



## MGNREGA to Change the Face of Rural India

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### Abstract

*The present study focuses on MGNREGA scheme in rural areas of Indian country. It has become a powerful instrument for inclusive growth in rural India through its impact on social protection, livelihood security and democratic governance. MGNREGA is the first ever law internationally that guarantees wage employment at an unprecedented scale. With its legal framework and rights-based approach, MGNREGA provides employment to those who demand it and is a paradigm shift from earlier programmes. It plays an important role in reducing poverty in rural areas. It is obvious that MGNREGA has had a huge impact on rural population. It is also said to be an instrument of empowerment through generation of income/ earnings for deprived sections of the society curtailing their distress outmigration and inhumane livings.*

**Key Words:** Programmes and Schemes, MGNREGA, Rural Area.

### 1.1. Introduction

A majority of people in India live in villages and about 50 per cent of the villages have very poor socio-economic conditions. Since the dawn of independence, concerted efforts have been made to uplift the living standards of rural masses. Rural development as an integrated concept of growth and poverty elimination has been of paramount concern in all the consequent five year plans. The Ministry of Rural Development, Government of India, runs a number of schemes and programmes with the principal objective of enabling rural people to improve the quality of their lives. In the process of planned development, it has been realized that a sustainable strategy of poverty alleviation has to be based on increasing the productive employment opportunities in the process of growth itself. In the Sixth Five Year Plan emphasis was laid on employment generation and poverty alleviation. To generate additional gainful employment in rural areas, Ministry of Rural Development, Government of India launched National Rural Employment Programme (NREP) in October 1980. Under this programme, an outlay of 1620crores was provided which was to be shared

equally between the Centre and the States. The creation of durable assets was an important objective of this programme. The government of India provide different Schemes and specific programmes for the welfare of the people viz. Indian Council of Agricultural Research, National forestation Programme and other schemes of the Ministry of Forest & Environment, Schemes of the Ministry of Water Resources, Department of Rural Development (PMGSY), Department of Rural Development (SGSY), Watershed Development Programmes (Department of Land Resources, Ministry of Rural Development) , Ministry of Agriculture and Fisheries and schemes of Ministry of Agriculture, Crash Scheme for Rural Employment (CRSE), Pilot Intensive Rural Employment Programme (PIREP) etc. These convergence initiatives have been documented and shared among States.

### 2.1. Objectives of the study:

To analyze the impact of MGNREGA Scheme on Indian society.

To analyze the role of MGNREGA scheme in removing poverty.

### 3.1. Mgnrega: The Historical Overview



In the post-Independence period, the Government wanted to uplift the socio-economic condition (SEC) of their people who mainly depended upon forest products and daily labour. Another important component of the governmental perspective was to settle the rural population as agriculture population. The Mahatma Gandhi National Rural Employment Guarantee Act, 2005, guarantees 100 days of employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. The Act has come into force with effect from February, 2006 in 200 districts initially and later on, it was extended to all the rural districts of India from the financial year 2008-09.

MGNREGA has come after almost 56 years of experience of other rural employment programmes, which include both Centrally Sponsored Schemes and those launched by State Governments. These comprise the National Rural Employment Programme (NREP) 1980-89; Rural Landless Employment Guarantee Programme (RLEGP) 1983-89; Jawahar Rojgar Yojana (JRY) 1989-1990; Employment Assurance Scheme (EAS) 1993- 99. Jawahar Gram Samridhi Yojana (JGSY) 1999-2002, Sampoorna Grameen Rojgar Yojana (SGRY) 2001, National Food for Work Programme (NFFWP) 2004. Among these programmes, the SGRY and NFFWP have been merged with NREGA in 2005. The Act was implemented in phased manner – 130 districts were added in 2007–08. With its spread over 625 districts across the country, the flagship program of the UPA Government has the potential to increase the purchasing power of the rural poor, reduce distress migration and to create useful assets in rural India. Also, it can foster social and gender equality as 23 per cent workers under the scheme are Scheduled Castes, 17 per cent Scheduled Tribes and 50 per cent women. In 2010– 11, 41 million households were employed on NREGA worksites. This Act was introduced with an aim of improving the purchasing power of

the rural people, primarily semi or unskilled work to people living in rural India, whether or not they are below the poverty line.

