

MG-NREGA 2005 - ITS SOCIO- ECONOMIC IMPACT UPON SOCIETY

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Abstract

It is something assumed that the benefits of MG-NREGA, 2005 are only in terms of providing employment to jobless. Nothing could be further from truth. The impact of MG-NREGA goes way beyond; in several cases, it has actually become a major instrument of social change in the area. MG-NREGA has made an overall development in all sphere of a society. It has effected politically as the weaker sections of the society and the village Panchayats have been involved in this scheme. Due to this scheme the Panchayats of villages are actively participating and it has provided a great improvement in the economic conditions. The economic importance of MG-NREGA is that the unemployed, uneducated, unskilled and the most downtrodden people are getting economic benefits from this scheme. There are a number of distinct ways in which MG-NREGA is likely to impact poverty, the most direct and obvious way being by providing extra work opportunities and income to the poorest in the rural areas. But the question is, whether it has resulted in changes in incomes, savings, and expenditures of the people?

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“A man is willing to work and unable to find work, is perhaps the saddest sight that fortune’s inequality exhibits under this sun.”

- Carlyle, Thomas

INTRODUCTION

The Indian economy today is confronted with duality. While on the one hand, there is shining India, on the other hand there is suffering India. Although government claims success for its policies on the basis of high growth rates of the last few years, yet the fact on the ground remains that this growth is skewed, accompanied by rising inequalities. It completely bypasses the agricultural sector on which a majority of Indians are still dependent. The weakness of the current recovery and past approaches to economic development can be traced to the failure to consider employment as the predominant means of promoting growth and alleviating poverty. In policy circle, employment generation has long been an almost ignored priority particularly as unemployment rates sour. In the light of these circumstances, there is a need to re-examining some of the fundamental questions in order to find out what has gone wrong and what kind of remedial measures should be taken to resolve the problems faced by marginalized section of the society particularly in villages.

The Government of India has adopted a multifaceted development strategy that promotes economic growth and also addresses the needs of the poor by ensuring their basic rights. The Ministry of Rural Development has a gamut of programme which aims at providing direct employment, self-employment, social security, housing, building, rural infrastructure and managing land resources to alleviate poverty. But some sections of rural population, especially those unskilled, casual, manual laborers remained unaffected by these measures. Majority of the rural population is engaged in agricultural and allied activities for income and livelihood. Still the fact is that people living in the villages are devoid of basic needs of life namely, food, shelter, medical help, education etc.

Right from Raja Ram Mohan Roy (1772-1833) to Mahatma Gandhi to the present day planners and policy makers in India, all appear to have shown an awareness of the problems of people residing in the rural areas of the country and the need to bring about rural reconstruction which has been receiving considerable attention especially since the era of economic planning commenced in the country. But even today the picture of a typical or representative Indian village is that of an ill-defined assemblage of mud-walled cottages with thatched roofs, with

hardly any roads and source of drinking water and inhabited by men and women illiterate and ill-fed, and surrounded by a crowd of rickety children, all living in the company of or side-by-side an equally emancipated buffalo, or a cow or a goat.¹

After independence, a systematic study of rural social organization's structure, functions, and development become pertinent to understand rural society. The multi-dimensional concept of rural development is based on two fundamental components that have been often neglected. First, the effective management of existing local resources both material and human with the goal of optimum output and, secondly active participation of people irrespective of any sort of discrimination. These two factors have rarely been realized in the State policy of development process particularly in rural development. As a governmental agency, Panchayati Raj Institutions are also lacking those potential though they have a countrywide institutional network. On the other hand, NGOs are efficient and equipped with these two features but they lack in other dimensions. NGOs are diverse in their structure and functions like disproportionate distribution, lack of uniformity or networking, isolate and scattered attempts. These two institutions are considered most important agencies in rural development, though both are isolated in their functioning and interaction or collaboration. There is an urgent need that these two institutions act in collaboration for rural development.²

Gram Panchayats and voluntary organizations are two important agencies in rural society for local development. Together, they can effectively attain the larger goal of people's empowerment for which the country has been struggling for decades. In the wake of 73rd amendment, voluntary organizations should play a supportive and complementary role to the Panchayats and facilitate community participation. Panchayat Raj System has deep roots in the Indian tradition and civilization. Even the term 'Panchayat' can be traced to ancient period, referring to community structure. Before independence, panchayat system was based on social formation whether it is caste panchayat or village panchayat. It was voluntary in resource management but membership was compulsory and determined by social norms. Village administration looked up to these caste panchayats or village panchayats and considered them as 'self-sufficient' units. After independence, Indian state realized their importance and gave them

¹ K. Partap, *Rural Labour in India*, (Deep and Deep Publication, New Delhi), 1992, p.7.

