CHAPTER – 1

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1.1 Introduction of MNREGA

Mahatma Gandhi has rightly pointed out that real India lives in Village, census data also proved the same; As per the census of 2011, about 74 percentage of population in India Subsists in 6,38,596 villages directly or indirectly involved in Agriculture and its allied activities for earning their Livelihood. Out of them about 50 percentage of the villages have very poor socio-economic conditions. Since the independence, rigorous efforts have been taken up to improve the standard living of Rural Populace. The Government of India has adopted a multipronged development programme that promotes inclusive growth and it concentrates on the needs of the poor by ensuring their basic rights. It has been running a number of schemes and programmes with the principle objective of enabling Rural People to improve their Standard of livings by providing direct employment, self employment, social security, Housing, Building rural infrastructure and manage land resources. In the past, public employment programmes in India targeted at the poor are generally identified with poverty alleviation. The Mahatma Gandhi National Rural Employment Guarantee Act (here after NREGA) goes beyond poverty alleviation and recognizes employment as a legal right (Chakraborty, 2007). Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) is considered as a “Silver Bullet” for eradicating rural poverty and unemployment, by way of generating demand for productive labour force in villages. MNREGA is one of the largest ever work employment programme visualized in human history. MNREGA is the flagship programme of the Government of India that directly touches lives of the poor and promotes inclusive growth. It comes at a time when there is a

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severe rural livelihood distress. The Act aims at enhancing livelihood security of households in rural areas of the country 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 at a statutory minimum wage rate. The Act is a largely enforceable right that facilitates rural households to get employment in public works within 15 days of applying for work.

The Act is supposed to fulfill the short-term need of casual employment while creating sustainable livelihoods in long-term. Along with augmenting wage employment, the Act would strengthen the natural resource management through works that address causes of chronic poverty, recurrent drought, and so encourage sustainable development. The Act is also a significant vehicle for strengthening decentralization and deepening processes of democracy by giving a pivotal role to the Panchayati Raj Institutions (PRIs) in planning, monitoring and implementation. Unique feature of Act include, time bound employment guarantee, incentive-disincentive structure to the state governments providing employment as 90 percent of the cost for employment provided is borne by the Centre or payment of unemployment allowance at their own cost and emphasis on labour intensive works prohibiting the use of contractors and machinery (Deaton & Dreze, 2002). It is worth mentioning that, in the 30 years of existence of its precursors, the Maharashtra Employment Guarantee Act; there is no recorded instance of payment of unemployment allowance. The NREGA has already recorded payment of allowance to large number of employees in chronically poorly-administered areas (Roy & Dev, 2009).

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rightly pointed out that, even after 60 years of the independence of India, almost 80 percent people suffer from malnutrition and durability of per capita food grain has reduces as compare to 1950s. The private sectors do not wish for to invest in rural area because of unavailability of basic infrastructure for development so that the return on investment is too low. In this circumstances implementation of NREGA would be effective in terms of (1) provide relief in times of distress, draught and flood - proofing of Indian Agriculture (2) contribute to sustainable growth path (3) effective measurement for reducing poverty (4) lead to reduction in dependent on a state sponsored employment guarantee over time (5) lead to the non – inflationary expenditure; (6) encourage the private investments in rural areas due to build up infrastructures, that would be converting in a multiplier of secondary employment opportunities. In short, the NREGA which provide 100 days guarantee, become the largest ever employment programme in human history, has the potential to provide a “Big Push” in India’s regions of distress.

If NREGA can be implemented in right spirit, definitely it has such potential to change the rural scenario of the county. A large number of studies on impact of NREGA have pointed out the impressive and remarkable positive effect of the scheme different aspects of rural areas. Not only the scheme has helped in providing most needed employment to resource poor rural people but also it has induced the increase in wage rates in other rural farm and non-farm sectors. It has unleashed a silent revolution by forcing the government and private employers to provide minimum wages to the poorest of the poor. It has extremely improved the extent of curiosity, participation and awareness among rural people about various government programmes. It has raised the bargaining power of the rural mass at every stage from demanding a job card to ensuring legitimate wages for work. More importantly, it has reduced the

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corruption in implementation of the scheme compared to that in previously implemented rural development programme (Shreekant, 2011)\(^5\).

