



# HISTORY OF MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT, 2005 (MGNREGA): AN ANALYSIS

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## ABSTRACT

*Unemployment anywhere constitutes a danger to prosperity everywhere. The unemployment problems have been remaining as a major issue of worry for most of the States in the globe. In order to address the menace, the governments of different countries have been undertaking series of programmes. Unemployment is a worry for India as well. The colossal growth of population as well as shrinkage of natural resources compounds the matter for Indian state as every year the growth rate of unemployment reaches new heights. In order to address the growing unemployment issue, government of India adopted in 2005 a policy which attempts at ensuring employability of rural people (skilled or unskilled). An act was passed in the parliament in September 07, 2005 known as "National Rural Employment Guarantee Act, 2005" which was later rechristened as "Mahatma Gandhi National Rural Employment Guarantee Act, 2005".*

**KEY WORDS** – MGNREGA, Poverty, Unemployment

## INTRODUCTION

A look into the census of 2011 unfolds that India is primarily an agriculture based economy where, 68.84% of the total population live in rural areas. Despite completing 67 years of independence, poverty in rural areas is continuous. As a result, there is massive exodus of the rural populace to urban areas for earning their livelihood. Although five year plans comprise poverty alleviation programmes targeted for the rural poor with potential for generating income with employment guarantee schemes alongside, the objectives have not materialised as there is a yawning gap between the objectives and the resultants. From the economic perspective the government of India subscribed to mixed economy and a planned approach for real development since independence. Till date, the government of India has implemented eleven Five Year Plans and the twelfth plan is going on. In each plan, the government of India has come up with different schemes to eliminate poverty. Irrespective of the modest and honest intentions for uplift of the suffering lot the quantum of the poor continued to swell in the country. The 'Garibi Hatao' slogan raised during the parliamentary election of 1971 brought into sharp focus the problem of poverty. However, the government has failed to eradicate it in a manner that is substantial.

## OBJECTIVES

1. To make an analysis the history of the MGNREGA.
2. To make an analysis the goals of the MGNREGA.
3. To examine the positive impact of the MGNREGA

## METHODOLOGY

The approach of the study is historic-analytical. The analytical approach helps in critically analysing the various aspects of the study. The study is also based on secondary sources of information. The secondary sources have been collected from books, journals, proceeding of seminar, statistical, Handbook of Assam, Internet etc.

## HISTORY OF MGNREGA

In 1979, the government of India came up with- 'Training of Rural Youth for Self Employment' (TRYSEM). According to the guidelines of government of India, at least 50% of selected youths should be from Scheduled Caste, Scheduled Tribes communities, 40% women and 3% physically handicapped persons. There were no educational qualifications for selection of trainees. Duration of training was normally 6 months. From starting of the programme to 1997-98, number of youth trained was 4148425 of the total youths, 1755359 were self-employed and 2332374 got wage employment.<sup>1</sup> Integrated Rural Development Programme (IRDP) was initially taken up in 1977-78 in 2300 selected blocks of the country and extended to all the blocks of the country since 2<sup>nd</sup> October, 1980.<sup>2</sup> The Integrated Rural Development Programme (IRDP) has been designed as the major strategy to attack the incidence of poverty especially the rural poverty. During this period, the government of India had launched another scheme named The National Rural Employment Programme (NREP) in 1980. The main aim of this programme was to create community assets like, drinking water wells, community irrigation wells, village tanks, minor irrigation work, rural roads, schools, panchayat buildings etc. for

