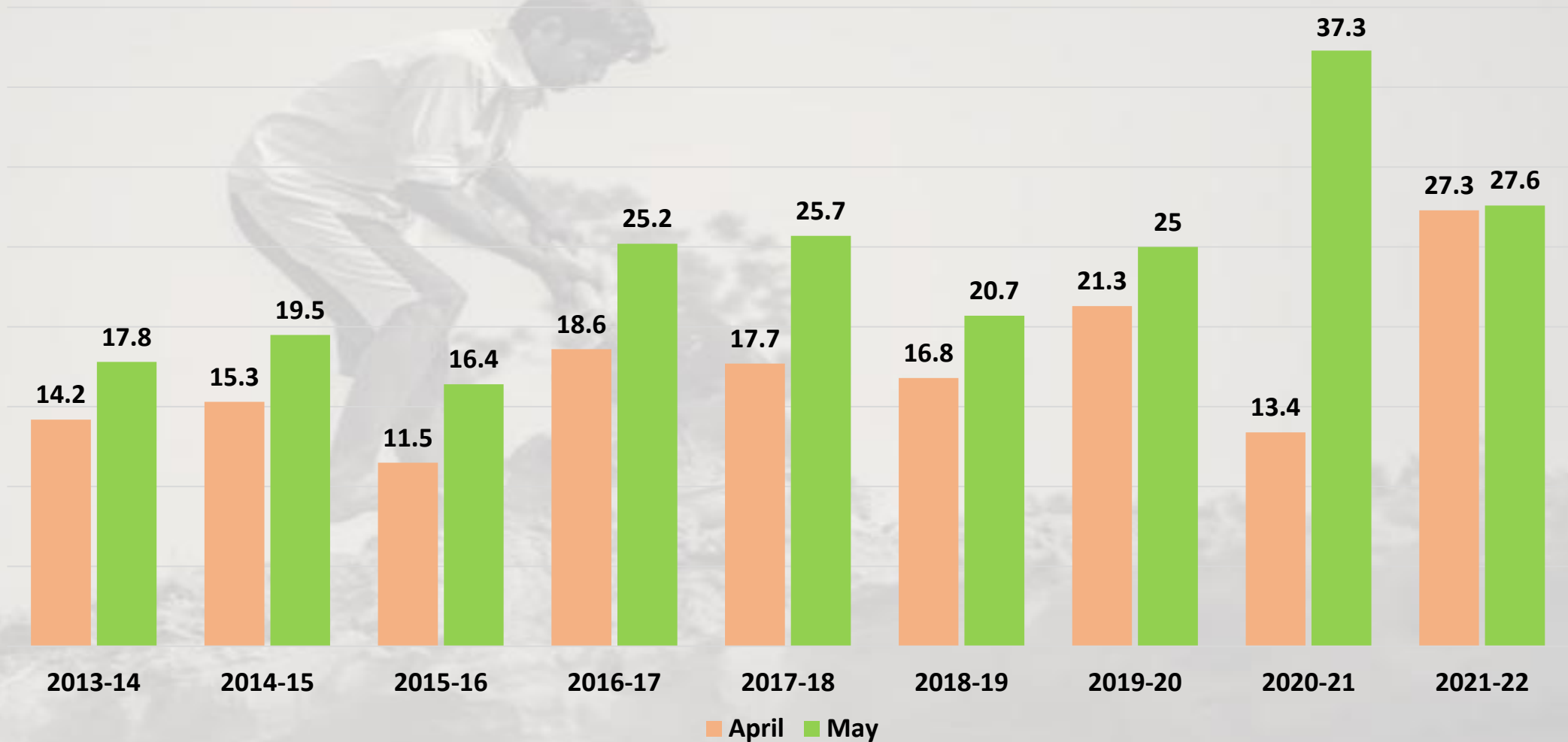
Change in wages over 2020 – 21





# Increasing Demand of MGNREGA Work [%]

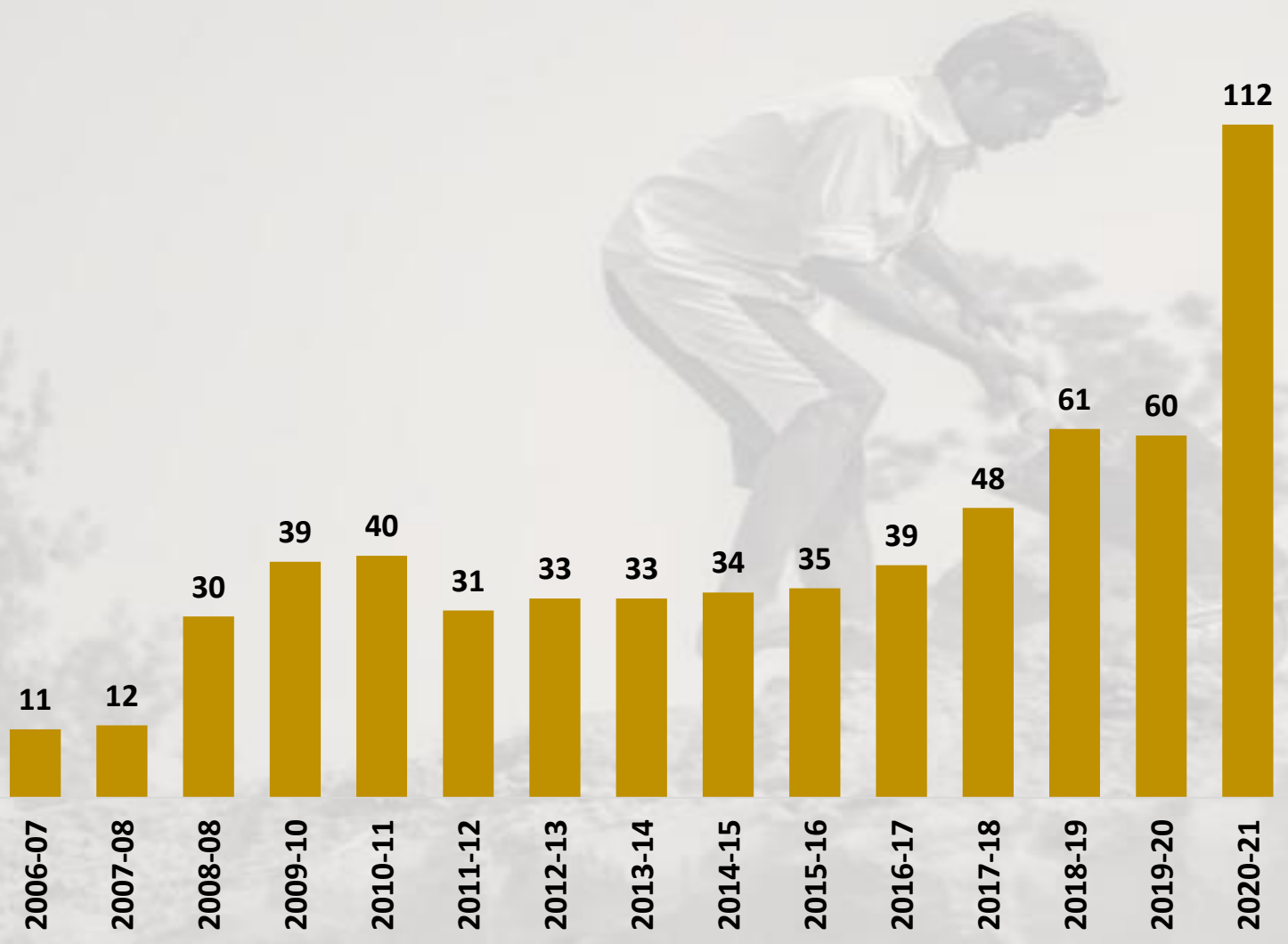
Due to unprecedented lock-down coupled with migration from urban areas to rural homeland and cash crunch there was a hike in the demand for MGNREGA works amongst the village population