### 1.2 History of MNREGA

We got independence in 1947 after the long freedom struggle against the British. At the time when India was born as a sovereign state, it inherited a social structure that had remained almost stagnant for hundreds of years, an economy that had been made an appendage of the British capitalist and industrial interests and an instrument of governance based on bureaucratic structure. The vast stretch of the Indian land at the eve of Independence faced with economic problems such as the miserable poverty. During the year 1948-49, India’s National income was estimated to be ₹ 86.5 thousand million. This was equivalent to an annual income per person of ₹ 246.9 and constituted one of the lowest incomes per capita in the world. Agriculture is the backbone of the Indian Economy. 72 percent of the total working force was occupied in agriculture, whereas the organize industries employed only about 2 percent, a figure lower than the number of administrative workers (2.7 percent). Less than 11 percent of the working force was employed in all forms of industry, less than 8 percent in trade and transport and less than 10 percent in other services. Agricultural activities furnished nearly one-half of the national income. Within the territory of an overall backwardness, Indian economy was characterized by widespread regional imbalances. It was during the colonial rule that the inter-state and inter district disparities were quite sharp and kept widening. There were differences in the levels of per capita income and consumption, literacy, medical and health facilities, population growth, infrastructure development, employment opportunities Independent India thus, inherited a backward economy in which prevailed extreme poverty and deprivation, characterized by stagnant agricultural output, an uneven and weak industrial sector and low

capital resources (Narang, 1996). Economic development of a country depends on the proper utilization of both human and non-human resources. India, at the time of its independence, as mentioned above, had low level of economic and technological development, low per capital income, slow pace of development of economic and social institutions and out dated methods of production techniques. The government’s objective then was to attain and accelerate the economic development of the country (Bhuimali & Anil, 2004). Hence, the Planning Commission of India was established in March 1950 after the resolution of government to endorse rapid rise in the standard of living of the people through systematic utilization of the resources of the country, increasing production and offering opportunities to all for employment in the service of the community. The Planning Commission of India was given responsibility of making assessment of all resources of country, augment deficient resources, formulating plans for the most effective and balanced utilization of resources and determining priorities. The planning commission of India is constantly striving to focus on rural development since its formation. Till date, numerous programmes have been taken up by Indian government to address the problem of rural unemployment so that the rural people are not forced to move out for survival (Thakur, 2011).

Employment generation in rural areas has been a vital component in various rural development programmes. It was realized that a sustainable strategy for poverty alleviation has to be based on increasing the productive employment opportunities in the process of growth itself. The periodic occurrence of drought and scarcity situations at various places in the country during 1972, 1974, and 1976 forced the government to focus on the need for evolving massive employment generation programme with a view to enhance the

