

# The Mahatma Gandhi National Rural Employment Guarantee Act

*Amita Sharma*

# 12

## India

### Summary

Wage employment programme, implemented in a phased manner (2006-2008).  
Rights-based legal guarantee.

Target group: households in rural areas.

Employment provided: 52.5 million households (2009-2010).

Benefit: providing at least 100 days of employment in asset-creating public works programmes every year at the minimum wage for every rural household whose adults volunteer to do unskilled manual work for the enhancement of livelihood security.

Delivery process: Adult members of a rural household may apply to the local gram panchayat (local government at the village or small-town level) for registration and, in return, receive a job card, which is the basic legal document that enables a rural household to demand work. Employment must be provided within 15 days of demand within a 5-kilometre radius of the village (or else extra wages of 10 per cent must be paid) or else an unemployment allowance must be paid by the State at its own cost.

Funding: Under this Act, the central government meets the cost towards the payment of wages while State governments meet the cost of the unemployment allowance.

### Information on the Author

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## INTRODUCTION

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The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was enacted on 7 September 2005 as *“An Act to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household”*.

The objectives of MGNREGA are to:

- provide wage employment opportunities;
- create sustainable rural livelihoods through regeneration of the natural resource base, i.e., augmenting productivity and supporting the creation of durable assets; and
- strengthen rural governance through decentralization and processes of transparency and accountability.

MGNREGA was implemented in a phased manner with 200 districts, with the first phase being notified on 2 February 2006, followed by another 130 from April 2007, and the remaining districts going into effect from 1 April 2008. The Act is now effective in the rural areas of the entire country, covering 619 districts. The phased implementation was based on a criterion of backwardness that used a mix of demographic, social and economic indices, such as percentage of scheduled-tribe and scheduled-caste populations, agricultural productivity of the district, and the prevalent notified minimum wages for agricultural labourers in the State.

## POLICY GENESIS

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MGNREGA cushioned rural areas in the recent economic meltdown but was not a response to a specific crisis. Rather, it was part of a long-standing Government policy, embedded in the State's proactive role to alleviate poverty. While poverty in India declined from 36 per cent in 1993-1994 to 28 per cent in 2004-2005, close to 300 million people (27.5 per cent of the population) still live in chronic poverty on less than one dollar a day.

Unemployment and out-of-labour-force days of rural agricultural labourers total 104 (76 days for males and 141 days for females).<sup>i</sup> About 73 per cent of the poor live in rural areas, more than 77 per cent of India's total labour force is rural, and 85 per cent of women participating in the labour force are in rural areas.

Poverty is unevenly spread: scheduled castes, scheduled tribes and women-headed households are the worst affected. Extensive erosion of the natural resource base over the last 50 years has resulted in some of the worst natural disasters adversely impacting agricultural productivity and employment opportunities.

Growing poverty and unemployment have led to the fragmentation of land and an increase in the number of agricultural labourers. Agricultural labour increased significantly from 56 million during 1981 to 107 million during 2008. At the same time, the percentage of operational land holdings under small and marginal farmers rose from 70 per cent in 1971 to 82 per cent in 2001.

The policy response to a situation of poverty and inequality has focused on inclusive growth. The architecture of inclusive growth is defined by prioritizing key result areas through major programmes aimed at time-bound delivery of outcomes, namely, infrastructure (rural roads, housing, electricity and water sanitation), human resource development through basic education, and health and livelihood through skills development, income-generation and especially a wage employment programme (that is, MGNREGA). In addition, there has been a greater concern for social security measures through old-age pensions and life and health insurance.

There has also been a paradigm shift to rights-based policies, such as the Right to Information Act 2005, MGNREGA 2005, the Forest Rights Act 2009 and, most recently, the Right to Education Act 2009, with the Food Security Bill (in the offing). These recognize basic development needs as rights and entitlements of the citizens, compelling commitment of government resources and even challenging some of its existing systems.

MGNREGA evolved against the background of persistent poverty and inequality, embedded in the policy architecture of inclusive growth and rights-based policies, foregrounding State obligation *as law*. In 2004, the United Progressive Alliance (UPA), a coalition government led by the Congress party, came to power on a rural, agrarian-development vote with the following promise in its Common Minimum Programme: "The UPA Government will immediately enact a National

Employment Guarantee Act. This will provide a legal guarantee for at least 100 days of employment on asset-creating public works programmes every year at minimum wage for every rural household."

The coalition UPA Government with a dominant Congress share returned to power in June 2009, reinforcing its commitment to inclusive growth and its pro-poor programmes, led conspicuously by MGNREGA. A fair measure of public analysis identified MGNREGA as a critical factor in the return of Congress to power with greater strength, underscoring the fact that public policy focusing on vulnerable groups through social protection programmes stimulates equitable development and political gains.