² Pardeep Kumar, "Rural Development a Collaboration of GOs and NGOs," *Kurukshetra Administrative Journal on Rural Development*, Vol.53, Aug 2005, p.35

legal status and Constitutional validity.³

However with better understanding of the need for rural development in India's programmes of overall socio-economic development, considerable interest has been generated in the last two decades. The long term effects of rural development programmes bring to light some problems and issues. These ought to be considered and understood by the planners and policy makers before they embark upon new rural development programmes and projects. Many programmes and projects undertaken only come to full fruition after five, ten or twenty years. Although these new programmes and projects are taken up with enthusiasm, there should not be any illusion about the inherent difficulties and complexities with regard to rural planning and implementation as a whole nor its short-term and long-term effects.

The manifesto of National Front Government (UPA) starts with the statement, "Appalling poverty, glaring inequality and growing destitution of large numbers have rendered India weak and demoralized." The programme pledged by the government include minimum needs "through a major programme of employment generation and asset creation not less than 50% of the investible resources will be guaranteed to agricultural labour." The manifesto spells about more specifically the right to work.⁴

In India, there is a long tradition of labour intensive rural works programme especially in years of drought. These programmes, however, are not based on the right to work. They are just additional employment opportunities provided by the State, as and when resources and commitment are available. So far, the only serious attempt to make the right to work a reality is Maharashtra's "Employment Guarantee Act 1977". Which was enacted and implemented under extraordinary circumstances of severe drought in the State during 1970-1973 as innovative anti-poverty intervention. This scheme ran until February 2006, when it was converted into Maharashtra Rural Employment Guarantee Act, under the guidelines of the NREGA. The main object of this act is to secure the right to work by guaranteeing employment to all adult persons who volunteer to do unskilled manual work in rural areas in the State of Maharashtra.

The Employment Guarantee Scheme in Maharashtra is the longest ever surviving programme of its kind, and, secondly, it is unique because its designs and execution exhibit an unusual clarity

³ *Ibid* at 37

⁴ Roy Sinha, *Rural Employment Programmes*, Har-Anand Publications, New Delhi, 1990, p.13.

of goals and consistency in approach. One of the important features of this scheme was that the programme was focused on the alleviation of poverty, and guaranteed gainful employment to all adults above 18 years of age in rural areas and “C” class Municipal Council. Selection for employment was based on willingness to undertake unskilled manual work on a piece-rate basis and self-targeting. There were provisions, like unemployment allowances, provision of shelter and first aid, and no discrimination on the basis of gender or caste.⁵

The launch of various ambitious schemes at the Centre was guided by the success of the Maharashtra Employment Guarantee Scheme, which was implemented for over last 38 years in Maharashtra, without decline in the demand for unskilled wage work. The experience gained in implementation of different wage employment programmes like National Rural Employment Programme (NREP 1980), Rural Landless Employment Guarantee Programme (RLEG 1983), Jawahar Rozgar Yojana (JRY 1989), Employment Assurance Scheme (EAS 1993), Jawahar Gram Samridhi Yojana (JGSY 1999), Sampoorn Grammen Rozgar Yojana (SGRY 2001), and National Food for Work Programme (NPEWP 2004), etc. These programmes are as follows:⁶

S.No.	Rural Development Programme	Year of Beginning	Objective/Description
1	Community Development Programme (CDP)	1952	Over-all development of rural areas with people's participation.
2	Rural Electrification Corporation	1969	Electrification in rural areas.
3	Accelerated Rural Water Supply Programme (ARWSP)	1972-73	For providing drinking water in villages.
4	Crash Scheme for Rural Employment	1972-73	For rural employment.