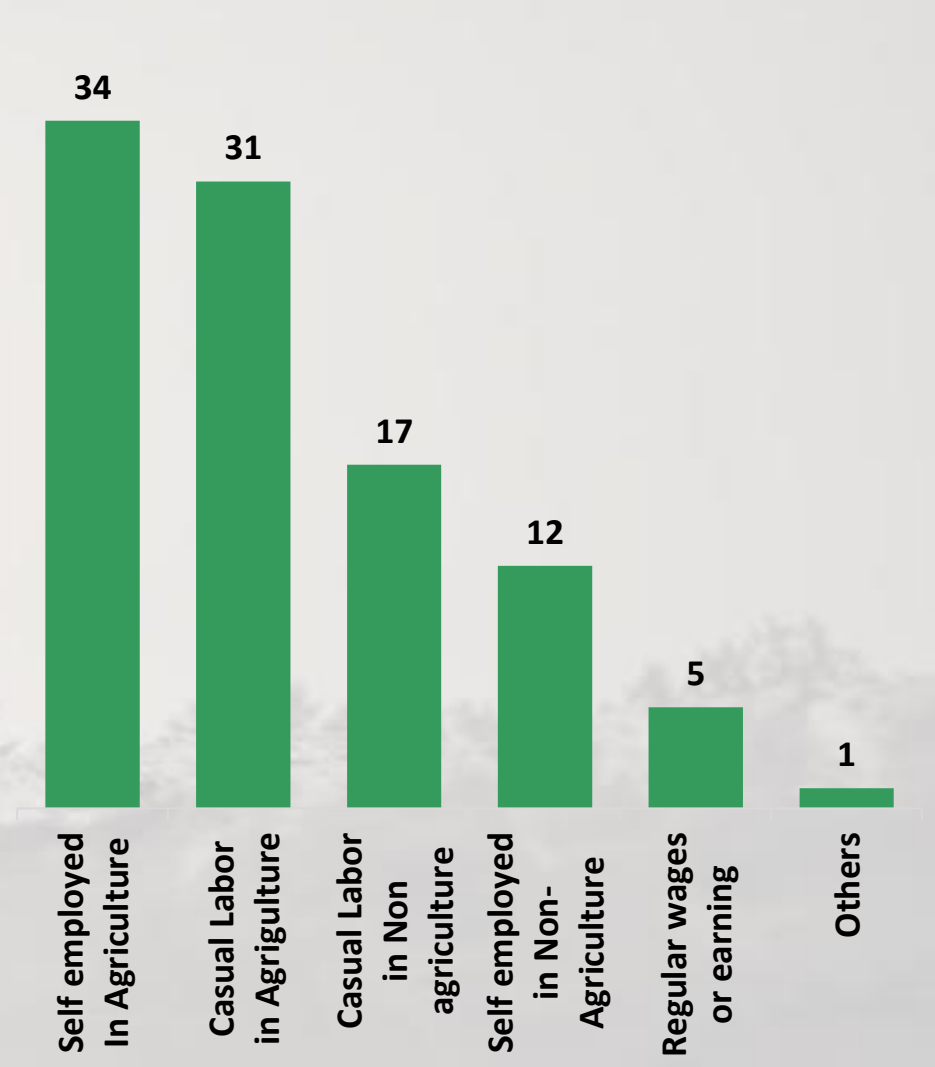


# Approved Budget and Distribution among Household

Approved Budget under MGNREGA Scheme [in INR '000 Crore]



Distribution of Beneficiaries [in %]





