

# MGNREGA and Its Role in Rural Development

Roshni Pandey

Research scholar at MPISSR Ujjain

**Abstract-** It is hard to think development of a any nation without the development of its rural economy, neglecting of rural development means neglecting of overall development of nation. The real development of India lies in the economic betterment of people lives in rural India for which government needs to make strong economic policies and better implementing strategies. National Rural Employment Guarantee Act (NREGA) enacted by legislation of India on 25 August 2005 and it was renamed as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on 2nd October 2009 on the birth anniversary of Mahatma Ghandi. The act aims to remove the extreme poverty and at making villages of country self sustaining through productive assets creation. The Mahatma Gandhi National Rural Employment Guarantee Act. (MGNREGA) was enacted in India with the various multiple objectives of providing employment in a rights-based framework, addressing rural poverty, checking migration, and building rural infrastructure. As such, every year around 15–20 percent of households in India overall and 30 percent in rural India receive some form of employment share under the MGNREGA programme. MGNREGA enshrines the legal right of one hundred days of paid employment to any rural household, on employees demand. Though its scope is nationwide, there have been wide inter-state as well as inter-district variations in the achievement of the objectives of the MGNREGA Act. In this paper we will study how MGNREGA is a beneficial and effective scheme for the development of rural India. Also provide some important suggestions have been proposed to make this scheme more powerful, fruitful and valuable.

**Index Terms-** Employment, poverty, infrastructure development, asset creation

## I. INTRODUCTION

**M**ahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is an employment guarantee scheme enacted by legislation on August 25, 2005. MGNREGA was originally known with the name NREGA which abbreviated as National Rural Employment Guarantee Act. The UPA government added “MG” (Mahatma Gandhi) to it and becomes MGNREGA. MGNREGA is a social security employment act which guarantees employment to the poor rural people in India. Most important fact about MGNREGA is that it is considered as a right of a rural Indian citizen to work for minimum 100 days in a year if he/she is willing to work and job should be provided to him/her by authorities in his own area and also within a given time-frame (within 15 days) otherwise state government is liable for pay Unemployment allowance. Wages are also well defined in the scheme. The agenda is to provide 100 days of employment

to all adults in the every village to do unskilled manual work. Each applicant apparently gets allocated work within the his own area to build roads, ponds, wells etc. Only labour-intensive tasks i.e without machinery are preferred like creating infrastructure for social benefit like water harvesting, drought relief and flood control etc. Basically villagers had to do such work only which is not economically productive or so it seems by the nature and organization of it. The main implementing empowered agencies are Gram Panchayats and it has accountability towards Gram Sabah. Gram Panchayats are also have power to make plans by suggestions for gram Sabah. Job cards are also issued by Gram Panchayats and wages are deposited to the bank accounts of employees. One significant and unique fact about MGNREGA is that it has provided a fair opportunity to people from rural India to earn their own income without any discrimination of caste, gender and Sex. Most remarkable feature of NREGA is that it pays women the same as men, something that was virtually unimaginable in rural India.

## II. OBJECTIVES OF PAPER

1. To study the role of MGNREGA in economic development of rural India.
2. To study the impact of MGNREGA in employment generation of rural India
3. To study the role of MGNREGA in asset creation and infrastructural development of rural India.

## III. RESEARCH METHODOLOGY

The paper is based on secondary data. The data has been collected from internet, articles, newspapers, reports, magazines etc. Graph and percentile method has been used to analyze the data.

### The Role of MGNREGA in Economic Development of Rural India:-

The economy of [India](#) is the [sixth-largest](#) in the world measured by [nominal GDP](#) and the [third largest](#) by [purchasing power parity](#) (PPP). The country is classified as a [newly industrialised country](#), and one of the [G-20 major economies](#), with an average growth rate of approximately 7% over the last two decades. India is also known as an agricultural country, as most of the population of villages depends on agriculture. Agriculture forms the backbone of the country's economy. The agricultural sector contributes most to the overall economic development of the country and therefore the need of development programmes in rural India is substantial. The government of India initiated many employment generating programmes to address development in rural area. The mahatma

Ghandi national rural employment guarantee scheme one the of major flagship initiative which enhances the rural development and employment opportunity at rural area, Mahatma Ghandi national rural employment guarantee act aims at to enhance 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. This scheme was promoted by Man Mohan Singh government now continued in NDA under Narandar Modi. Budget 2017 allocated Rs. 48000 Cr. Rural Development has different aspect covering long term and short term aspects. Certain activities like sanitation, agriculture, road, electricity, health facility, skill development, market linkage, awareness about basic facilities, digital inclusion etc. Rural population gets wages if drought like situation erupts so it should be continued to stop migration to cities and for rural mass uplift it is necessary. Labour-intensive tasks like creating infrastructure for water harvesting, drought relief and flood control are preferred in MGNREGA which helps the economic development in rural areas. The MGNREGA provides wages to rural employees against work done for the development of rural areas the various works for the economic development of rural areas are done through MGNREGA are as follows.

