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REVIEW ARTICLE

ROLE OF NREGA IN RURAL DEVELOPMENT

Role of NREGA in Rural Development

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I. INTRODUCTION

National Rural Employment Guarantee Act (NREGA) is an Indian job guarantee scheme, enacted by legislation on August 25, 2005. The scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work related unskilled manual work at the statutory minimum wage. If they fail to do so the govt. has to pay the wages at their homes. The Central government outlay for scheme was ₹40,000 crore (US\$7.28 billion) in financial year 2011-12.

This act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or un-skilled work to people living in rural India, whether or not they are below the poverty line. Around one third of the stipulated work force is women. The act was initially called the National Rural Employment Guarantee Act but was renamed on 2 October 2009 as Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA).

This paper is an endeavor to evaluate the rural development under NREGA. The NREGA has certainly come at a crucial time, when rural economy in the country is facing complete collapse due to biased policies. Many studies on rural economy point to the erosion of livelihoods in Indian villages as the main driver behind rural unemployment. Efforts to salvage the situation through numerous poverty alleviation schemes have not helped. Thus, the NREGA faces a two-pronged challenge: the immediate one of addressing the increase rapidly unemployment crisis in rural areas and a longer term one of contributing to village economy in a sustained manner.

II. VARIOUS WAGE EMPLOYMENT PROGRAMMES FOR RURAL DEVELOPMENT

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. Various wage employment programmes were introduced by the government to provide employment to the rural population:

1. **National rural employment programme:** The National Rural Employment Programme (NREP) was started in 1980.
2. **Rural landless employment guarantee programme:** To this was added the Rural Landless Employment Guarantee Programme (RLEGP) in 1983. These were the first initiatives towards central government sponsored schemes for wage employment.
3. **Jawahar Rozgar Yojana:** The NREP and RLEGP were merged in April 1989 under the Jawahar Rozgar Yojana (JRY). The JRY was meant to generate meaningful employment opportunities for the unemployed and underemployed in rural areas through the creation of economic infrastructure and community and social assets.
4. **Employment Assurance Scheme:** The Employment Assurance Scheme (EAS) was launched on 2 October 1993 covering 1778 drought-prone, desert and tribal and hill area blocks. It was later extended to all the blocks in 1997-98. The EAS was designed to provide employment in the form of manual work in the lean agricultural season.
5. **Jawahar Gram Samridhi Yojana:** The JRY was revamped from 1 April 1999 as the Jawahar Gram Samridhi Yojana (JGSY). It now became a programme for the creation of rural economic infrastructure with employment generation as a secondary objective. The Programme is implemented by the village panchayats and provides for specific benefits to SC/STs, the disabled and the maintenance of community assets created in the past.
6. **Sampoorna Grameen Rozgar Yojana:** The Sampoorna Grameen Rozgar Yojana

(SGRY) was launched on 25 September, 2001 by merging the on-going schemes of EAS and the JGSY with the objective of providing additional wage employment and food security, alongside creation of durable community assets in rural areas. The Programme is self-targeting in nature with provisions for special emphasis on women, scheduled castes, scheduled tribes and parents of children withdrawn from hazardous occupations. The works taken up under the Programme are labour-intensive and the workers are paid the minimum wages notified by the states. Payment of wages is done partly in cash and partly in kind 5 kg of food grains and the balance in cash. The Centre and the states share the cost of the cash component of the scheme in the ratio of 75:25.

7. **National Food For Work Programme:** The Food for Work Programme was started in 2000-01 as a component of the EAS in eight notified drought-affected states of Chhattisgarh, Gujarat, Himachal Pradesh, Madhya Pradesh, Orissa, Rajasthan, Maharashtra and Uttaranchal. The Programme aims at augmenting food security through wage employment. Food grains are supplied to states free of cost. This programme is now subsumed under the NREGP.

NREGA marks a paradigm shift from the previous Wage Employment Programmes (WEPS). NREGA provides a statutory guarantee of wage employment, that is, it offers a statutory base, to wage seekers' application for employment. Employment is dependent upon the worker exercising the choice to apply for registration and obtain a Job Card, and then to exercise a choice to seek employment through a written application for the time and duration that the worker wants. The legal guarantee has to be fulfilled within the time limit prescribed and this mandate is underpinned by the provision of unemployment allowance. The Act is thus designed to offer an incentive structure to the States for providing employment as ninety percent of the cost for employment provided is borne by the Centre, and there is a concomitant disincentive for not providing employment if demanded as the States then bear the double indemnity of unemployment and the cost of unemployment allowance. Earlier wage employment programmes were allocation based NREGA is not supply driven but demand driven.

Resource transfer under NREGA is based on the demand for employment and this provides another critical incentive to States to leverage the Act to meet the employment needs of the poor. The public delivery system has been made accountable, as it envisages an Annual Report on the outcomes of NREGA to be presented by the Central Government to the Parliament and to the Legislature by the State Government.