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purchasing power of the people instead of providing subsidies and free ration to the affected population. With this references, The Government of India and State Government introduced number of workfare programmes that offered wage employment on public works to needy rural masses. The wage employment programme started since long back. In 1952 Indian parliament passed the ambendond for community development programme, it started with great optimisms to reduce social problems such as poverty and unemployment of the Nation. It was implemented during first five year plan and concept of the programme were taken up from the Mahatma Gandhi’s thought on social problems. In the conformity with the commitement of Indian planning, the Ministry of Rural Development accords foremost priority to development in rural areas and eradication of poverty and hunger from the face of rural India. A number of initiatives have been taken up by the ministry for creation of social and economic infrastructures in rural areas to bridge the rural-urban divide as well as to provide food security and fulfill other basic needs of the rural populace. The real spirit, for the implementation of various public work programmes were started as a pilot projects in the form of Rural Manpower (RMP) in 1960-61. Further, Crash scheme for Rural Employment (CRSE) was introduced in 1971-72, Pilot Intensive Rural employment Programme (PIREP) in 1972, Small Farmers Development Agency (SFDA) and Marginal Farmers & Agricultural Labour Scheme (MFAL) to benefit the poorest section of the poor. This experimental programmes were converted into a full fledge wage employment programme in the form of Food for Work Programme (FWP) in 1977. In the sixth five year plan assigning more stress on employment and poverty alleviation, FWP was further streamlined and Ministry of Rural Development (MoRD), Government of India (GoI) launches National Rural Employment Programme (NREP) in 1980. The main objective of this programme was the generation of additional gainful employment in rural areas and creation of durable assets. The detail of resource availability, expenditure, employment generation etc. under NREP is shown in below table – 1.1.
## Table-1.1: Performance of NREP in the sixth and Seventh five-year plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Resource availability (₹ crores)</th>
<th>Expenditure (₹ crores)</th>
<th>Employment generation (in million man days)</th>
<th>Man average day cost (₹)</th>
<th>Wage Material Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>346.32</td>
<td>219.03</td>
<td>413.58</td>
<td>5.25</td>
<td>NA</td>
</tr>
<tr>
<td>1982-83</td>
<td>540.15</td>
<td>394.76</td>
<td>351.20</td>
<td>11.24</td>
<td>69:31</td>
</tr>
<tr>
<td>1983-84</td>
<td>535.59</td>
<td>392.22</td>
<td>302.76</td>
<td>13.08</td>
<td>62:38</td>
</tr>
<tr>
<td>1984-85</td>
<td>590.68</td>
<td>519.14</td>
<td>352.31</td>
<td>14.74</td>
<td>60:40</td>
</tr>
<tr>
<td>1985-86</td>
<td>593.08</td>
<td>531.95</td>
<td>316.41</td>
<td>16.81</td>
<td>60:40</td>
</tr>
<tr>
<td>1986-87</td>
<td>765.13</td>
<td>717.77</td>
<td>395.39</td>
<td>18.15</td>
<td>60:40</td>
</tr>
<tr>
<td>1987-88</td>
<td>888.21</td>
<td>788.31</td>
<td>370.77</td>
<td>21.26</td>
<td>59:41</td>
</tr>
<tr>
<td>1988-89</td>
<td>845.68</td>
<td>901.84</td>
<td>394.96</td>
<td>22.83</td>
<td>57:43</td>
</tr>
</tbody>
</table>

Source: Planning Commission, GoI (1990) NA= Not Available

The NREP had a substantial impact on stabilization of wages in rural areas, employment and creation of community assets. The main drawback of NREP was that it lacked to a direct focus on the target group, landless and poorest of the poor.

On 15th August 1983, Rural Landless Employment Guarantee Programme (RLEGP) was introduced by MoRD, GoI. The main objective of RLEGP was providing guarantee of employment to at least one member of every landless household up to 100 days per year and creating durable assets. RLEGP was fully financed by central government and its implementation was entrusted to states and UTs. They were required to prepare specific projects was approved by central committee. During 1983-85, central committee approved 320
projects with estimated cost of ₹ 906.59 crores. The details of employment generation and others during seventh plan under RLEGP illustrated in following table.

**Table 1.2: Performance of RLEGP in the seventh plan**

<table>
<thead>
<tr>
<th>Year</th>
<th>Resource availability (₹ crores)</th>
<th>Expenditure (₹ crores)</th>
<th>Employment generation (in million man days)</th>
<th>Man average day cost (₹)</th>
<th>Wage Material Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-86</td>
<td>580.35</td>
<td>453.17</td>
<td>247.58</td>
<td>18.30</td>
<td>57:43</td>
</tr>
<tr>
<td>1986-87</td>
<td>649.96</td>
<td>635.91</td>
<td>306.14</td>
<td>20.77</td>
<td>57:43</td>
</tr>
<tr>
<td>1987-88</td>
<td>648.41</td>
<td>653.53</td>
<td>304.11</td>
<td>21.49</td>
<td>58:42</td>
</tr>
<tr>
<td>1988-89</td>
<td>761.55</td>
<td>669.37</td>
<td>296.56</td>
<td>22.57</td>
<td>58:42</td>
</tr>
</tbody>
</table>

Source: Planning Commission, GoI (1990)