## THE MGNREGA DESIGN: CONTINUUM AND INNOVATION

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Wage employment programmes have a long history in India, where they meet the daily subsistence needs of casual labour that forms a major share of the rural workforce. Income-generation programmes depend on external linkages and markets and take time to return benefits. The supplemental subsistence of wage employment programmes provides productive work and social security. The MGNREGA design benefited from past experience of wage employment programmes, using the instrumentality of labour-intensive public works, wages and self-selection. The significantly distinctive innovative feature of MGNREGA is

that it is a legal guarantee with a rights-based framework. This also guarantees the programme's sustainability.

The rights-based framework of MGNREGA has the following key components: workers' rights, transparency and accountability, and productive green jobs.

## WORKERS' RIGHTS

- **Self-selection:** There are no eligibility criteria or prerequisite skills.
- **Demand-based:** Any rural households willing to do unskilled manual work may apply for registration in their local gram panchayats (local governments at the village or small-town level) if they want to be eligible for employment under the Act. Following registration, the applicants are entitled to receive job cards. The job card is the basic physical instrument that enables an applicant to demand work, and it is also the worker's record of rights. To obtain employment under MGNREGA, the holder of the job card must submit a written application for employment to the gram panchayat or to the Programme Officer at the block level, specifying the period for which employment is being sought.
- **Time-bound guarantee:** The worker's application for employment is acknowledged through a dated receipt issued by the village local body or the gram panchayat or the Programme Officer. This initiates the guarantee process in

response to the demand. The right to employment is guaranteed through timelines: 15 days to allocate employment, 15 days to make payments. An unemployment allowance is paid by the respective State government to the applicant in case of a delay in employment allocation.

- **Local employment** must be provided within five kilometres of residence or else transport and extra wages of 10 per cent must be paid.
- **Flexibility** is given to workers to participate according to need.
- **Wage payment** must be as per notified wages within a week and not beyond a fortnight.
- **No contractors or machinery** is permitted.
- **The labour-intensive works** have ratios of wage costs to material costs (inclusive of skilled and semi-skilled labour) that are 60:40.

## TRANSPARENCY AND ACCOUNTABILITY

Workers' rights are safeguarded through transparency and public-accountability provisions:

- **legal documents** such as workers' job cards that record workers' entitlements and receipts;
- **right to information** through proactive public disclosure and free citizen access to information;
- **social audits** conducted by the

village assembly (*gram sabha*);

- grievance redressal mechanisms; and
- penalty of Rs1,000 (US\$22) as a fine on violation of the Act.

## PRODUCTIVE GREEN JOBS

MGNREGA work helps to earn wages and creates productive assets. Permissible works under the Act as per Schedule I, in order of priority, include: (a) water conservation and water harvesting; (b) drought-proofing (including afforestation and tree plantation); (c) irrigation canals, including micro and minor irrigation works; (d) provision of irrigation facility, horticulture plantation and land development facilities on land owned by households belonging to the scheduled castes and scheduled tribes or families below the poverty line or to the beneficiaries of land reforms or to the beneficiaries under the Indira Awaas Yojana<sup>1</sup> of the

Government of India or to small farmers or marginal farmers as defined in the Agriculture Debt Waiver and Debt Relief Scheme (2008); (e) renovation of traditional water bodies including desilting of tanks; (f) land development; (g) flood-control and -protection works including drainage in waterlogged areas; (h) rural connectivity to provide all-weather access; and (i) any other work that may be notified by the central government in consultation with the State government and that currently includes the construction of village and block-level knowledge centres (Bharat Nirman Rajiv Gandhi Sewa Kendras) as a permissible work. Almost all works relate to natural resource regeneration, addressing causes of chronic poverty such as soil erosion, water scarcity and land degradation. Being green jobs, MGNREGA works constitute a strategy for climate-change adaptation and contribute to sustainable development.

### Box 1. Vulnerability reduction through the National Rural Employment Guarantee Act

Climate change involves action for mitigation and adaptation. The National Rural Employment Guarantee Act (NREGA) contributes towards adaptation. The impact of climate change falls differentially on people, and the poor are the most vulnerable to its adverse impact. NREGA, by encouraging works on water harvesting, flood protection, afforestation and plantation, helps to insulate local communities from adverse effects of climate change. According to the findings of the pilot study conducted in Chitradurga District of Karnataka, there is an increase in groundwater level and in water percolation, and improvement in soil fertility leading to improved land productivity. The findings also suggest a reduction in water vulnerability and livelihood vulnerability in these areas.

*Source: Environmental Services, Vulnerability Reduction and Natural Resource Conservation from NREGA Activities: Case Study of Chitradurga District, Indian Institute of Science, Bangalore.*

<sup>1</sup>Indira Awaas Yojana is a flagship scheme of the Ministry of Rural Development to provide financial assistance to the rural poor living below the poverty line for construction of a house.

## IMPACT: EARLY TRENDS AND OUTCOMES

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MGNREGA, in its four years of rapid expansion from 200 to 619 districts, has yielded such positive outcomes as the following: provided employment to more than 52 million households, which has increased their income; given economic opportunities to disadvantaged groups; decreased out-migration from villages; impacted positively on the geographical-ecological environment; and improved the connectivity of rural areas (better roads, information and communication infrastructure, etc.).

