

MNREGA
Mahatma Gandhi National Rural
Employment Guarantee Act

MGNREGA: A brief introduction

- **A. Objectives:** MGNREGA, which is the largest work guarantee programme in the world, was enacted in 2005 with the primary objective of guaranteeing 100 days of wage employment per year to rural households. Secondly, it aims at addressing causes of chronic poverty through the 'works' (projects) that are undertaken, and thus ensuring sustainable development. Finally, there is an emphasis on strengthening the process of decentralisation through giving a significant role to Panchayati Raj Institutions (PRIs) in planning and implementing these works.

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- **Legal right to work:** Unlike earlier employment guarantee schemes, the Act provides a legal right to employment for adult members of rural households. At least one third beneficiaries have to be women. Wages must be paid according to the wages specified for agricultural labourers in the state under the Minimum Wages Act, 1948, unless the central government notifies a wage rate (this should not be less than Rs 60 per day). At present, wage rates are determined by the central government but vary across states, ranging from Rs 135 per day to Rs 214 per day.
- **Time bound guarantee of work and unemployment allowance:** Employment must be provided within 15 days of being demanded failing which an 'unemployment allowance' must be given.
- **Decentralised planning:** Gram sabhas must recommend the works that are to be undertaken and at least 50% of the works must be executed by them. PRIs are primarily responsible for planning, implementation and monitoring of the works that are undertaken.
- **Work site facilities:** All work sites should have facilities such as crèches, drinking water and first aid.
- **Transparency and accountability:** There are provisions for proactive disclosure through wall writings, citizen information boards, Management Information Systems and social audits. Social audits are conducted by gram sabhas to enable the community to monitor the implementation of the scheme.
- **Funding:** Funding is shared between the centre and the states. There are three major items of expenditure – wages (for unskilled, semi-skilled and skilled labour), material and administrative costs. The central government bears 100% of the cost of unskilled labour, 75% of the cost of semi-skilled and skilled labour, 75% of the cost of materials and 6% of the administrative costs.

- MGNREGA was implemented in phases, starting from February 2006, and at present it covers all districts of the country with the exception of those that have a 100% urban population. The Act provides a list of works that can be undertaken to generate employment related to water conservation, drought proofing, land development, and flood control and protection works. Table 1 provides information regarding employment generation and expenditure under MGNREGA.

II. Findings and Recommendations of the Standing Committee on Rural Development

- **A. Achievements:** The Standing Committee highlighted several achievements of MGNREGA in the seven years of its implementation, especially:
 - Ensuring livelihood for people in rural areas.
 - Large scale participation of women, Scheduled Castes and Scheduled Tribes (SCs/STs) and other traditionally marginalised sections of society. SCs/STs account for 51% of the total person-days generated and women account for 47% of the total person-days generated.
 - Increasing the wage rate in rural areas and strengthening the rural economy through the creation of infrastructure assets.
 - Facilitating sustainable development, and
 - Strengthening PRIs by involving them in the planning and monitoring of the scheme.

B. Challenges:

- However, the Committee found several issues with the implementation of the scheme. As Table 1 (above) shows, the average number of days of employment provided to households has been lower than the mandated 100 days, and has been decreasing since 2010-11. Key issues that the Committee raised include
- **Fabrication of job cards:** While as many as 12.5 crore households have been issued job cards out of an estimated 13.8 crore rural households (as per the 2001 census), there are several issues related to existence of fake job cards, inclusion of fictitious names, missing entries and delays in making entries in job cards.
- **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.
- **Non payment of unemployment allowances:** Most states do not pay an unemployment allowance when work is not given on demand. The non-issuance of dated receipts of demanded work prevents workers from claiming an unemployment allowance.
- **Large number of incomplete works:** There has been a delay in the completion of works under MGNREGA and inspection of projects has been irregular. Implementing agencies were able to complete only 98 lakh works out of 296 lakh works. As Table 2 shows, a large percentage of works remain incomplete under MGNREGA and the work completion rate appears to be decreasing in recent years.

C. Recommendations: The Committee made the following recommendations, based on its findings:

- **Regulation of job cards:** Offences such as not recording employment related information in job cards and unlawful possession of job cards with elected PRI representatives and MGNREGA functionaries should be made punishable under the Act.
- **Participation of women:** Since the income of female workers typically raises the standard of living of their households to a greater extent than their male counterparts, the participation of women must be increased through raising awareness about MGNREGA.

- **Participation of people with disabilities:** Special works (projects) must be identified for people with disabilities; and special job cards must be issued and personnel must be employed to ensure their participation.
- **Utilisation of funds:** The Committee found that a large amount of funds allocated for MGNREGA have remained unutilised. For example, in 2010-11, 27.31% of the funds remained unutilised. The Committee recommends that the Department of Rural Development should analyse reasons for poor utilisation of funds and take steps to improve the same. In addition, it should initiate action against officers found guilty of misappropriating funds under MGNREGA.

- **Context specific projects and convergence:** Since states are at various stages of socio-economic development, they have varied requirements for development. Therefore, state governments should be allowed to undertake works that are pertinent to their context. There should be more emphasis on skilled and semi-skilled work under MGNREGA. In addition, the Committee recommends a greater emphasis on convergence with other schemes such as the [National Rural Livelihoods Mission](#), [National Rural Health Mission](#), etc.
- **Payment of unemployment allowance:** Dated receipts for demanded work should be issued so that workers can claim unemployment allowance. Funds for unemployment allowance should be met by the central government.

- **Regular monitoring:** National Level Monitors (NLMs) are deployed by the Ministry of Rural Development for regular and special monitoring of MGNREGA and to enquire into complaints regarding mis-utilisation of funds, etc. The Committee recommends that the frequency of monitoring by NLMs should increase and appropriate measures should be taken by states based on their recommendations. Additionally, social audits must mandatorily be held every six months. The Committee observes that the performance of MGNREGA is better in states with effective social audit mechanisms.
- **Training of functionaries:** Training and capacity building of elected representatives and other functionaries of PRIs must be done regularly as it will facilitate their involvement in the implementation of MGNREGA.