On the basis of lessons learnt from NREP and RLEGP were merged as Jawahar Rozgar Yojana (JRY) in 1993-94. In JRY, Central and State contribution was 80:20. The JRY was launched with total allocation of ₹ 2600 crores to generate 931 million mandays of employment. The primary objective of JRY was generation of additional employment on productive works, which would be either of sustained benefit to the rural poor or contribution to the creation of rural infrastructure for community. In addition, the 20 percent of JRY funds was earmarked for Million Wells Scheme (MWS). In fact, this scheme was launched as a special feature under both NREP and RLEGP in 1988-89. However, where such wells were not feasible, the amounts allotted may be utilized for other schemes of minor irrigation like irrigation tanks, water harvesting structures and also for development of lands of SCs/STs and free bonded labourers including ceiling surplus candbhoodan lands. A maximum of 2 percent of JRY funds were to be spent as administrative costs inclusive of any additional staff. The objective of MWS was to provide open wells free of
cost to poor SC/ST farmers having category of marginal and small farmers and free bonded labourers.

Further, the Employment Assurance Scheme (EAS) was launched on 2nd October 1993 in 1775 identified backward blocks of the country situated in drought prone, desert and tribal and hill areas. Subsequently, EAS was extended to additional blocks, which were newly included in Drought Prone Area Programme (DPAP), Dessert Development Programme (DDP) and Modified Area Development Programme (MADP), and blocks in flood prone areas of Uttar Pradesh, Bihar, Assam and Jammu and Kashmir. In addition, 722 non-EAS blocks covered under second stream of JRY were also brought under EAS. The main objective of EAS was to provide about 100 days of assured casual manual employment during the lean agriculture season at statutory minimum wage rate to all persons above the age of 18 and below 60 years who need and seek employment on economically productive and labour intensive social and community works. It was however felt that a stage has come when the development of village infrastructure needs to be taken up in a planned manner. This could best be done by the village panchyats who are closest to the ground realities and who can effectively determined their local needs. Due to number of deficiencies in planning and implementation, the basic objectives of JRY and EAS were eroded severely. Therefore, government merged the EAS and JRY and new programme Jawahar Gram Samriddhi Yojana (JGSY) came in to effect from 1990-2000; and it was made as a rural infrastructure programme. JGSY was least understood by the target groups and was found lacking in its goal oriented implementation. It performed poorly. Hence, within a short time span, it was merged into a new scheme Sampoorna Grameen Rozgar Yojana (SGRY) introduced in 2001-02. The main objective of SGRY were to create additional wage employment in rural areas, along with supply of food grains as part of wages to enhance food security, creation of durable community and economic assets and to develop infrastructure in rural areas. The several problems such as
too low wages, use of migrant labour and machinery, use of contractor, non-lifting of grains by some states, violation of guidelines etc. were observed in its implementation. The parliamentary committee found implementation and performance of SGRY as extremely poor.

In most 150 backward districts, the National Food For Work Programme (NFFWP) was launched in 2000-01 by MoRD, GoI. The wages under SGRY and NFFWP programmes were paid partly in cash form and partly in the form of food grains valued at below poverty line rates. It was found that there was an access flow of food grains for the poor through the wage employment schemes. The programmes SGRY and NFFWP, which covered the whole country, generated 748 million persondays in 2002-03 and 912 million in 2004-05. The total persondays generated under both programmes during 2002-03 to 2005-06 illustrated in following table.

Table 1.3: Employment generated by SGRY and NFFWP (2002-03 to 2005-06)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002-03</th>
<th>2003-04</th>
<th>2004-05</th>
<th>2005-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persondays generated under SGRY and NFFWP (in millions)</td>
<td>748</td>
<td>856</td>
<td>912</td>
<td>1116</td>
</tr>
</tbody>
</table>

Source: Ministry of Rural Development, GoI.

Apart from above mentioned programmes, India signed the Millennium Declaration in September 2000. This calls for the eradication of extreme poverty and hunger by halving the number of poor people living on less than a dollar a day and those who suffer from hunger. In this way, the Government of India recognized these goals as a legitimate policy commitment. Further, the Common Minimum Programme of the United Progressive Alliance government came up with commitments that the state needs to make improvement in the livelihood of the rural poor. These commitments were recognized by the Planning Commission as a national common minimum programme to mobilize resources for their implementation. With this context,
the Government of India has announced a new programme; which covered all drawbacks and leakages were occurred in previously rural development programmes; under a title National Rural Employment Guarantee Act (NREGA) (Shah & Makwana, 2011). This Act was enacted to reinforce government commitment towards livelihood security in rural areas. The Act was notified on September 7, 2005.