### AUGMENTING EMPLOYMENT

#### *Unskilled Labour*

When MGNREGA covered the entire country in 2008-2009, it generated 2.16 billion person-days, and in 2009-2010, it generated 2.83 billion person-days. The scheme has provided employment to around 52.5 million households.

#### *Skilled Labour*

MGNREGA has opened up opportunities for large-scale employment of skilled manpower at the block and/or village level in rural areas through large-scale deployment of mates, engineers, village assistants, accountants, information technology personnel (at the gram panchayat level, for example, 0.18 million Gram Rozgar Sahayaks were appointed; at the block level, 23,102 technical assistants, about 6,966 accountants and 9,296 computer assistants were appointed).

Employment opportunities for the educated and skilled are being promoted both directly within the administrative system of the scheme and indirectly in the form of business avenues opened up by MGNREGA in the postal network, financial and information and communication technology (ICT) services.

### ENHANCING INCOME

In the initial stages, wages under MGNREGA were linked to minimum wages for agricultural labourers. There has been an increase in minimum wages for agricultural labourers in most States. The average wage rate rose from Rs65 (approx. US\$1.40) per day to Rs91 (approx. US\$2) per day from 2006 to 2010.

### EFFECTIVE TARGETING OF DISADVANTAGED GROUPS

MGNREGA is designed to allow women equity in access to work and in wage payment. The participation rate of the women's workforce surpassed the statutory minimum 33 per cent every year, reaching 48 per cent in the financial year 2009-2010 at the national level.

Independent studies point towards positive trends and women's empowerment as a result of economic opportunities under MGNREGA. This is evident in the emergence of women's identity; their growing contribution to their households' livelihood and decisions on its expenditure, especially on food, consumer goods, children's education and health care; and the offsetting of debts. Women have also started to appear more

actively in the rural public sphere as they take up their work and responsibilities. Factors motivating women's work participation include local work availability, reduction in risks associated with migration, flexibility in work choice and participation, notified wage rates and wage parity with men, easy working conditions vis-à-vis other hazardous options, and regularity and predictability of working hours. The abolition of contractors eliminates chances of exploitation and discrimination based on caste and community and so restores dignity and self-esteem.

MGNREGA is an example of the quantitative and qualitative difference experienced in a household because of the source through which the income flows in. If it is through the women, it enhances opportunities for their children, in turn positively affecting intergenerational change. The workforce participation of scheduled castes and scheduled tribes was 49 per cent in fiscal year 2009-2010. Independent professional studies corroborate that the marginalized groups have high workforce participation.<sup>ii</sup>

### **Box 2. In Villupuram, employment guarantee changes lives of women**

NREGA also holds the promise of bringing major changes in the lives of women. More than 80 per cent of NREGA workers in Villupuram (or, for that matter, in Tamil Nadu as a whole) are women. As agricultural labourers, they earn a paltry Rs30 per day for four to five hours of back-breaking work. Today, however, they are earning the full minimum wage of Rs80 per day on NREGA. As Maheshwari of Poirasur put it: "When we work as agricultural labourers, we earn thirty rupees every day but it doesn't seem to get us anywhere. Since we started working on NREGA, we have been earning Rs400 at the end of the week. For the first time, we are able to save". She has set some of her earnings aside in anticipation of her daughter's delivery, due at any time. Krishnaveni of the village of Chinnanerikuppam (Block Mailam) has a similar story to tell. "Now we have the confidence to take loans", she said, "because we know that we will be able to repay." For the first time in her life, she has started contributing to a chit fund.

*Source: Jean Drèze, The Hindu, 2 August 2007.*

### **INCREASE IN WAGE RATES**

Initially, wage rates were linked with minimum wages of agricultural labourers, resulting in minimum wages for agricultural labourers rising significantly in all States, from as low as Rs50 per day (about US\$1)

to Rs100 per day (about US\$2) in several States. The wage rate is to be indexed with the cost of living to give a real wage rate of Rs100 per day. Workers now have the assured wage rate under MGNREGA to bargain with private employers.

## STEMMING MIGRATION

The findings of independent studies indi-

cate that the implementation of MGNREGA has decreased migration from villages.

### Box 3. Scheme stops workers' migration to urban areas in Uttar Pradesh

Successful execution of the National Rural Employment Guarantee Act (NREGA) has stopped the rural masses from migrating to urban areas from Gorakhpur District and their native villages. "After the implementation of the NREGA in our village, we don't have to go to the cities in search of work. There are many types of work that we do here, which includes digging roads and working in brick factories and drains. This scheme has helped us a lot; now we can manage our families and farmland while working here in our village," said Murataza Hussain, a villager. He added that the NREGA provision of employment opportunities is also a welcome safeguard against food insecurity. The NREGA guarantees equal-opportunity employment, enabling women to work.

"The implementation of the NREGA has helped my fellow villagers. Now they don't have to shift to the cities in search of work; they get employment over here now. There are 360 job cards that have been issued in this village alone," said Indravati Devi, a village chief.