III. PROVISIONS UNDER NREGA

The act directs state governments to implement NREGA schemes. Under the NREGA the Central Government meets the cost towards the payment of wage, 3/4 of material cost and some percentage of administrative cost. State Governments meet the cost of unemployment allowance, 1/4 of material cost and administrative cost of State council. Since the State Governments pay the unemployment allowance, they are heavily incentivized to offer employment to workers.

However, it is up to the State Government to decide the amount of unemployment allowance, subject to the stipulation that it not be less than 1/4 the minimum wage for the first 30 days, and not less than 1/2 the minimum wage thereafter. 100 days of employment (or unemployment allowance) per household must be provided to able and willing workers every financial year. Main provisions under NREGA are:

- Adult members of a rural household, willing to do unskilled manual work, are required to make registration in writing or orally to the local Gram Panchayat
- The Gram Panchayat after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA and is free of cost.
- The Job Card should be issued within 15 days of application.
- A Job Card holder may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought. The minimum days of employment have to be at least fourteen.
- The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates
- Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid liability of payment of unemployment allowance is of the States.
- Work should ordinarily be provided within 5 km radius of the village. In case work is provided beyond 5 km, extra wages of 10% are payable to meet additional transportation and living expenses
- Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labourers in the State, unless the Centre

notices a wage rate which will not be less than ₹60 per day. Equal wages will be provided to both men and women.

- Wages are to be paid according to piece rate or daily rate. Disbursement of wages has to be done on weekly basis and not beyond a fortnight in any case.
- At least one-third beneficiaries shall be women who have registered and requested work under the scheme.
- Work site facilities such as crèche, drinking water, shade have to be provided
- The shelf of project for a village will be recommended by the gram sabha and approved by the zilla panchayat.
- At least 50% of works will be allotted to Gram Panchayats for execution
- Permissible works predominantly include water and soil conservation, afforestation and land development works
- A 60:40 wage and material ratio has to be maintained. No contractors and machinery is allowed
- The Central Govt. bears the 100 percent wage cost of unskilled manual labour and 75 percent of the material cost including the wages of skilled and semi skilled workers
- Social Audit has to be done by the Gram Sabha
- Grievance redressal mechanisms have to be put in place for ensuring a responsive implementation process.

IV. RURAL DEVELOPMENT UNDER NREGA

The works undertaken through NREGA give priority to activities related to water harvesting, groundwater recharge, drought-proofing, and flood protection. Its focus on eco-restoration and sustainable livelihoods will lead over time, to an increase in land productivity and aid the workers in moving from wage employment to sustainable employment. Almost 80% works relate to soil and water conservation. NREGA works by their very nature place stress on increasing land productivity, recharging ground water and increasing water availability.

Recent amendment of the Act to permit NREGA works on individual land of small and marginal farmers who

constitute 89% of the farming community, in addition to the individual land of SC/ST/BPL/IAY/ land reform beneficiaries will augment the impact on agricultural productivity and household income.

In view of the inter-sectorial of NREGA, the need to create durable assets and improve livelihood security and the common target groups of certain development programmes with NREGA, the Ministry has developed and disseminated convergence guidelines with different Schemes and specific programmes viz. Indian Council of Agricultural Research, National Afforestation Programme and other schemes of the Ministry of Forest & Environment, Schemes of the Ministry of Water Resources, PMGSY (Department of Rural Development), SGSY (Department of Rural Development), Watershed Development Programmes (Department of Land Resources, Ministry of Rural Development), Ministry of Agriculture and Fisheries and schemes of Ministry of Agriculture. These convergence initiatives have been documented and shared among States.

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 NREGA, 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.

NREGA provides 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.). NREGA 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).

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 NREGA in the postal network, financial and information and communication technology (ICT) services.

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, NREGA 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, NREGA is emerging as an accelerated strategy for connecting the rural poor and rural areas with highways of opportunities.

Typically, NREGA works have included digging ponds, small bunds, land development and afforestation. Studies validate that assets created under NREGA 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 NREGA 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 NREGA, providing an opportunity to redeem the tragedy of the commons. An ecological act is an apt description of NREGA since it balances human action and natural resources. NREGA activities have the potential to provide environmental services and conserve and enhance natural resources.

CONCLUSIONS

The rural peoples are pleased with the double benefit of NREGA i.e. infrastructure development in their villages and employment for the people. NREGA provides an environment that the rural peoples have come forward to work and got the work in the village itself. The enactments of employment guarantee act and right to information act are indeed significant achievements. In addition to this, we must understand that NREGA cannot be a long term solution to the unemployment problem of rural India. A comprehensive and a more sustainable solution that creates large scale self-employment opportunities in the secondary and tertiary sectors in the rural areas,

stimulates demand and increases rural productivity still need to be found.

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