strengthening rural infrastructure. The programme was implemented through District Rural Development Agency (DRDA) at the district level. Development of Women and Children in Rural Areas (DWCRA) was launched in September 1982 as a sub-scheme of IRDP with the objective of focusing attention on women below the poverty line so as to improve their income generation activities. The central aim of this programme was not only to increase the incomes of rural women of poor households, but also to enabling organized participation of groups of women in the programmes of credit, skill training and infrastructure support for self-employment.<sup>3</sup> Under this scheme 10-15 women members belong to families "below poverty line" can form a DWCRA group. One woman among the members functions as the group organizers who help in the choice of activity procurement of raw material, marketing of products. Each DWCRA groups gets Rs. 25,000 as revolving fund to meet capital expenditure requirement of economic actions out of which Rs. 10,000 from the central government and UNICEF and Rs. 5000 from state government. But UNICEF took away their support from 1<sup>st</sup> January 1996. Child Care Activities (CCA) was introduced in DWCRA programme during 1995-96 to provide care facilities, immunization, education, nutrition, health care etc. to the children up to 6 years belonging to DWCRA women.<sup>4</sup> The Employment Assurance Scheme (EAS) was introduced by the Government in the 9<sup>th</sup> Five Year Plan (1992-1993). This scheme aimed at providing 100 days of unskilled manual work to the rural poor. During the 10<sup>th</sup> Five Year Plan, the Government of India introduced the- Swarnajayanti Gram Swarajgar Yozana (SGSY) in April 1999. The programme was started after restructuring the erstwhile Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self-Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Ganga Kalyan Yozana (GKY). The aim of the Swarnajayanti Gram Swarajgar Yozana (SGSY) is to bring the aided poor families above the poverty line by ensuring appreciable sustained level of income over a period of time. The assisted families under the yozana will be called as "Swarajgaris". Swarajgaris may be individuals or groups but the emphasis is given a Self-Helps Groups (SHG). A Self Help Group may consist of 10-20 persons belonging to families below the poverty line. A person should not be a member of more than one group. In the case of minor irrigation schemes, disabled persons, and in difficult areas i.e. hills, deserts, and sparsely populated areas the number of persons in a group may be from 5-20.<sup>5</sup> During the 10<sup>th</sup> Five Year Plan, the government of India also introduced the Jawahar Rojgar Yozana (JRY) on 28<sup>th</sup> April, 1989. To enactment of this scheme both the central and state government afford fund in the ratio of 80:20. The primary objective of the scheme is to provide employment to at least one member of each poor family for 50 to 100 days in a year.

Mitigation of poverty is a multidimensional process because poverty is a multi-layered issue. It has direct connection with the process of economic growth. It is well recognised that Indian economy has been on a path of sustainable economic growth, since the early 1990s when economic reforms was introduced in the country. There has been a remarkable rate of growth of GDP according to all the statistical evidences but it seems that the benefits of the growth have bypassed the overwhelming majority of the India's poor. According to the report of the National Commission for

Enterprise in the Unorganised Sector (also known as Sengupta Committee Report), -Though the population suffering from extreme poverty and living below the so called official poverty line (approximately Rs.12 per day capita consumption in 2004-2005) came down significant from 1993-94 onwards, they seem to have moved only marginally above the poverty line and about 77 % of them were stuck below the expenditure on average of Rs.20 per day per capital.<sup>6</sup> These huge groups of people are labelled as poor and vulnerable as against the remaining 23% of Middle and High Income groups who seems to have received most of the assistances of the high income growth era. This poor and vulnerable group spreads all over the India in rural and urban areas. Most of the population of these groups are also without primary education and often suffer from malnutrition. These groups emerge as a coalition of socially discriminated, educationally poor, economically indigent and politically marginalised. The father of the nation, Mahatma Gandhi believed that Poverty is terrorism. Both of its spread if not controlled, dehumanize people, turn them into enemy of society and themselves; and make people lose their dignity and self-esteem. Addressing to the members of the Lok Sabha on the Independence Day in 1947, Jawaharlal Nehru pointed that the task before India is the ending of poverty and ignorance and disease and inequality of opportunity. Both Gandhi and Nehru represented the national orientation of Indian political class about poverty and the expected responses of the state after independence in the context of the peoples protest for poverty alleviation. The experience since independence show that India's poverty alleviation strategy-including the National Rural Employment Programme (NREP), Rural labour Employment Guarantee Programme (RLEGP), Jawahar Rojgar Yojana (JRY), Employment Assurance Scheme (EAS), Sampoorna Gramin Rojgar Yojana (SGRY)- leaned towards wage employment programmes. But there has been a change with the adoption of National Rural Employment Guarantee Act in 2005, as it is step towards the fulfilment of the economic content of participatory democracy. The National Rural Employment Guarantee Act (NREGA) was enacted in 2005 to provide a minimum guaranteed wage employment of 100 days in every financial year to rural households with unemployed adult members prepared to do unskilled manual work.

The urgency of MGNREGA was triggered and necessitated by two important factors. In the first place mention has to be made of social movements backed by agitations that culminated in the scripting of right to food so as to ameliorate hunger and guarantee employment to the poor. This elicited the support of a healthy number of civil society movements like the right to information as this act worked as a catalytic agent in showcasing and serving the cause of the underfed poor. Secondly, the track record of the employment Guarantee Scheme (EGS) implemented in Maharashtra for more than three decades has been a shot in the arm. In an evaluation of the EGS in Maharashtra it has been found that the scheme has been successful on account of the following aspects that have had a profound bearing and impact:

- Efforts have been put in place to pacify the sense of extreme deprivation among the rural poor
- Accounting is based on a computation between one-tenth and one-third of the number of day's employment of rural workers.
- Minimise migration to urban areas.