⁵ Aruna Bagchee, *Political and Administrative Realities of Employment Guarantee Scheme*, Economic and Political Weekly, V.40, No.42, 2005, p.4532

⁶ Puran Singh, *National Rural Employment Guarantee Scheme*, Kurukshetra Administrative Journal on Rural Development, V.54, May 2006, p.42

5	National Institution for Rural Development	1977	Training, investigation and advisory organization for rural development.
6	National Rural Employment Programme (NREP)	1980	To provide profitable employment opportunities to the rural poor.
7	Development of Women and Children in Rural Areas. (DWCRA)	1982	To provide suitable opportunities of self-employment to the women belonging to the rural families who are living below the poverty line.
8	Rural Landless Employment Guarantee Programme (RLEGP)	1983	For providing employment to landless farmers and laborers
9	National Fund for Rural Development (NFRD)	1984	To grant 100% tax rebate to donors and also to provide financial assistance for rural development projects.
10	Council for Advancement of People's Actions and Rural Technology (CAPART)	1986	To provide assistance for rural prosperity.
11	Service Area Account (SAA)	1988	A new credit policy for rural areas.
12	Jawahar Rozgar Yojana	1989	For providing employment to rural unemployed.
13	Agriculture and Rural Debt Relief Scheme (ARDRS)	1990	To exempt bank loans up to Rs. 10,000 of rural artisans

			and weavers.
14	Supply of Improved Toolkits to Rural Artisans	1992	To supply modern toolkits to the rural craftsmen except the weavers, tailors, embroiders and tobacco laborers who are living below the poverty line.
15	District Rural Development Agency (DRDA)	1993	To provide financial assistance for rural development.
16	Mahila Samridhi Yojana	1993	To encourage the rural women to deposit in Post Office Saving Account.
17	Swarna Jayanti Gram Swarozgar Yojana	1999	For eliminating rural poverty and unemployment and promoting self-employment.
18	Pradhan Mantri Gramodaya Yojana	2000	To fulfill basic requirements in rural areas.
19	Pradhan Mantri Gram Sadak Yojana (PMGSY)	2000	To line all villages with pakka road
20	Bharat Nirman Programme	2005	Development of Rural Infrastructure including six components: irrigation, Water supply, Housing, Road, Telephone and Electricity.

Prior to the enactment of MG-NREGA, India had no programme in rural areas that promised employment as a legal right, although employment generation through rural works had a long history in India dating back to the 1960s. Since 1960, the Government had been merging old schemes to introduce new ones while retaining the basic objective of providing additional wage employment involving unskilled manual work, creating 'durable' assets, and improving food

security in rural areas through public works with special safeguards for the weaker sections and women of the community. The problem areas had also been almost similar like mismanagement, lack of planning and implementation. It took 30 years of Government experimentation to launch major schemes like Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS), Food for Work Programme (FWP), Jawahar Gram Samridhi Yojana (JGSY) and Sampoorna Grameen Rozgar Yojana (SGRY) that were forerunners to Mahatma Gandhi NREGA. In the process, the Government decentralized implementation by providing financial and functional autonomy to the local self-government institutions or Panchayati Raj Institutions (PRIs) in order to fight corruption⁷.

Though these Yojnas were providing some relief to the rural poor, but their reach had been inadequate in view of the dimension of the unemployment in rural areas. Therefore an urgent need was felt to ensure at least some minimum days of employment in the shape of manual labour to every household in rural areas. Accordingly the government resolved to enact a suitable Act which would provide legal guarantee for at least 100 days of employment every year at minimum wages for at least one able-bodied person in every rural poor household. To achieve this objective the MG-NREGA 2005 has been enacted. The MG-NREGA 2005 is the first tangible commitment to the poor that they can expect to earn a living wage, without loss of dignity and demand it as a right.

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is considered as “Silver Bullet”⁸ for eradicating rural poverty and unemployment, by way of generating demand for productive labour force in villages. The Constitution of India refers to the Right to Work under the Directive Principles of State Policy. Article 39 envisages the state to ensure that citizens, men and women equally have the right to an adequate means to livelihood. Further, Article 41 emphasizes that the State within the limits of its economic capacity and development will make effective provision for securing Right to work. In spite of these constitutional provisions there are still incidences of illiteracy, hungry people, malnourished children and anemic pregnant women, and farmer suicides, starvation deaths, and, migration resulting from inadequate employment opportunities in rural areas. In order to make solution of these problems and to provide livelihood security to rural unemployed, Government of India enacted the

⁷ Annual Report of Planning Commission, (2001), pp 12-20

⁸ This word has been taken from, Mohanty, Soumya, MGNREGA, and tribal livelihoods: A case study in Sundergarh District of Odisha, MA Thesis, 2012

National Rural Employment Guarantee Act (NREGA) in 2005. This act is now called as MG-NREGA 2005.