# Numbers of People in Jobs in MGNREGA [2020 – 21]

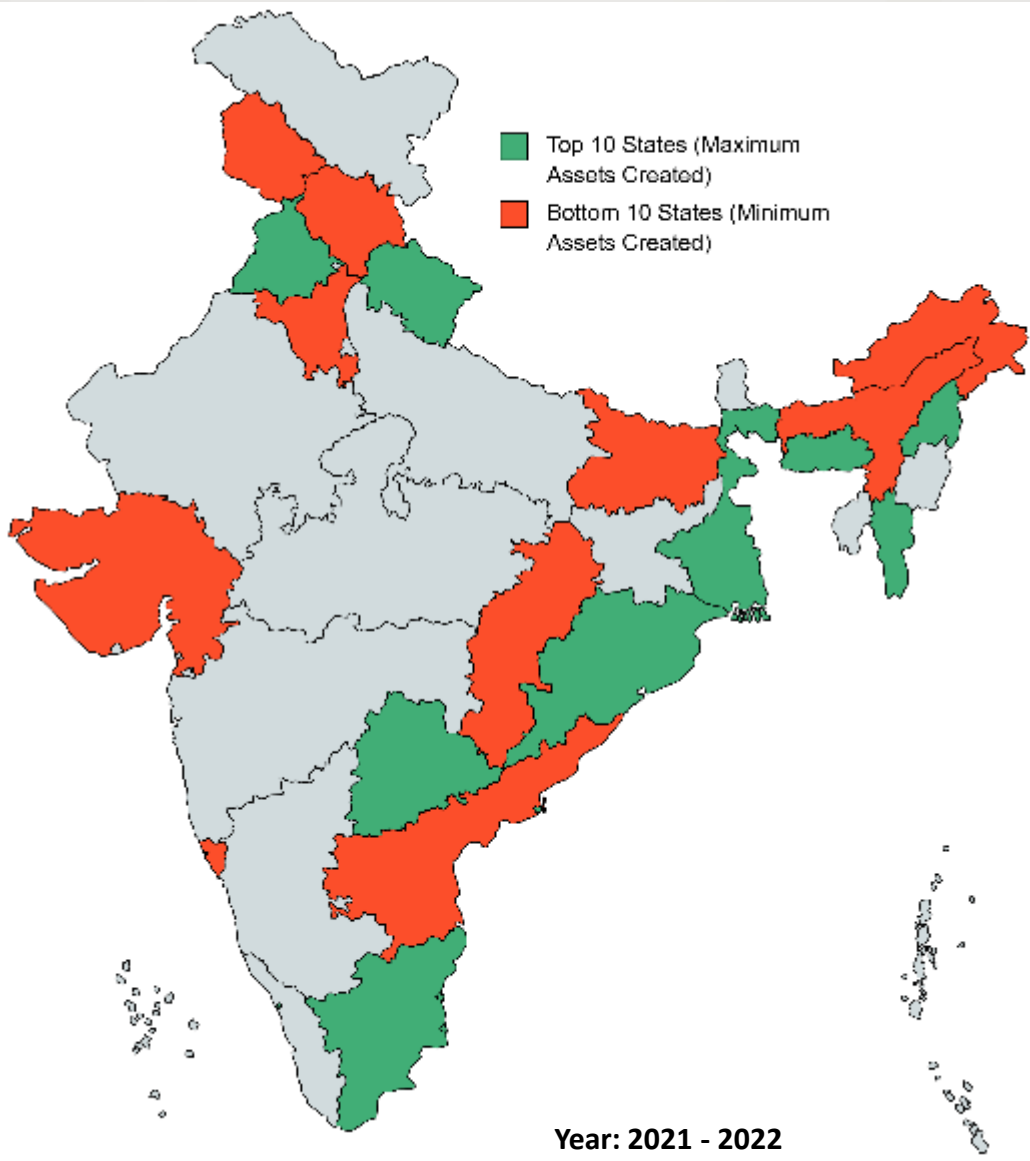




# Benefitted from MGNREGA – by Assets Created

## Top 10 States

States	No. of Assets
West Bengal	89,32,227
Uttarakhand	81,44,351
Telangana	74,07,985
Tamil Nadu	65,99,442
Puducherry	45,45,921
Punjab	46,45,472
Odisha	39,53,103
Nagaland	34,10,289
Mizoram	31,56,656
Meghalaya	29,85,997