- Balancing employment in the slack season.
- Enhancing the participation of women.
- Bolstered by these influences, the government enacted the NREGA in September 2005.

Apart from the above cited programme India is also a signatory member of the Millennium Declaration since September 2000. It was for the eradication of poverty and hunger of poor people living a less than a dollar a day that the government of India recognized these goals in terms of legitimate policy commitment. These commitments were taken cognisance of by the planning commission in the form of a national common minimum programme and buttressed with an objective to mobilizing resource for rural poor people. The UPA government adopted the National Common Minimum Programme on September 2004 had pledged the following regarding provision of employment. The UPA government will immediately enact a National Employment Guarantee Act. This will provide a legal guarantee for at least 100 days of employment. The avowed objective is to empower at least a person of a particular family or household to earn the minimum requirements for subsistence. As there were a number of wage and rural employment programmes which however were not given a statutory framework, the National rural employment guarantee act (NREGA) was enacted in the form of a statute to reinforce the commitment towards livelihood security in rural areas. It is Dr. Jean Dreze (development economist) who conceptualized and drafted the first version of National Rural Employment Guarantee Act (NREGA). The Parliament passed the NREGA in the monsoon season on August 23, 2005. The Act received the assent of President on September 5, 2005 and was notified on September 7, 2005. It was implemented in 200 India's most backward districts on February 2, 2006 in its first phase. And its coverage has been extended to 130 more districts of India since April 1, 2007 in its second phase. The Act is implemented in all districts of India from April 1, 2008. On 2<sup>nd</sup> October, 2009 under the UPA government renamed this act as "Mahatma Gandhi National Rural Employment Guarantee Act" on the occasion of 140 birth anniversary of Mahatma Gandhi.

### GOALS OF MGNREGA

The prime goals of the MGNREGA are as follow-

- A right-based law to be the benchmark for empowerment of the rural poor.
- Implanting models of governance reforms with thrust on innovative ways of doing business which again are driven by principles of transparency and grass root democracy.
- Making provisions in the form of a strong social security cover for a fall-back employment source for the downtrodden who are vulnerable when they are hard pressed for other employment sources.
- Deepening democracy at the grass-roots by strengthening Panchayati Raj Institution.
- Social security for the most vulnerable persons living in rural India by providing employment opportunities.
- Creation of durable assets, improved water security, soil conservation and higher land productivity so that the livelihood of the suffering poor is securitised.
- By making transparency and accountability in governance the real paradigms of development.

Thus, MGNREGA is a powerful instrument for inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment.

### SALIENT FEATURES OF THE MGNREGA

MGNREGA jobs necessarily are for unskilled people of the rural areas. People for to register themselves of these jobs through applications or orally to the local Gram Panchayat. Upon proper verification, the Gram Panchayat issues job cards. The job card which is issued free bears the photographs of all adult members of the household willing to work under MGNREGA. It is mandatory that the job card be issued within 15 days of application. A job card holder may submit a written application for employment to the Gram Panchayat, starting the time and duration for which work is sought in which the minimum days of employment have to be at least 14. The Gram Panchayat is to issue a receipt with a date therein along with a guarantee to providing employment within 15 days. It is within 5 km radius of the village that work is generally provided. For work provided beyond 5 km, extra wages of 10% are payable to meet extra transportation and expenses of livelihood. Wages are to be paid according to the Minimum Wages Act, 1948 for agricultural labours in the state, unless the centre notifies a wage rate which will not be less than 60 per day. This Act also stipulates that both men women be paid similar wages, which is a significant policy change from earlier employment guarantee schemes. Moreover, among the beneficiaries at least one-third shall be women who have registered and requested work under the scheme. For ensuring a responsive implementation process grievance redressal mechanisms have been set up. Transparency and accountability are ensured as all accounts and records relating to the scheme should be available for public scrutiny.

In the implementation of MGNREGA is discerned a paradigm shift from preceding wage employment programmes. The significant aspects of this paradigm shift are: there is provision for a statutory guarantee of wage employment and right-based framework for wage employment. For employment a worker has to exercise his or her choice to apply for registration, obtain a job card, and seek employment for the time and duration that the worker wants. It is the demand for employment that corresponds to resource transfer under MGNREGA. The State Governments may take the onus of leveraging the Act to meet the employment needs of the poor. It has inbuilt transparency safeguards documents of the following order: Job cards recording entitlement (in the custody of workers) written application for employment, muster rolls, measurement book and asset registers process, acceptance of employment application, issue of dated receipts, time-bound work allocation and wage payment, Citizen Information Boards at worksites, Vigilance Monitoring Committees, regular block, district-and state-level inspections and social audits. As the avowed objective is to render accountability to the public delivery system, it endorses an annual report on the outcomes of MGNREGA to be submitted by the Central Government to the parliament and to the State Legislature by the State Government. There is a coterie of personnel who are entrusted with the responsibility of implementing the Act and they are legally bound to ensure that the MGNREGA is delivered and disposed in an altruistic manner.