Employment related work programmes, as means of poverty reduction, have a long history. What makes MG-NREGA 2005 different is that it is one of the largest rights-based social protections, which is open to all rural people who are willing and able to undertake work. The MG-NREGA 2005 differs from the previous Employment Assurance Schemes in at least five major ways⁹:

- Whereas other Employment Assurance Schemes owe their origin to an executive order, the MG-NREGA 2005 originated from an Act of Parliament that gives it Legal-Constitutional superiority over the other EASs.
- The MG-NREGA 2005 is irreversible and can be terminated only by another Act of Parliament.
- Its aims more at guaranteeing minimum livelihood security than removing rural poverty or other development objectives.
- Its overall thrust is entitlement and hence, contains provisions like minimum wages, work site facilities, (drinking water, shelter, first aid, crèches for children below the age of six years for female workers) and mandatory participation of female workers.
- It is the first major experiment in at least partially decentralized planning, monitoring and implementation through Panchayati Raj Institution across the States.

OBJECTIVES OF THE MG-NREGA 2005

The main objectives of Mahatma Gandhi National Rural Employment Guarantee Act 2005 is to enhance livelihood security through generating assets, protecting the environment, empowering rural women, reducing migration and fostering social equity. The following are some objectives which this scheme promotes.¹⁰

- Rural connectivity for all weather access including culverts and drainage facilities wherever necessary.
- Flood control and protection works including drainage in water logged areas.

⁹ Sangeeta Chhabra, et.al, Report on Management of National Rural Employment Guarantee Scheme-Issues and Challenges, (Lal Bahadur Shastri Institute of Management, New Delhi), 2009, p.14.

¹⁰ P.C. Sikligar, *Rural Employment Guarantee in Assam: An appraisal, Man and Development*, Vol. XXXII, September 2010, p.2.

- To improve the status of the beneficiaries of the Rural Housing Scheme namely Indira Awaas Yojana.
- Drought proofing including forestation and tree plantation.
- Water conservation and water harvesting.
- Other works notified by the Central Government after due consultations, that promote employment generation and land development works.

NATIONAL RURAL EMPLOYMENT GUARANTEE ACT 2005:

According to the Eleventh Five Year Plan (2007–12), the number of Indians living on less than \$1 a day, called Below Poverty Line (BPL), was 300 million that barely declined over the last three decades ranging from 1973 to 2004, although their proportion in the total population decreased from 36 per cent (1993–94) to 28 percent (2004–05), and the rural working class dependent on agriculture was unemployed for nearly 3 months per year, which was rising due to a downward trend of the agricultural productivity and in turn also aggravating poverty. In large States like Bihar, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh, the number of poor even increased. The plan targeted poverty through MG-NREGA which promised employment as an entitlement. The law is based on Gandhian principles. Previous Employment Guarantee Schemes (EGS) like ‘Sampoorna Grameen Rozgar Yojana’ (SGRY) or Universal Rural Employment Programme and National Food for Work Programme (NFFWP) - both SGRY and NFFWP were merged with MG-NREGA. This provided short-term unskilled employment to poor, assured food and job security and created durable assets. In contrast to the earlier wage employment programmes, MG-NREGA, as per its definition, is a right-based, demand-driven public employment programme that is principally based on decentralized, participatory planning at the gram panchayat level with adequate transparency and accountability safeguards for effective implementation.

The MG-NREGA is notified on 7 September 2005 with the objective of “enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year, to every household whose adult members volunteer to do unskilled manual work”. In addition to this the aim of MG-NREGA is to create durable assets that would augment the basic resources available to the poor. At minimum wage rate and within 5 km radius of the village, the employment under MGNREGA is an entitlement that creates an obligation on the government failing which an unemployment allowance is to be paid within 15 days. Along with community participation, the MG-NREGA is to be implemented mainly by the gram panchayats

(GPs). The involvement of contractors is banned. Labour-intensive tasks like creating infrastructure for water harvesting, drought relief and flood control are preferred. Starting from 200 districts in 2 February 2006, the MG-NREGA covered all the districts of India from 1 April 2008¹¹.