Source: <http://news.oneindia.in>

## AUGMENTING PRODUCTIVITY

Typically, MGNREGA works have included digging ponds, small bunds, land development and afforestation. Studies validate that assets created under MGNREGA have been conducive to the geographical-ecological environment, that they have been useful and that they have contributed towards natural resource regeneration. Results have included: increased water availability; a positive impact on agriculture through improved access to irrigation resulting in crop diversity; and dual cropping, especially on scheduled caste/scheduled tribe/below-the-poverty-line lands. There has also been an increase in the net irrigated area as well as the gross cropped

area by retaining enough soil moisture and irrigation water for a second (or even a third) crop. Wells on MGNREGA individual lands make water-lending possible. This has increased the income for these households and helped to resolve the issue of drinking water scarcity. Maintenance of old structures has also been carried out under MGNREGA, providing an opportunity to redeem the tragedy of the commons.

An ecological act is an apt description of MGNREGA since it balances human action and natural resources. MGNREGA activities have the potential to provide environmental services and conserve and enhance natural resources.



#### **Box 4. Water management through participatory rural appraisal**

The village of Astapara, West Mednipur District, West Bengal suffers from a severe water shortage, which affects its farming. To benefit from NREGA, the villagers developed a participatory model for resource use. A village map was painted on the ground to help the villagers to identify and decide on what they saw as the priority for their community. After an analysis of the local ecosystem, the findings revealed that their water problems would be solved if they were to re-excavate and revive one of the silted water-harvesting bunds, Raibandh. A meeting was then held with the District Magistrate. For the first time, the people of Astapara presented their development plans and were able to decide what development works needed to be undertaken.

The administration sanctioned the project of over INR 9 lakh<sup>2</sup> (US\$19,000) under NREGA. The soil excavated from the project was of good quality and was used to improve the village roads without incurring any additional costs. The work involved active participation of the village Unnayan Committee as well as the Gram Panchayat. Additional facilities for labourers, including health camps, were set up at each of the work sites. Regular monitoring was also conducted to ensure better transparency and accountability of the work implemented under the scheme.

Before the roll-out of NREGA in their community, decisions had always been made by a few pressure groups and did not benefit the community as a whole. This participatory process has helped people to have a say in the decision-making and has empowered them.

*Source: Rozgar Sutra 2009, Ministry of Rural Development. Story contributed by the government of West Bengal.*

## **EXPANDING CONNECTIVITY**

MGNREGA is improving rural connectivity in many ways.

### **Rural Roads**

Fair-weather roads are connecting those hinterland areas left out of larger rural network programmes, particularly benefiting scattered tribal hamlets. Roads internal to the village along with side drains are also being started. This provides a critical link with markets, schools

and health services.

### **Financial Inclusion**

Ninety million accounts opened in banks and post offices for MGNREGA workers for their wage disbursement make this the largest financial-inclusion scheme of the rural poor. These accounts have also encouraged thrift and saving among some of the poorest families. Wage payment through the workers' accounts has helped to reduce leakages in wage payment.

<sup>2</sup>In India and Pakistan, "lakh" means 100,000.

### **ICT in Rural Areas**

Reaching far-flung areas and flattening management levels for efficiency and transparency have resulted in strengthening ICT infrastructure in rural areas. Currently, 92 per cent of block offices have computers and 55 per cent have Internet connectivity. States have been permitted to extend ICT facilities to the gram panchayat levels to make the newly proposed village knowledge resource centres ICT-enabled and to facilitate citizen use of ICT for accessing information and asserting rights. Towards this end,

MGNREGA has in recent years been most proactive in promoting ICT innovations, including biometrics and low-cost handheld devices, information-technology kiosks and automated teller machines (ATMs), all of which empower the rural poor to access their rights. Backed by financial resources and propelled by a legal guarantee pulsating towards yet-unreached areas, MGNREGA is emerging as an accelerated strategy for connecting the rural poor and rural areas with highways of opportunities.

#### **Box 5. Information and monitoring: ICT for rights, governance and transparency**

At the village council office, or the Panchayat Samiti, in the Suwarna block of the Bhilwara District of Rajasthan, the words of a song blare through a back room – *dhole gethi pavdo ladere nrega me chal bhara naam mandade re* (“buy me a shovel and stone-cutting equipment and take me to register for NREGP [National Rural Employment Guarantee Programme] works”) – as a group of NREGP workers queues up in front of a touch-screen information kiosk. The desire for information draws so many workers to the Panchayat office. Through biometric or fingerprint technology, workers are able to access, by means of an information kiosk, updated information on their application status, number of days worked, wage payments due and, importantly, information on works currently under way in nearby districts. Further, it serves as a convenient, quick portal to register villagers under NREGA. Any information needed by the worker can also be sent through a mobile phone via Short Message Service (SMS).