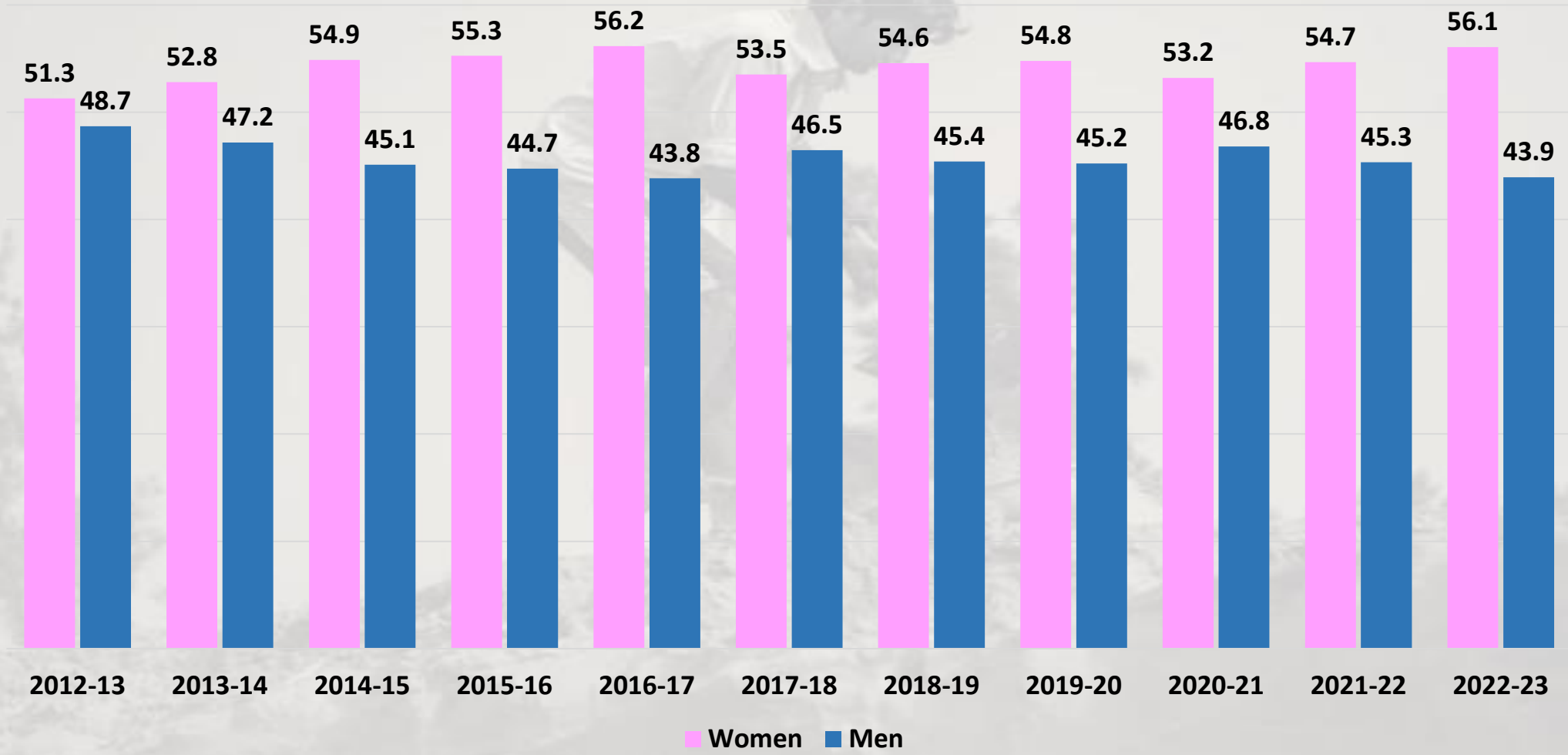
## Bottom 10 States

States	No. of Assets
Andhra Pradesh	2,577
Arunachal Pradesh	3,610
Assam	6,737
Bihar	7,080
Chhattisgarh	25,359
Goa	58,615
Gujarat	83,633
Haryana	91,678
Himachal Pradesh	1,63,094