1.3. About the programme MNREGA

1.3.1. MNREGA: At a glance

With great plug and optimism, Indian parliament passed a revolutionary novel and unique Act i.e. National Rural Employment Guarantee Act (NREGA) in 2005. The ongoing programmes of Sampoorn Grameen Rozgar Yojana (SGRY) and National Food For Work Programme (NFFWP) were merged within NREGA. It was renamed on October 2, 2009, as Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA).

Ministry of Rural Development is engaged in the implementation of MNREGA. It aims at arresting out-migration of rural households in search of employment and enhancing livelihood security of rural people’s on a sustained basis by developing economic and social infrastructure in rural areas. In the past, all employment programmes in India targeted at a poor generally identified with aim of poverty alleviation. The MNREGA is the unique employment programme and it goes beyond poverty alleviation and recognizes employment as a legal right. This legal commitment is a landmark event in the history of poverty alleviation schemes of India. It is also unique programme in the world, as no country in the world has ever given legal right of this kind of such a large population. This legal right implies that the constraint of fixed budget allocation will no longer effect the employment attended entitlement.

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MNREGA guarantee at least 100 days of wage employment in every financial year to rural households whose adult members are willing to do unskilled manual work in the rural areas. The act came into force on 2 February 2006, in 200 backward districts of the country. From 1 April 2007, it was extended to 130 more districts. The Act has been extended to all the remaining 266 districts with effect from 1 April 2008.

As discussed above, this Act is launched to address the worst kind of poverty in the country, as it will provide unskilled wage work to the poor at the bottom who have very low risk bearing capacity and poor credit worthiness to take up self-employment ventures and have strong preference for wage work. By guaranteeing them wage work at minimum wages, the Act can create significant impact on their livelihood, out-migration and food security aspects on one hand and reduction in the multiples vulnerability on the other hand.

The scheme is implemented through collaborative partnership right from Gram Sabhas to Central Government. Community participation by way of (i) Gram Sabha (ii) local vigilance & monitoring committees and (iii) Self Help groups (SHGs) and ensures active role by Civil Society Organizations. At official level, the scheme was embedded with inbuilt monitoring & evaluation mechanism at every stage of implementation including online monitoring through Management Information System (MIS).

1.3.2. Salient features of MNREGA

The main features and its key processes in the implementation of MNREGA are summarized in below points. (Development, operational Guidelines (3rd Edition), 2008)\textsuperscript{10}

\textsuperscript{10} Ministry of Rural Development revised guideline about MNREGA in 2008. It was third edition published so far. All the features were taken up from it.
**Right based framework**

1. All adult members of a rural household willing to do unskilled manual work have the right to demand for employment.

2. Such rural households will apply for the Job Card to the *Gram Panchayat*. The *Gram Panchayat* will verify the age and local address of the applicant.

3. After the verification of the basic requirements, the *Gram Panchayat* will issue a Job Card to the household with photograph and it is very free of cost.

4. Act has notified that the Job Card must remain in the custody of the household.

5. Only Job Cardholder can demand for work to the *Gram Panchayat*, which will issue him/her a dated receipt of the work application.

**Time bound Guarantee of Employment**

1. The *Gram Panchayat* (local body) will provide employment to applicant households within 15 days of work application, or else unemployment allowance 10 percent will be paid.

2. A household may advantage up to 100 days of guaranteed employment in a financial year, depending on its need.

**Permissible works**

Each district has to prepare a shelf of projects. The works for providing employment are to be selected from the list of permissible works. The shelf of projects has to be prepared on the basis of priority assigned by Gram Sabhas. The execution of at least 50 percent of works has to be allotted to Gram Panchayats.
Labor Intensive Works

1. The Wage-material ratio will be maintained at 60:40 stipulated in the Act.

2. In Act Contractors/machinery is prohibited.

Payment of wages

1. After introduced revised guidelines 2013 (fourth Edition) it was reported that wages will be paid at the wage earners through their Bank / Post Office accounts.