## FINDINGS

MGNREGA, as government policy is a holistic scheme to remove the problem of unemployment and poverty. It is gaining ground in the economy, but provision of job guarantee for only 100 days in a year is not sufficient to meet the challenges of the entire year for the poor households. The schemes under implementation has to face a lot of challenges and obstacles like paucity of funds, delays in their release, nature of job available, corruption etc. Further, there is wide spread irregularities in the implementation; bribes and pay backs are common with the Panchayati Raj institutions (PRIs) and the officials of state government. They are charging money from the peoples for job cards. In February 2012 interview, Mr. Jairam Ramesh, the Minister of Rural Development for the central government of India, admitted that the roads and irrigation canals built by unskilled labour under this programme are of very poor and wash away with any significant rains. Villager simply dig new irrigation pits every time one is washed in the monsoons. The completed works do not add to the desperately needed rural infrastructure.<sup>7</sup> Further, there is a lack of transparency and accountability to a great extent, proper monitoring is also not being done by the Government machinery or the local bodies; on the other people are not organised to oppose the corruption in issuing job cards. It is also true that MGNREGA provides a greater opportunity to the government for financial inclusion and inclusion growth. The wage payment through banks and post office had led to greater transparency and reliability for payment and increase in banking habits among rural people of India. However, even the increase in branches is not a solution to enhance financial inclusion as a large number of rural poor still unable to get finance facilities; appropriate innovation and introduction of modern technology will work as a facilitator and business correspondent. Even today, financial inclusion of mass rural people for inclusive growth is a greater challenge for policy makers, planners and economic elites.

## CONCLUSION

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has given the people a right to work, to ensure people's economic and democratic rights and entitlement, to create labour intensive infrastructure and assets, and to build the human resource base of the country. It has a clear focus on the poorest of poor. It seeks to reach out to those in need of livelihood security. It gives income, employment, livelihood, and a chance to live a life of self-respect and dignity. Many in India argue that the MGNREGA is one of the most important pieces of socio-economic legislation passed in recent times. Indeed, if done right, the MGNREGA has the potential not only to strengthen social security in rural India, but also to strengthen community mobilisation, ensure better responsiveness of local governments to community needs and priorities, and most of all enhance governance outcomes.<sup>8</sup> Therefore government has referred to it as, "an Act of the people, by the people and for the people".<sup>9</sup>

## End note:

<sup>1</sup> Chatterjee, Shankar(2009). *Employment programmes and Rural Development in India*, Jaipur: RBSA publisher, p.24

<sup>2</sup> Chatterjee, Shankar(2009). *Employment programmes and Rural Development in India*, Jaipur: RBSA publisher, p.20

<sup>3</sup> Azeez, N.P.Abul and Akhtar S.M. Jawed(2015). *Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) provisions, Implementation and Performance*, Delhi: New Century Publication, p-7

<sup>4</sup> Chatterjee, Shankar(2009). *Employment programmes and Rural Development in India*, Jaipur: RBSA publisher.p.23

<sup>5</sup> Mishra, Sekhar Sudhansu, Das Sudhansu and Sahoo Ranjan Kumar(2009). *Right to Information (RTI) and Rural Development in India*, delhi :New Century Publication, p-163

<sup>6</sup> Bagoria, Manoj Kumar(2015). *Impact of MGNREGA on Rural Poverty: A study on Sabarkantha District of Gujarat*, Delhi: VL Media Solutions publisher, p.3

<sup>7</sup> Basanta, Kumar (2015). 'MGNREGA' in Singh, Hari Narayan Prasad (ed) *Issues and challenges of MGNREGA: A case study of Bihar*. p.76

<sup>8</sup> Aiyar, Yamini and Samji Salimah(2006). 'Improving the Effectiveness of National Rural Employment Guarantee Act' in *Economic and Political Weekly*, December 28, pp. 320-326

<sup>9</sup> Azeez, N.P.Abul and Akhtar S.M. Jawed (2015). *Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) provisions, Implementation and Performance*, Delhi: New Century Publication, p.7

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