Jammu and Kashmir	1,84,622



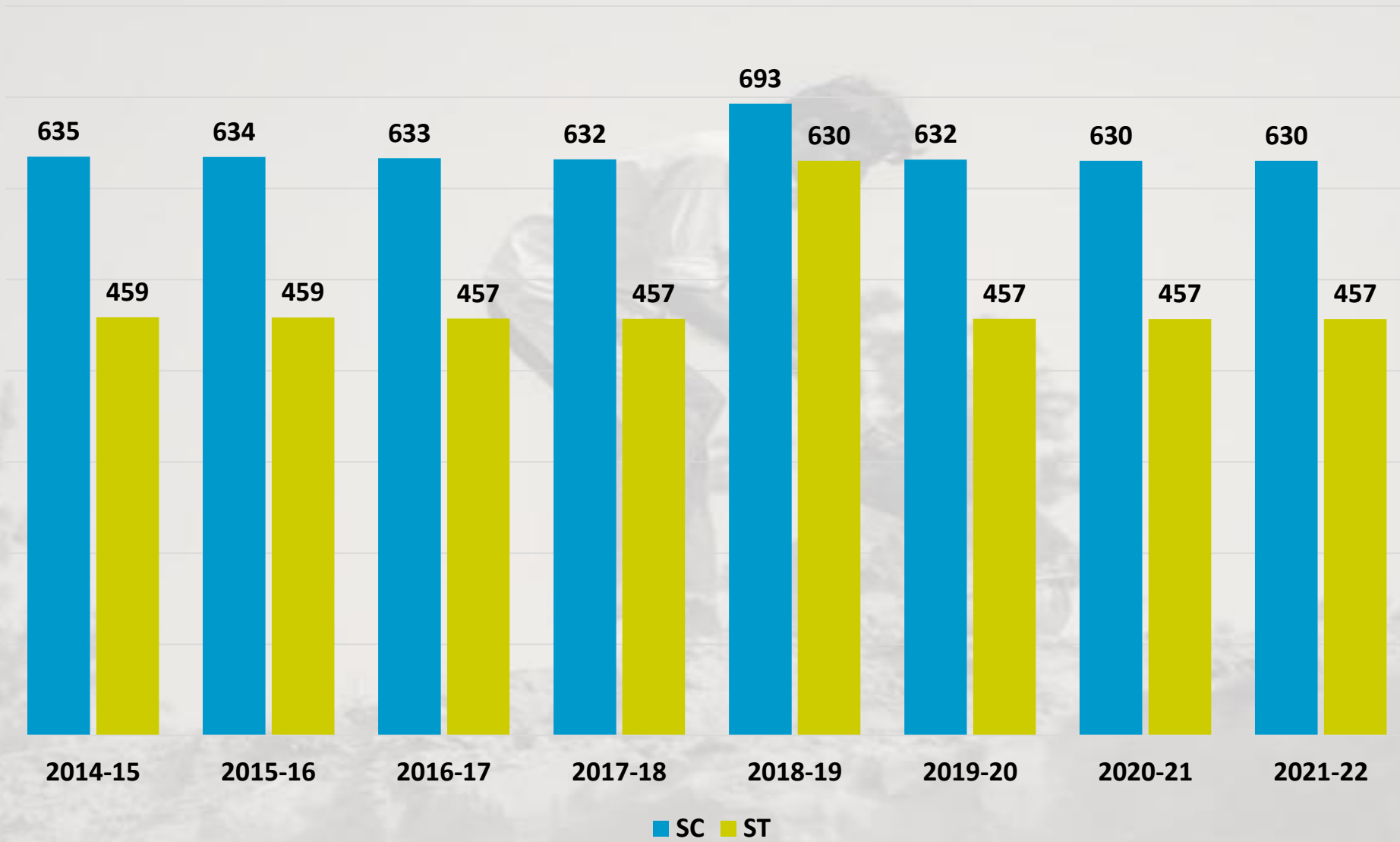
# Participation of Male and Female in MGNREGA [%]

Females from rural India are more encouraged and made able to participate in the MGNREGA Scheme so far.