2. Payment of wages should be made at end of the week and in any case not later than a fortnight.

Decentralization

1. Gram Sabha (local community) will recommend works to be taken up.

2. Gram Panchayats will implement at least 50 percent of works.

3. Panchayati Raj Institutions (PRI) must play a principal role in planning, monitoring and implementation of works.

Work site management and facilities

1. Citizen Information Boards are provided to maintain all details of work are to be put at the work sites.

2. Basic Facility such as crèche, drinking water, first aid and shade have to be provided on the work sites.

3. Muster roll to be maintained and open to inspection for social audit.

4. At worksite timely measurement to be ensured to calculate wage rates.
**Women empowerment/Reservation**

1. To promote and accelerate women participation in the programme, at least one-third of the workers should be women.

**Transparency & Accountability**

1. In the Act, Proactive disclosure of information has set up to strengthen the functioning body.

2. Social Audit of all projects by the Gram Sabha is mandatory.

3. Regular Monitoring at all levels.

4. Grievance Redressal Mechanism is to be set up.

**Funding**

The funding ratio of Central government and State government is 90:10.

1.3.3. **Key process for implementation of MNREGA**

The main important key processes for implementation of the MNREGA are the following.

1. Adult members of rural households provide their name, age and address with photo to the Gram Panchayat

2. The Gram Panchayat registers households after making enquiry and issues a job card, which contains the details of adult member enrolled, and his/her photo.

3. Registered person can submit an application for work in writing (for at least fourteen days of continuous work) either to Panchayat or to Programme Officer.
4. The Panchayat/ Programme Officer will accept the valid application and issue dated receipt of application; and letter providing work will be sent to the applicant and also displayed at Panchayat office.

5. The employment will be provided within a radius of 5 kilometers and if it is above 5 kilometers extra wage will be paid.

6. If employment under the scheme is not provided within 15 days of receipt days of the application daily unemployment allowance will be paid to the applicant.

1.3.4. Goals of MNREGA

Main Goals of MNREGA programme has to achieve are as under.

A. To create Strong social safety net for the vulnerable groups by providing a fall-back employment source, when other employment alternatives are scares or inadequate.

B. Perform as a growth engine for sustainable development of an agriculture economy. Through the process of providing employment on works that address causes of chronic poverty such as drought, deforestation and soil erosion,

C. the Act seeks to strengthen the natural resources base of rural livelihood and create durable assets in rural areas, improved water security, Soil Conversation, and higher Land Productivity

D. Effectively implemented, MNREGA has the potential to transform the geography of poverty.

E. Draught-Proofing and Flood Management in Rural India.
F. Empowerment of the socially disadvantaged, especially women, Scheduled Castes (SCs) and Scheduled Tribes (STs), through the processes of a right-based legislation. To provide empowerment to rural poor through the process of a rights-based Law.

G. Strengthening decentralised, participatory planning through convergence of various anti-poverty and livelihoods initiatives.

H. Deepening democracy at the grass-roots by strengthening Panchayti Raj Institutions.

I. Behave as a new ways of doing business, as a model of governance reform anchored on the principles of transparency and grass root democracy.

Thus, MGNREGA is a powerful instrument for ensuring inclusive growth in Rural India through its impact on Social Protection, livelihood Security and Democratic Empowerment.