The National Rural Employment Guarantee Bill 2004 was tabled in Parliament on 21 December 2004. The main purpose of an Employment Guarantee bill is to enable people to claim from the state a basic aspect of their right to work. For this to happen, the Act must give them effective and durable entitlements. It should aim at empowering the disadvantaged, and include extensive safeguards against any dereliction of duty from the concerned authorities. This is the spirit in which a draft Act had been prepared by concerned citizens and revised by the National Advisory Council.¹²

Unfortunately, the Bill tabled in Parliament is a travesty of the National Advisory Council draft of August 2004.¹³ It has been extensively reworked from the point of view of a bureaucrat who is anxious to minimize the responsibility of the State. All sorts of safeguards have been put in place to ensure that the government can modify the rules of the game at any time.¹⁴

An essential feature of the National Advisory Council draft is that it was based on the twin principles of universality and self-election. All households were eligible to apply for work, and Act was to be extended to the whole of rural India within five years. Eligibility criteria were deemed unnecessary since the willingness to perform casual manual labor at a minimum wage is itself a strong indicator of need. The effectiveness of self-selection mechanism is borne out by India's long experience with relief works.¹⁵

The National Rural Employment Guarantee Act, 2005 was passed unanimously by the Lok Sabha on August 23, 2005, which was guided by the success of the Maharashtra Employment Guarantee Act (MEGA). MEGA has been functioning in the State of Maharashtra since 1977. National Rural Employment Guarantee Act provides a legal right for 100 days of employment to each rural household whose adult members volunteer to do unskilled manual work. The scheme

¹¹ Report of Comptroller and Auditor General of India, (2013), pp.1-22

¹² Jean Dreze, *Promise and Demise Yojana*, A development Monthly, V.49, April 2005, p.4

¹³ Reetika Khera, *Battle For Employment Guarantee*, (Oxford University Press, New Delhi), 2011, p.6

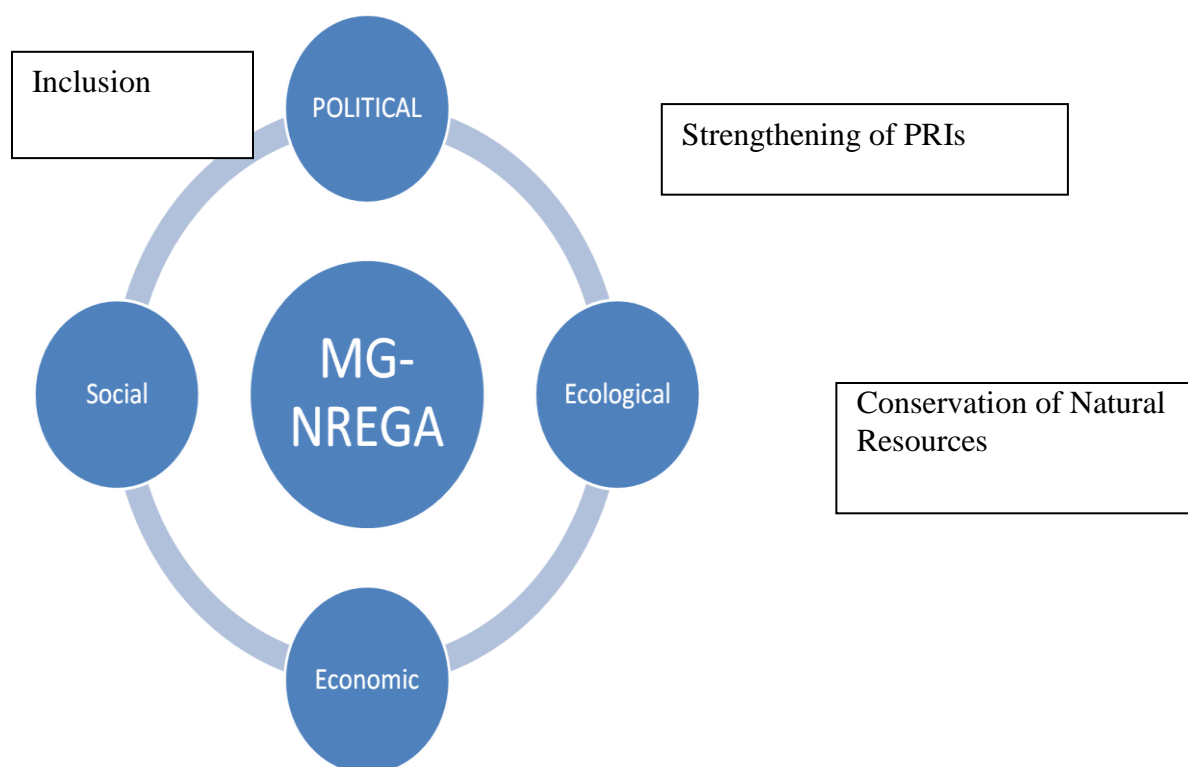
¹⁴ Jean Dreze, "Employment Guarantee Act, Promise and Demise," *Kurukshetra Administrative Journal on Rural Development*, V.53, May 2005, p.12