# Number of SC and ST Labor Registered under MGNREGA





# Sustainable Development Goals [SDGs] for MGNREGA



## Key Global SDGs are well inclined with the SDGs of MGNREGA

**SDGs of MNREGA aligns well with 13 of the 17 Global SDGs:**

<b>Social Protection</b> <ul style="list-style-type: none"> <li>•SDG-1</li> <li>•SDG-4</li> <li>•SDG-6</li> <li>•SDG-8</li> </ul>	<b>Livelihood Security</b> <ul style="list-style-type: none"> <li>•SDG-1</li> <li>•SDG-10</li> </ul>	<b>Rejuvenate Natural Resources</b> <ul style="list-style-type: none"> <li>•SDG-2</li> <li>•SDG-6</li> <li>•SDG-13</li> <li>•SDG-14</li> <li>•SDG-15</li> </ul>	<b>Wage Employment</b> <ul style="list-style-type: none"> <li>•SDG-1</li> <li>•SDG-2</li> </ul>
<b>Social &amp; Women Empowerment</b> <ul style="list-style-type: none"> <li>•SDG-5</li> <li>•SDG-8</li> <li>•SDG-10</li> </ul>	<b>Deepen Democracy</b> <ul style="list-style-type: none"> <li>•SDG-16</li> </ul>	<b>Asset Creation</b> <ul style="list-style-type: none"> <li>•SDG-3</li> <li>•SDG-6</li> <li>•SDG-9</li> <li>•SDG-13</li> </ul>	<b>Participatory Planning</b> <ul style="list-style-type: none"> <li>•SDG-16</li> </ul>

## 4 Global SDGs not aligned with MNREGA SDGs are:

- SDG – 7 Sustainable & Clean Energy
- SDG – 11 Sustainable Cities & Communities
- SDG – 12 Responsible Consumption & Production
- SDG – 17 Partnerships for the Goals



MGNREGA plays a key role in achieving India's global commitment in attaining 2030's Agenda of Sustainable Development Goals



**Social Protection** is concerned with preventing, managing, and overcoming situations that adversely affect people's wellbeing. It includes policies and programme that reduces vulnerability and enhances the quality of life.



**Livelihood Security** is the adequate and sustainable access to income and resources to meet basic needs that includes adequate access to food, potable water, health facilities, educational opportunities, housing, and time for community participation and social integration.



**Rejuvenating Natural Resources** means protection and conservation of the natural resources. Renewable natural resources are natural resources that, after exploitation, can return to their previous stock levels by natural processes which may take years, but proper and revised use of it may protect it from decaying.



**Wage employment** includes any salaried or paid job under contract (written or not) to another person, organization or enterprise in both the formal and informal economy. Provision for equal wage provides for payment of equal wages for work of same and similar nature to male and female workers and for not making discrimination on the ground of sex or gender.

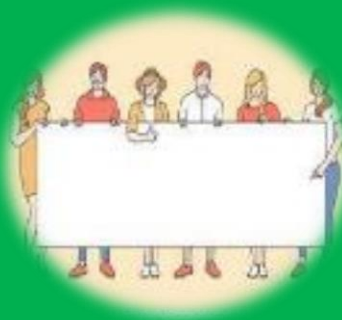


# Contribution of MGNREGA to SDGs ...2

MGNREGA plays a key role in achieving India's global commitment in attaining 2030's Agenda of Sustainable Development Goals



**Social and Women Empowerment** – When the sections of society, have equal control over their lives and can take important decisions in their lives, and have equal opportunities, social empowerment can be achieved. Without empowering all sections of society equally, a nation can never have a good growth trajectory.



**Deepen Democracy** – It is fundamental to every elected government to strengthen the democratic values and enhance constitutionalism by conducting in the manner as provided in the law of land. It should adhere to the principle of social justice and righteousness.



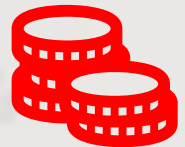
**Asset Creation** can be explained as the development of building on infrastructural grounds. Country like India, especially the rural part still lacks behind in several facilities such as adequate numbers of schools and hospitals, proper roadway connectivity, wells etc. The gvt. Policy should be directed towards creation of these assets for public welfare.



**Participatory planning** is a society planning paradigm that emphasizes involving the entire community in its planning process. Participatory planning ensures people of all community participates unanimously in the decision making as well as implementation mechanism of the policies developed for common welfare.