1.3.5. Permissible Works under MNREGA

Over the last six years there have been many demands from States for inclusion of new works under MGNREGA. There has also been a demand to create an even stronger positive synergy between MGNREGA and agriculture and allied rural livelihoods. Finally, there has been a demand that a more elaborate, specific and unambiguous list of permissible works be provided. In response to each of these demands, the Central Government has, vide notification dated 4th May 2012, amended provisions in Schedule I to include an additional list of permissible works under MGNREGA and has also issued separate work Guidelines for these works. The suggested technical specifications are only indicative and not mandatory. States may design structures as appropriate to the local situation and the costs may be estimated in conformity with such designs.
Some of these works in the amended Schedule I, are new but many of them come within the category of works that were already permitted under MGNREGA. The list has been provided in response to demands from States for greater clarity on the precise works that could be taken up under the permissible categories of works. Paragraph 1B of amended Schedule I provides that the focus of the Scheme shall be on the following works and the order of priority shall be determined by each Gram Panchayat (GP) in meetings of the Gram Sabha(GS) and the Ward Sabha. The works included in para 1B are (Development D. o., 2013)\textsuperscript{11}:

1. Water conservation and water harvesting including contour trenches, contour bunds, boulder checks, gabion structures, underground dykes, earthen dams, stop dams and springshed development

2. Drought proofing including afforestation and tree plantation

3. Irrigation canals including micro and minor irrigation works

4. Provision of irrigation facility, dug out farm pond, horticulture, plantation, farm bunding and land development on land owned by households specified in paragraph 1C of Schedule I

5. Renovation of traditional water bodies including desilting of tanks

6. Land development

7. Flood control and protection works including drainage in water logged areas including deepening and repairing of flood channels, chaur renovation, construction of storm water drains for coastal protection

8. Rural connectivity to provide all weather access, including culverts and roads within a village, wherever necessary

9. Construction of Bharat Nirman Rajiv Gandhi Sewa Kendra as Knowledge Resource Centre at the Block level and as Gram Panchayat Bhawan at the Gram Panchayat level

10. Agriculture related works, such as, NADEP composting, vermi-composting, liquid bio-manures

11. Livestock related works, such as, poultry shelter, goat shelter, construction of pucca floor, urine tank and fodder trough for cattleshed, azolla as cattle-feed supplement

12. Fisheries related works, such as, fisheries in seasonal water bodies on public land

13. Works in coastal areas, such as, fish drying yards, belt vegetation

14. Rural drinking water related works, such as, soak pits, recharge pits

15. Rural sanitation related works, such as, individual household latrines, school toilet units, anganwadi toilets, solid and liquid waste management

16. Construction of anganwadi centres

17. Construction of playfields

18. Any other work which may be notified by the Central Government in consultation with the State Government

The above list of permissible works represents the initial thrust areas. In some circumstances, locations or seasons, it may be difficult to guarantee employment within this initial list of permissible works. In such circumstances, the State Governments may use of section 1(ix) of schedule I, whereby new categories of work may be added to the list based on consultations between the State Governments and the Central Governments.
The Maintenance of assets created under the scheme (including protection of afforested land) will be considered as permissible work under MNREGA. The same applies to the maintenance of assets created under other programmes but belonging to the sectors of works approved in Schedule I of the Act.

MNREGA resources should not be used for land acquisition. Land belonging to small and marginal farmers or SC/ST landowners cannot be acquired or donated for works under the programme.

1.3.6. Funding Procedure of MNREGA

Fund is very crucial part of any rural development programme. Government should be increased the required fund according to the size of the programme. In each financial year, the government could release the adequate funds for better functioning and implementation of the MNREGA at each level. Therefore, it is necessary to understand that in what extent, central and state governments are ready to bear the cost of the various kinds of the programme. According to the available guideline of the MNREGA, cost of bearing functioning ratio of the MNREGA was distributed between central and state government is 75:25.

A) **The Central Government bears the costs on the following items**

1. The entire cost of wages of unskilled manual works.
2. 75 percent cost of material, wages of skilled and semi skilled workers.
3. Administrative expenses as may be determined by the central government, which will include interalia, the salary and the allowances of the programme officer and his supporting staff work site facilities.
4. All Administration Expenses of the National Employment Guarantee Council bearing by central government.
B) The State Government bears the costs on the following items

1. In the Act 25 percent of the cost of material, wages of skilled and semi skilled workers bearing by state government.

2. Unemployment allowance to be pay in case the state government cannot provide wage employment on prescribed time.

3. All kinds of Administrative expenses of the State Employment Guarantee Council (SEGC) bearing by the state government.