Rekha Devi, a 33-year-old NREGA worker, says, “Being able to get this information simply through my fingerprint makes me feel more independent. I do not need to rely on anyone for information on the scheme.” Close to 4,000 people have been registered across 10 villages using the biometric technology. According to Ranjeeta, ward member, Swana Gram Panchayat, the potential impact on governance is significant. “The ability to access information so easily will do away with a lot of fears about corruption in NREGA. Our ultimate aim is that each worker be so aware of his or her entitlements that he/she can simply go to the site supervisor or mate to demand information”, she said.

*Source:* Innovation Pilot Project in Bhilwara, Rajasthan.

## IMPLEMENTATION CHALLENGES

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Prerequisites for effective implementation of the Act are:

- **capacity of people to demand their rights.** In this case, lack of literacy, organization and resources as well as existing structural hierarchies affects the assertion of rights;
- **capacity of the administrative system to plan, implement and enforce.** Existing institutional delivery mechanisms often tend to be constrained both in resources and capabilities;
- **accountability and transparency systems.** These are major challenges given the limited capacities of both the supply and demand sides; and
- **adequate budget.** A demand-based law challenges existing budget systems in terms of processes and funding capacity.

## POLICY INNOVATIONS

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Policy innovations have evolved to meet the operational challenges. MGNREGA design balances flexibility with a normative framework.

### DECENTRALIZATION

To manage a large-scale programme spread across 2.6 lakh villages, decentral-

ization has been the core principle of administration, with the principal role played by Panchayati Raj institutions or local bodies in planning, implementation and monitoring. The village-level body or gram panchayat involves the local community in identifying projects and in social audits through gram sabhas or village assembly meetings. Under MGNREGA funds, functions and functionaries have been given to gram panchayats. In fiscal year 2008-2009, the average funds available per gram panchayat were Rs15 lakh (about US\$33,000) for MGNREGA works; the average expenditure per gram panchayat was Rs11 lakh (about US\$244,000).<sup>iii</sup> This was a 90 per cent increase over the amount that a gram panchayat had received in the previous wage employment programmes. MGNREGA has helped to strengthen local governance.

Decentralization has resulted in the mobilization of local bodies to implement MGNREGA. In terms of cost under MGNREGA, at least 50 per cent of the work is implemented through the gram panchayats. In most States, almost 90 per cent of the work is being executed by the gram panchayats. This involvement of gram panchayats in MGNREGA implementation has mobilized the local workforce. Since the villagers are involved in the planning, implementation and execution of these projects, they feel a greater sense of ownership of the projects.

### SOCIAL MOBILIZATION

Social-mobilization initiatives include multimedia and local cultural communi-

cation processes, village assemblies, door-to-door surveys, workers' conventions and drives to disseminate awareness of the Act.

### **OPENING WORKS ON A LARGE SCALE**

Chief among the strategies for workers' mobilization and the generation of awareness about MGNREGA has been the strategy of opening works in every gram panchayat and village. For this, funds must be readily available with gram panchayats to enable the prompt opening of works.

### **WORK-SITE INNOVATIONS**

A number of work-site innovations have evolved for better work management. Work time-and-motion studies to formulate realistic schedules of rates for labour-intensive works in different geo-morphological conditions have been conducted to enable appropriate wage earnings. Local persons, including women, have been trained as work-site mates to improve work execution and wage earnings. Work-site demonstrations on work execution and measurement have been introduced in some districts to educate workers.

#### **Box 6. Jalore, Rajasthan ensure better transparency in the implementation through women mates**

Nearly 1,000 female work-site supervisors (known as mates) have been trained and deployed at work sites in Jalore District to ensure better transparency in the implementation of the National Rural Employment Guarantee Act. This has been a real breakthrough since the district has the lowest literacy rate in the State, with only 28 per cent of women knowing how to read and write. Initial monitoring of the Act and work-site inspections have shown that the average wage in Jalore was much below Rajasthan's minimum wage: Rs45 instead of Rs73. Payment of wages in the State is according to work output. If the combined measurement of a work site was less than that calculated according to the Schedule of Rates and number of labourers, it resulted in lower average wages. Through participatory observation, it was found that the work distribution on sites among the labourers was unequal and the prevalent work culture allowed some of the workers to perform below par. These workers were reducing the collective output of the group. The real issue was to ensure that honest labourers received the wages that they deserved.

The district introduced a group-wise task measurement system. Under this system, labourers at a work site were divided into groups of five and the measurement was done for each group. Such a system would guarantee that the defaulters in the group would be identified and encouraged to work. However, such a system required close monitoring, and with limited personnel, a daily inspection for each work site was not feasible.

Mates were entrusted with the task of monitoring and measuring daily work output. The administration also decided to give precedence to women in the recruitment of mates. Women who had completed grade five were selected and trained through systematic orientations,

### **Box 6. Jalore, Rajasthan ensure better transparency in the implementation through women mates (cont'd.)**

workshops and on-site demonstrations. They were also given calculators to facilitate worksite calculations. These capacity-building workshops not only provided efficient management skills but also helped to build the confidence of these women.