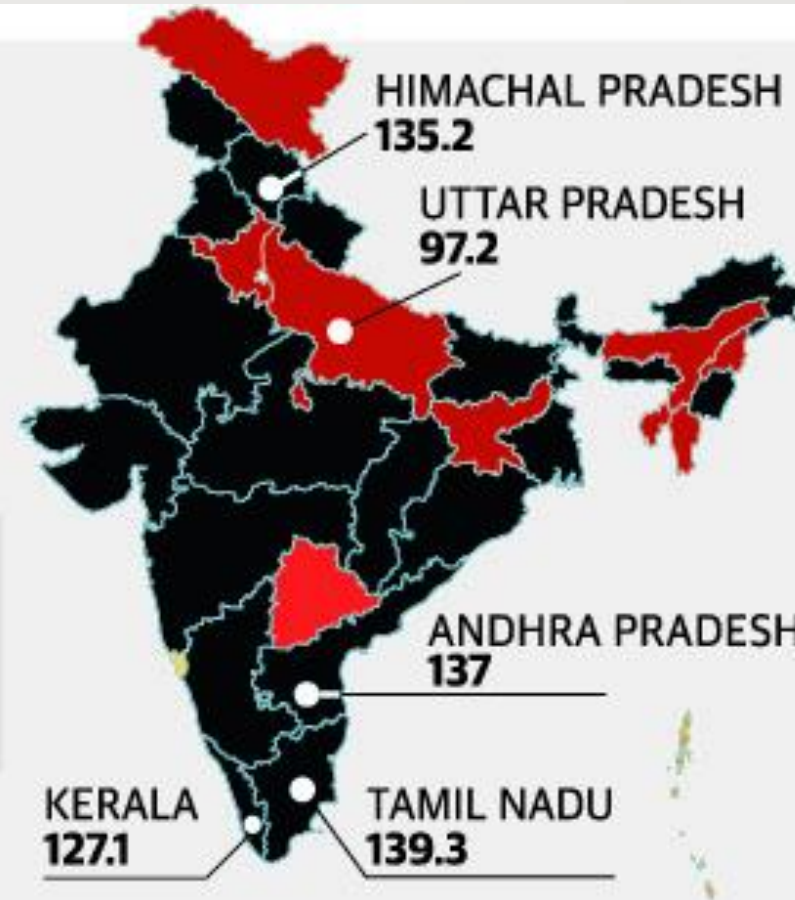
# Current Situation and Challenges with MGNREGA



## Out of funds

As many as 21 out of 35 States/UTs have utilised over 100% of their allocated funds under MGNREGA for FY22 till October 29

### % OF MGNREGA FUNDS USED

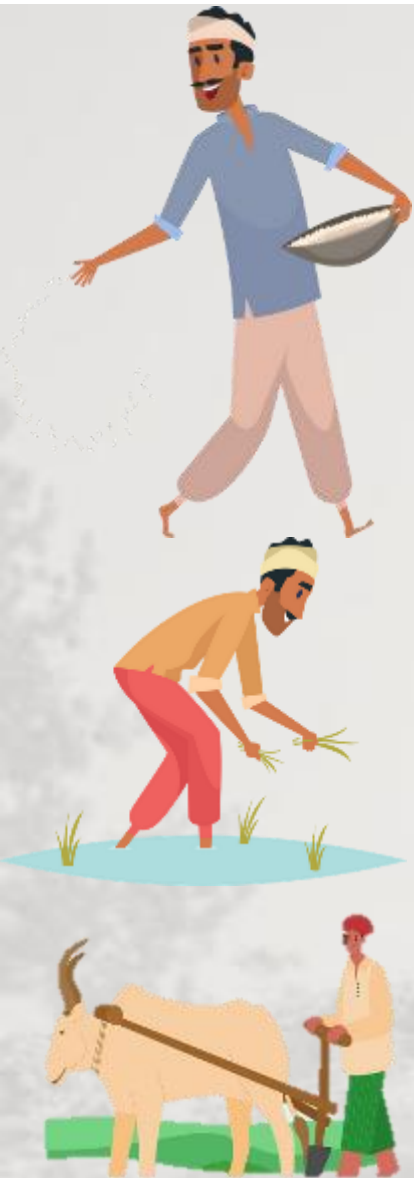


**1** The chart shows the % of allocated funds under MGNREGA for FY22 utilised by States until October 29

**2** The total expenditure including payments due was ₹79,810 crore

**3** The negative net balance of Andhra Pradesh and Tamil Nadu stood at 2,323 crore and 1,999 crore respectively

- The Centre’s flagship rural employment scheme (MGNREGA) has run out of funds halfway through the financial year. This means that payments for MGNREGA workers as well as material costs will be delayed, unless the States dip into their own funds.
- Earlier, the government introduced the category-wise wage payment system for SC, ST and others, as made applicable from this current financial year (2021-22), to accurately reflect on the ground flow of funds to various population groups.