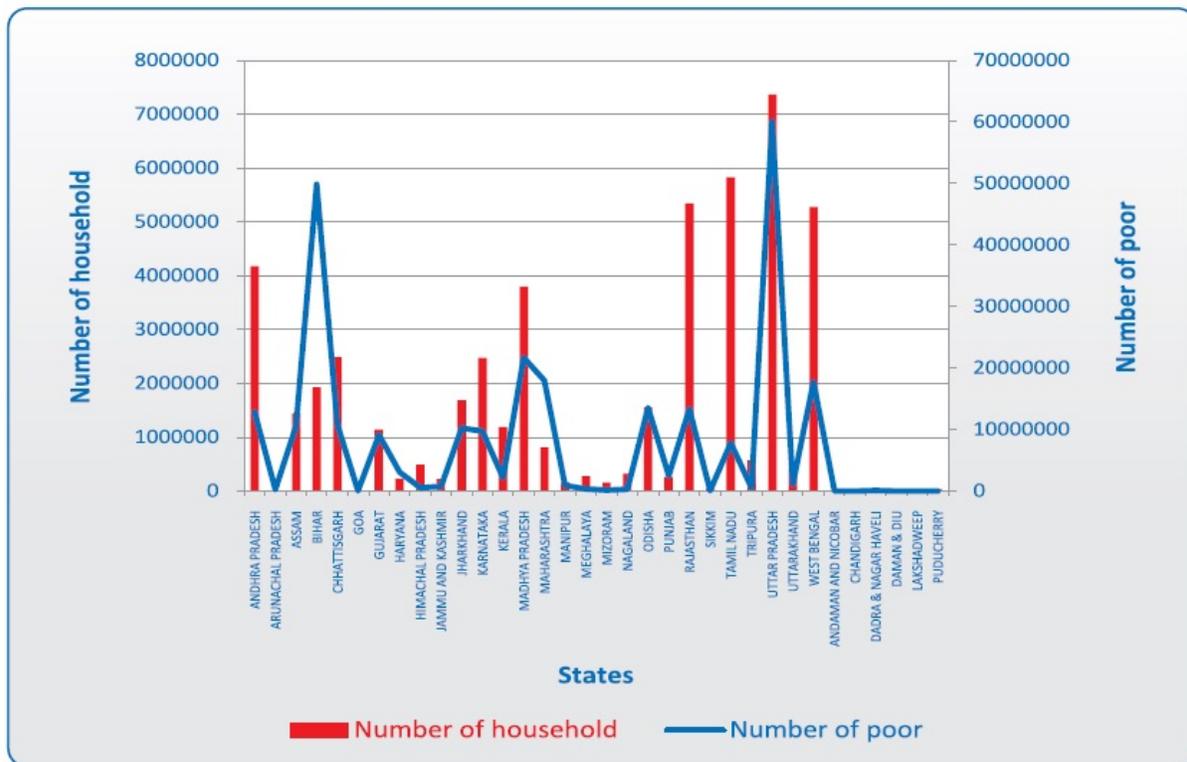
1. Water Conservation and water harvesting.
2. Drought proofing, including afforestation and tree plantation.
3. Irrigation canals including micro and minor irrigation works.
4. Irrigation facilities for landowners by households belonging to SC/ST or to land of beneficiaries of the INDIRA AWAAS YOJANA.
5. Renovation of traditional water bodies, including desitting of tanks.
6. Land development
7. Flood control and protection of works, including drainage of water-logged areas.
8. Rural connectivity to provide all weather roads.
9. Any other work, which may be notified by the Central government in consultation with the state governments.

By these development works the MGNREGA has provide main role in infrastructure development in rural areas of India. There is a visible change in development in rural areas of India by MGNREGA like the development of roads, development of irrigation canals, development of housing in rural areas etc.