The results were immediate and significant. From May to December 2007, the average wage in the district increased from Rs45 to Rs70. In addition, the women mates were better able to maintain records and take daily attendance and measurements. It has been a real breakthrough for those women.

Source: <http://www.nrega.nic.in>

## **WORK-SITE FACILITIES**

Work-site facilities are mandated to have crèches, drinking water and first aid.

## **FOCUS ON SUSTAINABLE DEVELOPMENT**

Sustainable development is sought through at least four key components.

### ***Activities That Regenerate Natural Resources***

Permissible works intrinsically recharge soil and water, contributing to land productivity, water availability and rural connectivity – three main development needs of rural areas. The Indian Institute of Science (IISc) Bangalore, in its study,<sup>iv</sup> describes MGNREGA works as desilting soil “fail-safe” works that regenerate natural resources and restore the ecological balance needed for sustainable development.

### ***Maintenance***

Maintenance of assets and repeated activ-

ities to sustain benefits created are permitted under the Act.

### ***Individual Ownership***

Encouraging individual ownership and linking with farm work helps in augmenting agricultural productivity and value addition. MGNREGA work can be taken up on the individual land of scheduled caste, scheduled tribe and below-the-poverty-line families and small-scale and marginal farmers. This has positive results, indicated in cropping patterns and higher yields. Typically, land development, dug wells, plantation and labour are MGNREGA inputs; pump sets, seeds, pesticides, etc., come from other schemes or farmers' own savings/credit.

### ***Convergence***

MGNREGA offers a good base for planned convergence of investments. Convergence guidelines have been issued with programmes on forests and environment, water resources, agriculture, and watershed and roads. Convergence

includes firming up primary earth-work under MGNREGA; spatial planning; integrating multiple activities under different programmes such as watershed or horticulture; value addition such as fisheries in MGNREGA tanks, vermicomposting and mushroom cultivation; and sericulture on land developed, irrigated and planted under MGNREGA, especially individual lands taken up under the Act.

### ***Focus on NREG Workers as Beneficiaries of Additional Social Benefits***

The proposal to provide health coverage under the Rashtriya Swasthya Bima Yojana (RSBY), a national scheme for health insurance for specific beneficiary categories, to all NREGA workers is under consideration. The Ministry also hopes to identify one person per household as a suitable candidate for skills development

### **Box 7. Betul, Madhya Pradesh managing resources for the future through effective afforestation**

Under NREGA, the tribal community of Deopur Kotami village has developed 45 hectares of forest land to plant fruit trees and vegetables. The afforestation work has been undertaken by four self-help groups, with 40 members in total. Water ponds and other harvesting systems have also been created to ensure an adequate water supply. Each member managed about one hectare of land and was able to sell its production to the local market.

The villagers have been able to sell Rs30,000 of vegetables in the local market and they have also established linkages with the local government schools through the midday meal scheme. In addition, the groups have been trained in new cultivation techniques and have learned to grow flowers and silk bushes.

For the people of Betul, they not only found work in their own villages but they also guaranteed themselves a sustainable source of income.

*Source: Rozgar Sutra 2009, Ministry of Rural Development. Story contributed by the government of Madhya Pradesh.*

and a placement programme under the National Livelihood Mission. Convergence between NREGA and the Integrated Child Development Scheme (ICDS) for women and child welfare at work sites is also being encouraged.

### **ADMINISTRATIVE SUPPORT**

The centre has the power to determine

administrative expenses, which it fully funds. Currently, States can incur administrative expenses up to 6 per cent on their total scheme costs for personnel and processes such as monitoring; training; information, education and communication; social audits; and management information systems.

## **TRANSPARENCY AND ACCOUNTABILITY**

Transparency has been mandated in the Act through documents and processes:

- In terms of processes, there are at least three ways in which the Right to Information has been integrated with MGNREGA. First, the Act mandates that all information be proactively placed in the public domain. Second, any information demanded is to be given free of cost. Third, social audits by the village assembly (gram sabha), which go beyond the Right to Information, fix accountability and seek correctives measures. The Comptroller and Auditor General also audits the schemes.
- For grievance redressal, district ombudsmen are being set up as independent grievance-enquiry authorities empowered to direct the State government to redress and penalize as well as to file a first information report against defaulters. Although the ombudsman does not have judicial powers, it will, however, generate greater awareness about rights among the people and bring pressure on the administrative system to deliver.

## **A WEB-BASED MANAGEMENT INFORMATION SYSTEM**

A Web-enabled management information system (MIS), [www.nrega.nic.in](http://www.nrega.nic.in), systematizes a vast swathe of field func-

tionaries, officials, local bodies and workers via a coherent, centralized workflow engine spanning the entire country. A tight coupling of inputs eliminates arbitrary entries. The MIS software also works offline and can be customized to local requirements and local language.

The MIS is a household database that records details of employment demand, work done, amount earned and days worked. Funds can be tracked from the point of approval at the centre to the point of expenditure at the village. A list of gaps and breach of guarantees alerts administrative action. A sound- and icon-based option enables workers to interface.