## Ridiculously Low Wage Rate:

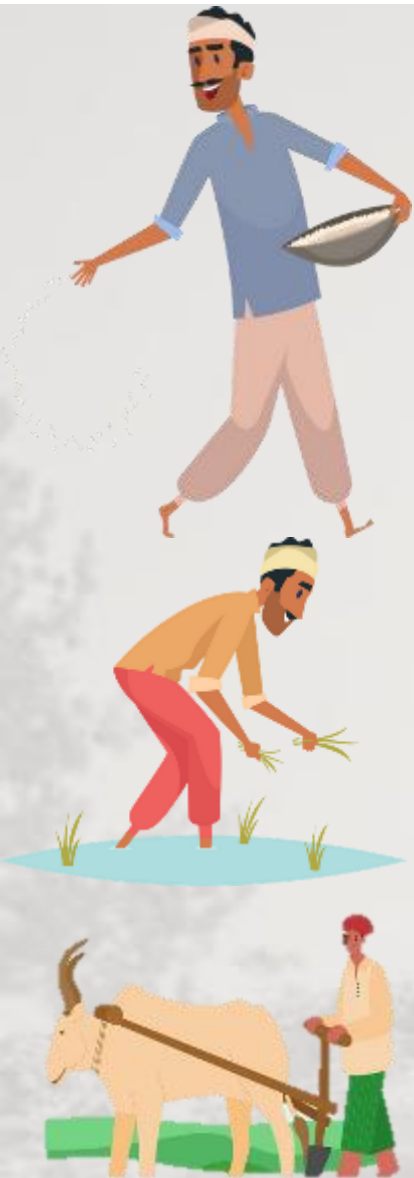
- Currently, the MGNREGA wage rates of at least 17 of the 21 major states are even lower than the state minimum wage for agriculture. The shortfall is in the range of 2 – 33% of the minimum wage.
- **The National Sample Survey Office (NSSO)**, 2017 data shows that the average daily wage for general agricultural laborers is INR 264.05 for men, and INR 205.32 for women.
- The ridiculously low wage rates have resulted in lack of interest among workers in working for MGNREGA schemes, making way for contractors and middlemen to take control locally.

## Inadequate Financing:

- Due to lack of funds, state governments find it difficult to meet the demand for employment under MGNREGA.

## Delay in Payment of Wages:

- Most states have failed to disburse wages within 15 days as mandated by MGNREGA. In addition, workers are not compensated for a delay in payment of wages.
  - This has turned the scheme into a supply-based programme and subsequently, workers had begun to lose interest in working under it.
- A 2016 judgement of the Supreme Court described pending wage payments under MGNREGA as “a clear constitutional breach committed by the State” and “a modern form of beggar”.



## Ineffective Role of PRI:

- With very little autonomy, gram panchayats are not able to implement this act in an effective and efficient manner.
- The gram panchayats have also been accused of being corrupt. Mismanagement has led to ineffectiveness of the scheme.

## Large Number of Incomplete works:

- There has been a delay in the completion of works under MGNREGA and inspection of projects has been irregular. Also, there is an issue of quality of work and asset creation under MGNREGA.
- A large number of labors are unskilled. Corruption has been a major cause that has paused further funding and implementation on the project.

## Fabrication of Job cards:

- here are several issues related to the existence of fake job cards, the inclusion of fictitious names, missing entries and delays in making entries in job cards.

## Conclusion

The MGNREGA programme has brought about development in the rural household, and it has enabled them to access many facilities and enhance the quality of the life, but this development is limited.

MGNREGA has not developed the rural households completely and it is not possible for MGNREGA alone to develop the rural household completely.

Change can potentially happen with introduction of policies and initiatives which enable growth and development of the rural households by both the union and respective state governments, well aligned with the changing needs of the community at large with more proactive involvement and coordination with Gram Panchayats and a feedback mechanism in place with stakeholders across the value chain.

# The Way Forward

- **Must Ensure Work is Provided:**
- The Government must ensure that work is provided notwithstanding the demand.
  - The government should expand the scheme and focus on value addition and multiply community asset works.
- **Strengthening the Scheme:**
  - There is a need for better coordination between various government departments and the mechanism to allot and measure the work.
  - This is one of the best welfare schemes in recent years and it has helped the rural poor. However, government officials must take the initiative to implement the scheme and must not block the work.
- **Gender Wage Gap:**
  - Some discrepancies in the payouts need to be addressed, too. Women in the sector, on an average, earn 22.24% less than their male counterparts.





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