#### To study the impact of MGNREGA on employment generation in rural India.

Our country has completed more than sixty years of independence but poverty in rural India continues increase day by day. The country cannot achieve its goal of reach the goal of economic development unless and until these two problems are completely eradicated. Therefore, since independence, employment generation programmes in India have been

continuously redesigned to generate productive employment and additional income. In the seventies, the policy makers of India used the approach of rural development and rural employment programme to remove the rural poverty. In the last phase of nineteen seventies, Government had created three major anti-poverty programmes namely Integrated Rural Development Programme (IRDP), Rural Landless Employment Guarantee Programme (RLEGP) ), and National Rural Employment Programme (NREP). Moreover, the Indian Government had made different types of schemes under different names and purposes to give partial employment to the rural India to support their family economy like Food for Work, Ensured Employment Scheme , Jawahar Rojgar Yojana, ,Sampoorna Gramin Rojgar Yojana, Rashtriya Sram Vikash Yojana etc. But these programmes have not proved so much successful. due to their because the main reason behind that is inability to provide sufficient employment as per the demand and at the minimum wages. The limitations of these employment programmes created the need for making some other sort of employment model with the potential to provide employment and to reduce household poverty in rural India. In order to achieve this objective the government of India introduced The Mahatma Ghandi National Rural Employment Guarantee Act (MGNREGA) in 2006 that guaranteed 100 days of employment in a year to every rural house of rural India. Mahatma Ghandi National Rural Employment Guarantee Act (MGNREGA) 2005 seems to be an advanced and radical scheme which directly provides a right to employment. Through MGNREGA, the Government was committed to providing employment to every rural family which demands such work and whose adult members volunteer to do such work, such work was to be provide at the minimum wage rate and, as far as possible, with a radius of five kilometre of the village where the applicant resided. Failure to provide such wage employment within 15 days of the receipt of the application entitled the applicant to receive unemployment allowance. Starting with 200 districts across the country in Phase-1 during 2006-2007 MGNREGA was extended to an additional 130 districts in Phphase-2 during 2007-2008. From1 april 2008 onwards MGNREGA covered the whole of rural India. MGNREGA was the main plank of the Eleventh Five Year Plan of poverty eradication. The graph below correlates the state rural the state rural poverty figures (2009-2010) with the average number of households provided employment (during 2009-10, 2010-11, 2011-12). At an aggregate level there appeared to be a correlation between the number of rural poor in a state and the number of households given employment under MGNREGA. There were, however, some notable exceptions to this. States like Andhra Pradesh, Chhattisgarh, Rajasthan, Tamil Nadu and West Bengal seem to have made greater utilisation of MGNREGA as compared to the poverty levels in these states. At the sometime states like Bihar, Maharashtra, Odisha, and Uttar Pradesh seem to be relative laggards in utilization of MGNREGA funds when compared to their poverty levels.



Source: Planning commission data on poverty and MGNREGA for employment data.

Analysis of state-wise releases made by the ministry showed that four states (Andhra Pradesh, Madhya Pradesh, Rajasthan and Uttar Pradesh) accounted for 50 % of the total expenditure made under the scheme. It was also seen that three states, viz. Bihar, Maharashtra and Uttar Pradesh accounted for 46% of the rural poor but utilized about 20 % of the funds and consequently only 20% of total households were provided employment under the scheme. This indicates that there was little correlation between poverty level in a state and the implementation of MGNREGA.

To study the role of MGNREGA in asset creation and infrastructural development of rural India.

The two basic objective of Mahatma Ghandi National Rural Employment Guarantee Act (MGNREGA) are to provide 100 days of wage employment to every household in need of it and to create durable assets to strengthen the livelihood resource base of the rural poor. In this context, the act and the operational guidelines prescribe a number of conditions for the works to be taken up:

- The ratio of wage to material costs should not be less than 60:40 (paragraph 9 schedule 1 of the Act).
- The list of priority-wise permissible works which can be taken up under MGNREGA should be as indicated in the Act (Paragraph 1B of the schedule 1 of the act)
- Use of contractors and machinery are not allowed (Paragraph 11 and 12 of the schedule 1 of the act)
- Allotment of at least 50 percent of the works to GPs for the execution (section 16(5) of the act)

- Administrative and technical sanction for all works to be obtained in advance, by December of the previous year (Para 6.4.1 of the operational guidelines)