## **KNOWLEDGE RESOURCE CENTRES**

Physical infrastructure is necessary for a transparent transaction of rights where obligations must be fulfilled in a time-bound manner. This is being facilitated by including among permissible works the construction of knowledge resource centres at the gram panchayat and block levels, with ICT facilities, aimed at providing infrastructure resource support for citizen-centring of MGNREGA processes.

## **DOORSTEP FINANCIAL SERVICES FOR RURAL AREAS**

Efforts are under way to expand the business correspondent model to unbanked areas and to introduce biometrics through hand-held devices for enabling an end-to-end solution for workers from marking their application and attendance to payment.

## MONITORING AND EVALUATION

MGNREGA is closely monitored through internal and external monitoring mechanisms.

### *Internal Monitoring*

Feedback on programme implementation is discussed and analysed with State governments through a quarterly Performance Review Committee meeting and periodic State-level reviews and field visits.

### *External Monitoring*

Independent national-level monitors regularly monitor MGNREGA. The Central Employment Guarantee Council, a statutory institutional mechanism, also monitors the scheme. The Comptroller and Auditor General (CAG) audits media reports, which are tracked on a day-to-day basis for follow-up with States. Innovative appraisal methods include the following:

- **The Professional Institutional Network** is a network of institutions, including Indian Institutes of Management, Indian Institutes of Technology, agriculture universities, think tanks, civil society organizations and other professional institutes. The Network is an integrated structure for training, concurrent monitoring, appraisal, diagnosis of implementation constraints, and recommendations on remedial action and sustainable interventions.
- **100 eminent citizens** have been

identified for the monitoring of the scheme.

- **The ICT-based National Helpline** is used for registering complaints and redressing them effectively and promptly.

## FINANCIAL SYSTEMS

### *Central Share in Financial Assistance*

The pattern of assistance from the centre as laid down in the law is a major incentive to States to implement the programme. The centre bears 90 per cent of the cost, in addition to 100 per cent of the administrative expenses up to the permissible limit, for implementing the Act.

### *Demand-based Labour Budgets*

The budget is based on the principle of demand rather than fixed allocations. An initial budget provision is made, which is open to augmentation according to the labour demand that may rise. Labour budgets prepared by districts are discussed to assess fund requirements for an estimated labour demand and the shelf of projects needed to meet that demand. The labour budget projections are on the MGNREGA website and accessible to all. For the initial release of central assistance, the labour budget estimates are tentative as up-front funding for six months. As the work season progresses and the actual trends of the demand emerge, central assistance is released based on those trends as well the trends in the previous working seasons.



### **State Funds**

States have also been encouraged to set up State funds to be managed by an authorized agency (such as a registered society) so that the funds from the centre can be released into the State funds to be then further released to districts in accordance with their demand.

### **Commitment of Budget Resources**

The legal guarantee has compelled a commitment of financial resources to the programme; even when the economy slowed down as a result of the global meltdown, budget support to MGNREGA did not diminish. The budget support is Rs40,100 crore<sup>3</sup> (about US\$8.77 billion) for fiscal year 2010-2011, which maintains the budget provision of Rs39,100 crore (about US\$8.55 billion) for fiscal year 2009-2010. The rate of increase over previous wage employment programmes is between 139 per cent and 156 per cent, the average outflow per district going up to Rs81 crore (about US\$17.73 million) under MGNREGA from Rs31 crore (about US\$6.79 million) under former wage employment programmes.

### **Incentive-disincentive Structure**

Central assistance is for providing employment. The unemployment allowance, in case States fail to provide employment, is to be borne by the State.

### **STUDIES, DOCUMENTATION AND KNOWLEDGE-SHARING**

Independent studies have been conducted, available on [www.nrega.nic.in](http://www.nrega.nic.in). Case studies document exemplar practices for replication. Films and primers contribute to knowledge resources for peer learning. The E-Knowledge Network has been set up for connecting practitioners/policy-makers for operational queries, problem-solving, dissemination of best practices and local solutions.

### **SIGNIFICANT LESSONS THAT EMERGE FROM MGNREGA**

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MGNREGA demonstrates that a social protection programme with a rights-based legal guarantee can evolve as a platform for social empowerment and sustainable development, mitigating future risks not just by reducing vulnerabilities to economic and natural adversities but also by building resources that empower people to make more equitable and liberating choices. There are some significant lessons that emerge from MGNREGA.

### **POLICY IMPETUS AND FRAMEWORK**

- Political ownership and political will are necessary.
- A social protection framework should be part of an inclusive

<sup>3</sup>In India and Pakistan, a crore is 10 million. It equals 100 lakhs.

growth policy and not just a crisis response.

- A rights-based legal framework with operational flexibility accelerates State action for the most vulnerable groups.