#### 4.1. Salient features of the Act

a) **Right based Framework:** For adult members of a rural household willing to do unskilled manual work.

b) **Time bound Guarantee:** 15 days for provision of employment, else unemployment allowance

c) **Labour Intensive Works:** 60:40 wage and material ratio for permissible works; no contractors/machinery.

#### d) **Decentralized Planning**

i) Gram Sabha to recommend works

ii) At least 50% of works by Gram Panchayat for execution

iii) Principal role of PRIs in planning, monitoring and implementation

e) **Work site facilities:** Crèche, drinking water, first aid and shade provided at worksites

f) **Women empowerment:** At least one-third of beneficiaries should be women

g) **Transparency & Accountability:** Proactive disclosure through Social Audits, Grievance Redressal Mechanism,

h) **Implementation:** Under Sec 3, States are responsible for providing work in accordance with the Scheme. Under Sec 4, every state government is required to make a scheme for providing not less than 100 days of guaranteed employment in a financial year, to those who demand work

#### i) **Funding:**

i) Central Government -100% of wages for unskilled manual work, 75% of material cost of the schemes including payment of wages to skilled and semi skilled workers.

ii) State Government- 25% of material including payment of wages to skilled and semi skilled workers cost. 100% of unemployment allowance by state government.

#### 5.1. Performance of MGNREGA in India:

The pioneering programme saw its budget outlay increase to 30, 100 crore in the interim budget 2009-2010 in the last fiscal, the same stood at Rs 16000 crore the



MGNREGA aimed at generating jobs in the rural areas, providing over 4.47 crore households in the previous fiscal. During the first year of implementation (FY 2006-2007) in 200 districts, more than 2.10 crore households were employed and 90.5 crore person days were employed. In 2007-08, 3.39 crore households were provided employment and 143.59 crore person days were generated in 330 districts. In 2008-09, 4.5 crore households have been provided employment and 215.63 crore person days have been generated across the country. MGNREGA has already created half-a-million assets and provided jobs to around 3% of India's population. About 4.5 crore households in the country benefited from the pioneering national rural employment guarantee scheme in the financial year 2008-09, an increase of 32% of the previous year. This is a significant jump over the 3.39 crore covered under the during 2007-08. At the national level average wage paid under the MGNREGA has increased from Rs 65 in 2006-07 to Rs 84 in 2008-09

(provisional). The enhanced wage earnings have led to strengthening of the livelihood resources base of the rural poor in India. In 2007-08, more than 68% of funds utilized (Rs 10, 738, 47 crore as wages expenditure) were in the form of wages paid to labors. In 2008-09, 67% of the funds have been utilized in the form of wages (Rs. 18146.63 crore as wage expenditure in 2008-09). The central government has been encourages the state governments to make wage payment through bank and post office accounts of wage seekers and over 7 crore accounts have opened in banks and post offices throughout the country to disburse the wages.

More than 40 percent of rural workers declared they would have been satisfied with earning less than Rs 1500 per month (See Table 1: Are people finding self-employment remunerative?).

Table1.

Area	%finding Their self-employment activity remunerative	Per cent finding this amount of rupees per month remunerative					
		0-1000	1001-1500	1501-2000	2001-2500	2501-3000	Above 3000
Rural	51.2	21.2	19.7	16	10.5	10.7	20.5
Urban	58.6	10.4	10.6	10.4	7.4	11.5	48.9

### 6.1. Objectives of MGNREGA

- a) Social protection for the most vulnerable people living in rural India by providing employment opportunities.
- b) Livelihood security for the poor through the creation of durable assets, improved water security, social conservation and higher land productivity.
- c) Drought proofing and flood management in rural India.
- d) Employment of the socially disadvantaged, especially for women,

SC's/ST's through the processes of right based legislation.

- e) Strengthening decentralized, participatory planning through convergence of various anti-poverty and livelihood initiatives.
- f) Deepening democracy at grass roots by strengthening the Panchayati Raj Institutions.

### 7.1. Conclusion

The MGNREGA has certainly come at a crucial time, when rural economy in the country is facing complete collapse due to myopic policies. Many studies on rural economy point to the erosion of livelihoods



in Indian villages as the main driver behind rural unemployment. Efforts to salvage the situation through numerous poverty alleviation schemes have not helped. Thus, the MGNREGA faces a two-pronged challenge: the immediate one of addressing the skyrocketing unemployment crisis in rural areas, and a longer-term one of contributing to village economy in a sustained manner.

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