According to Para 6.1.3 of the operational guidelines, the maintenance of assets created under the scheme including protection of afforested land was to be considered as permissible works under MGNREGA. Test check of records revealed that 56916 plantation works amounting to Rupees 25.19 crore in 202 GPs, one block and five districts in nine states of Andhra Pradesh, Bihar Gujarat, Jharkhand , Kerala, Manipur, Mizoram, Rajasthan, and Uttar Pradesh were rendered wasteful due to non-maintenance of plants. The Physical inspection of plantation works corroborated the audit findings. The ministry stated (November 2012) that it had circulated to all the states ‘muzzaffarpur model of roadside plantation’ for implementation under MGNREGA vide an advisory dated 10 September 2012 in the said model, aged, widowed, handicapped and women job card holders of adjoining village who acted as Van Poshaks, were employed in raising and looking after the roadside plantations under MGNREGA. This gave the villagers a sense of belonging and ownership and where was no need of physical fencing around the plants. The survival rate of these plantations was also high. Further the states were asked to find out the reasons for non-complete works and to take required measures to ensure their completion. The creation of durable assets was an important objective of the scheme as listed in the act. Further operational guidelines also provide for maintenance of assets created under the scheme. However, it was seen that assets created for 3,91,951 works amounting to 6,547.35 crore in 148 GPs in two states and one UT of Mizoram, West Bengal and Pondicherry and all test check units in three states, Gujarat.

Kerala and Tamil Nadu were not of durable nature. The works included construction of boribandhs, earthen roads, etc. The ministry stated November 2012 that the durability and quality monitoring of assets created under MGNREGA were emphasised in the new draft operational guidelines. Further, the ministry had asked the states to effect convergence of MGNREGA with other

programmes to enhance the durability of assets. States were asked to deploy independent state quality monitors to assess the quality of assets to ensure their durability. These SQMs would comprise retired chief engineers and executive engineers.

**Annex-8E**  
**Details of Infructuous expenditure on work**  
(Refer to paragraph 8.5)

Sl No.	Name of State	District	Block	GP	No. of work Infructuous	Nature of work executed	Amount (₹ in crore)	Remarks
1.	Assam	-	-	1	1	Plugging the breach caused in the Puthimari ring bund embankment by engaging job card holders	0.08	Work was left incomplete as the ring bund was washed away in flood.
2.	Bihar	-	-	1	20	Plantation work	0.13	Plantation was removed by flood control department for widening of river embankment.
3.	Chhattisgarh	-	-	1	7	Wells on the land of the 10 beneficiaries	0.03	The works executed had collapsed.
4.	Gujarat	-	-	1	1	Deepening of pond	0.24	On joint physical verification it was observed that pond did not have inlet and outlet and therefore, deepening of pond did not add to storage capacity of pond. Hence, expenditure incurred was infructuous.
5.	Kerala	-	-	1	1	Construction of contour bund	0.37	Work did not exist physically.
6.	Punjab	-	-	1	1	Renovation of pond	0.02	Due to non maintenance of pond, jungle weed had grown up again and therefore expenditure incurred on renovation of pond was rendered infructuous.
7.	Rajasthan	-	-	3	4	Construction of canals	0.68	Canals were constructed without connecting them with source of water.
				7	9	Construction of anicut check dam, kutcha dam, etc.	0.81	Works were executed without ensuring sufficient catchment area and wrong selection of site, etc.
<b>Total</b>		-	-	<b>16</b>	<b>44</b>		<b>2.36</b>	

**Source: Union Government (civil) Ministry of Rural Development**

#### IV. CONCLUSION

The above evidence and observations unambiguously indicate that the role of the MGNREGA on overall poverty reduction and development of rural India is visible. The act and the operational guidelines require the states and the panchayati raj institutions to monitor the implementation of the scheme in a variety of ways Gaps in the envisaged monitoring mechanisms were noticed in a large number of states. There were significant shortages in verification of works by state officials. Quality monitors and vigilance and ineffective to large extent as social audit units had not been established. There were deficiencies in the approval and release of funds by the ministry. The ministry needs to take decisive steps to ensure proper implementation of the scheme. It needs to focus on developing intensive monitoring and evolution systems. An analysis of releases made to states for the period under review and poverty data showed that three states Bihar, Maharashtra and Uttar Pradesh had 46 percent of the rural poor in India, but accounted for only about 20 % of the total funds released under the scheme. This would indicate that the poorest of poor were not fully able to exercise their rights under MGNREGA.

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#### AUTHORS

**First Author** – Roshni Pandey, Research scholar at MPISSR Ujjain, 9479598647, Roshnipandey961@gmail.com