¹⁵ *Ibid*

was first launched at P. Bandlapalli (a tiny village of Narpala Mandal) in the Ananthapur district of Andhra Pradesh on February 16, 2006.¹⁶

This Act was promulgated on 7th September, 2005 based on the 'Scheme of National Rural Employment Guarantee' and was ceremoniously launched by the Prime Minister, Dr. Manmohan Singh on February 2, 2006. It has been envisaged under Sec. 3 of the Act that the State Government shall, in such rural areas in the state as may be notified by the Central Government, provide every household whose adult members volunteer to do unskilled manual work, not less than one hundred days to such work in a financial year in accordance with the scheme made under Act. For the purpose of giving effect to the provision of S.3 every State Government shall within 6 months from the date of commencement of this Act by notification make a scheme for providing not less than one hundred days of guaranteed employment in a financial year to every household in the rural areas covered under the scheme and whose adult members volunteer to do unskilled manual work subject to the conditions laid down by or under the Act and in the Scheme.¹⁷

IMPACT OF MG-NREGA UPON SOCIETY: - SOCIALLY, POLITICALLY, ECONOMICALLY AND ECOLOGICALLY



¹⁶ *Supra* note 1

¹⁷ Amrit Patel, *Role of Panchayati Raj Institution in Implementing Rural Employment Guarantee Scheme*, Kurukshetra Administrative Journal on Rural Development, V.54, August 2006, p.31

It is something assumed that the benefits of MG-NREGA, 2005 are only in terms of providing employment to jobless. Nothing could be further from truth. The impact of MG-NREGA goes way beyond; in several cases, it has actually become a major instrument of social change in the area. MG-NREGA has made an overall development in all sphere of a society. It has effected politically as the weaker sections of the society and the village Panchayats have been involved in this scheme. Due to this scheme the Panchayats of villages are actively participating and it has provided a great improvement in the economic conditions. The economic importance of MG-NREGA is that the unemployed, uneducated, unskilled and the most downtrodden people are getting economic benefits from this scheme. There are a number of distinct ways in which MG-NREGA is likely to impact poverty, the most direct and obvious way being by providing extra work opportunities and income to the poorest in the rural areas. But the question is, whether it has resulted in changes in incomes, savings, and expenditures of the people? Has it stopped the long journeys and migrations to other cities that people make in search of jobs or has it remained the same throughout. The answer to this question is that the landless SC, ST and BPL population which earlier worked as bonded labour on farms of rich landlords has become free from their clutches owing to MG-NREGA projects. It is pertinent to note that NREGA provided benefits to the weaker sections of the society; it has resulted in their overall development. It gives them an opportunity to develop socially, politically and psychologically. Thus this scheme leads to an overall development of the poor strata of the society. Social and religious events are held there regularly in which all participate together. This has started breaking the centuries' old walls between castes and classes. Now a days the most important concern of the country is the protection of environment and natural resources and this scheme is also moving towards the fulfillment of this aspect as in this scheme there is the use of manpower and no machinery is used, even our natural resources get conserved and are not exploited.

Measuring an Act's impact can become a difficult task taking into consideration its entire ambit. A lot of parameter and clichés are to be taken into account for a proper statistical study to take place. For example, an Act meant to improve the housing conditions of the poor will have parameters like the quality of houses they live in, number of rooms in each house, basic facilities, and availability of electricity and water that have to be compared with similar parameters of previous accommodations. If there is an improvement of living conditions of the people, then the law should be regarded as successful. But this is only a very arbitrary example in the context of India where programmes are well planned on paper but suffered heavily on implementation, feedback, and miscellaneous aspects.

CONCLUSION

In spite of achieving success in the bigger States, the UPA government's flagship MG-NREGA scheme appears to have failed in fulfilling its objectives in some States. This is all because of poor administration, a vote bank called MGNREGS, misuse of public funds, absence of effective grievance redressal system, long term dependency of the poor on the Government and absence of strong penalty provisions. The bottom line is that the National Rural Employment Guarantee Act 2005 leaves laborers at the mercy of the benevolence of the state. However the state discretionary powers under the Act can also be used at any time to phase out the whole project. Trusting the benevolence of the state in this context would be the triumph of hope over experience.