## **GOVERNANCE**

### ***Administrative Strengthening***

- Professional support needs to be ensured at each level.
- High-quality training should be stressed for all.
- Personnel should receive tenure stability.
- Process re-engineering and procedure demystification and simplification are necessary. ICT, NGOs and professional networks help to achieve these aims.
- Strong internal and external monitoring systems, along with concurrent studies, help in diagnostic-remedial measures.
- Assured budget commitments and adequate fund transfers are necessary.
- Decentralization helps in transparency, accountability and stakeholder participation. It should be accompanied by overarching standards and norms and structural integration of different agencies, with role clarity and coordination mechanisms.

### ***Accountability and Transparency***

- Independent professional networks

create public space for performance watch.

- Social audit, for transparency and public accountability, is effective, and worker participation should be ensured.
- ICT demystifies as well as demediates stakeholder participation.
- Unbundling functions between agencies for implementation and adjudication promotes efficiency and accountability.
- Independent mechanisms for redressing grievances should be integral to the design.

### ***Sustainability***

- Equity should be the basic principle reflected in processes of selection, work and wages.
- The capacity of workers to avail entitlements should be built into the design.
- For planning feasible projects, participatory processes and appropriate technologies should be integrated.
- Wage employment programmes should be aligned with other employment and social protection policies.
- A convergence process involving natural resources, productivity, human development (health, education), risk coverage (life, health) and skill sets should be part of the project design.
- Programmes need to be rationalized by integrating strategies and resources for affordability and quality.

## National Overview of MGNREGA

|   | (FY 2006-2007)<br>200 Districts | (FY 2007-2008)<br>330 Districts | (FY 2008-2009)<br>615 Districts | (FY 2009-2010)<br>619 Districts |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Employment provided to households</b>  | <b>21.0 million</b>             | <b>33.9 million</b>             | <b>45.1 million</b>             | <b>52.5 million</b>             |
| <b>PERSONDAYS (in millions)</b>   |                                 |                                 |                                 |                                 |
| <b>Total</b>  | <b>905</b>                      | <b>1,435.9</b>                  | <b>2,163.2</b>                  | <b>2,825.8</b>                  |
| SCs   | 229.5 [25%]                     | 393.6 [27%]                     | 633.6 [29%]                     | 863.1 [31%]                     |
| STs   | 329.8 [36%]                     | 420.7 [29%]                     | 550.2 [25%]                     | 585.7 [21%]                     |
| Women   | 367.9 [41%]                     | 611.5 [43%]                     | 1,035.7 [48%]                   | 1,374.0 [49%]                   |
| Others  | 345.6 [38%]                     | 621.6 [43%]                     | 979.5 [45%]                     | 1,376.9 [49%]                   |
| <b>Average persondays per household</b>   | <b>43 days</b>                  | <b>42 days</b>                  | <b>48 days</b>                  | <b>54 days</b>                  |
| <b>FINANCIAL DETAIL</b>   |                                 |                                 |                                 |                                 |
| Budget Outlay (in Rs billions)  | 113                             | 120                             | 300                             | 391                             |
| Central Release (in Rs billions)  | 86.41                           | 126.10                          | 299.40                          | 335.07                          |
| Total available fund (including OB)<br>(in Rs billions)   | 120.74                          | 193.06                          | 373.97                          | 495.30                          |
| Expenditure (in Rs billions)  | 88.23                           | 158.57                          | 272.50                          | 379.38                          |
| <b>Average wage per day</b>   | <b>Rs 65</b>                    | <b>Rs 75</b>                    | <b>Rs 84</b>                    | <b>Rs 91</b>                    |
| <b>WORKS DETAIL</b>   |                                 |                                 |                                 |                                 |
| <b>Total works taken up (in millions)</b>   | <b>0.84</b>                     | <b>1.79</b>                     | <b>2.78</b>                     | <b>4.60</b>                     |
| <b>Works completed (in millions)</b>  | <b>0.39</b>                     | <b>0.82</b>                     | <b>1.21</b>                     | <b>2.09</b>                     |
| Water conservation  | [54%]                           | [49%]                           | [46%]                           | [51%]                           |
| Provision of irrigation facility to land owned<br>by SC/ST/BPL/S & MF and IAY beneficiaries   | [10%]                           | [15%]                           | [20%]                           | [17%]                           |
| Rural connectivity  | [21%]                           | [17%]                           | [18%]                           | [17%]                           |
| Land development  | [11%]                           | [16%]                           | [15%]                           | [14%]                           |
| Any other activity  | [4%]                            | [3%]                            | [1%]                            | [2%]                            |
| Note: BPL = Below the poverty line; IAY = Indira Awaas Yojana; SC = Scheduled caste; ST = Scheduled tribe; S & MF = Small and marginal farmers. |                                 |                                 |                                 |                                 |

<sup>i</sup> National Commission for Enterprises in the Unorganized Sector, Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector, Government of India.

<sup>ii</sup> A list of MGNREGA studies commissioned by the Ministry of Rural Development, including inks, is available at: <http://www.nrega.net/pin/pin-members-and-coverage/>.

<sup>iii</sup> <http://www.nrega.nic.in>

<sup>iv</sup> Environmental Services and Vulnerability Reduction through NREGA, Prof. Ravindrnath, Indian Institute of Science, Bangalore.