Each district has dedicated account for MNREGA funds. They have to submit their proposals based on clearly delineated guidelines so that funds may be distributed efficiently at each level and adequate funds may be available accordingly respond to demand. Under MNREGA, fund release is based on an appraisal of both financial and physical indicators of outcomes.

1.4. Objectives of the study

Objectives of any problem play a vital role in research. Here, to understand the impact of MNREGA on various elements, following specific objectives of the study has been made. The study has covered such salient features and its impact on various aspects of the programme, which represents the overall scenario of the MNREGA. The main objectives of the study are as follows.

1. To study the various socio-economic characteristics of households in study districts.

2. To measure the Income and Consumption Expenditure pattern of the beneficiaries in selected districts.

3. Assessing the nature of assets created under MNREGA and their durability in selected districts.

4. To examined the wage differentials between MNREGA activities and other wage employment activities

5. To assess the qualitative functioning aspects of MNREGA in study districts.
1.5.  Research Methodology and Data Analysis

1.5.1.  Research Methodology of the study

To fulfill the objectives of the study, both Primary and Secondary data were collected.

**Primary Data:**

The Primary data is the field survey data were collected by field study or investigation. It was collected from selected sample households of both districts through comprehensive household survey method in such a way it covers all five elements reflecting the objectives of the study. For obtained primary information, households scheduled were made based on identification of the households, its composition, their income and consumption pattern, employment, and lastly functioning part of the programme take into consideration. The quantitative as well as qualitative data were collected through specific well structured pre-tested comprehensive scheduled having all aspects of objectives of the study.

**Secondary data:**

The secondary data were collected mainly through published work materials related to research topic in the form of Books, Journal Articles, News Articles and Internet sources viz. official website of MNREGA, website of Ministry of Rural Development, Gujarat Government etc. published materials concerned with State/ District/ Block/ Gram Panchayat offices associated with implementation of MNREGA. Reports submitted by various government bodies, NGOs works, CAG reports and other private institutions reports also referred and utilized to understand the monitoring and functioning part of this unique Act.
1.5.2 Sampling Design for the study

Sample design for the study were furnished from some reports has already been done by the various departments. Here, to analyse the above mentioned objectives, multi-stage sampling and purposive sampling process was adopted to select the sample frame for the study. (Shah & Makwana, 2011) in their report they adopt multi stage sampling method to analised the primary information. They accepted this method to determined multi stages such as Districts, Blocks, Villages (Gram Panchayats) and Beneficiaries in their report. (Shreekant, 2011) also used the multi stage sampling method to analised the objectives of the study so far. (Abhishek, 2011) used purposive sampling method in order to examined their objectives of the study. The idea to design sample frame for study were adopted from the above mentioned experts views method, In present study, all methods compiles by me and used it in such a way to fulfill the need of the study.

Selection of Districts

There were 26 districts in Gujarat State, in order to fulfill the objectives of the study two districts were selected purposively i.e. Anand and Kutchh. Demographic and Agricultural profile (further in chapter three profile of the study districts analysed briefly) of the selected districts taking in to consider while choosing it. The different criteria dopted for selection of districts were as follows.

Period of implementation of the scheme

The MNREGA was implemented in three different phases in Gujarat State, viz. Phase 1, Phase 2 and Phase 3. Both districts chosen fall in the same Phase 3. So, as per the period of implementation of the scheme it is able to asserted the effective outcomes of the objectives.
Performance Criteria

Purposively picked up to provide a contrasting terms of Performance of the implementation of MNREGA in selected districts; was divided into two parts. One is good performing district and remaining one least performing district. According to performance, Anand come under good performing district and Kutchh come under least performing district.

Selection of Blocks

Blocks are representative of the different GPs performance and their success. To understand the effects of the different aspects of MNREGA it was decided to select five blocks from each district, the measurements taken up for the section of the blocks would represent the entire district to the maximum possible extent\(^{12}\). With this, some basic criteria were taken like, Agriculture Profile, Agricultural and Non-Agricultural Labourers, Demographic Profile, Concentrations of SC/ST Households etc.

Selection of Villages/Gram Panchayat

Having selected Blocks, the next stage was to select the Villages. While choosing two villages from each blocks the researcher used purposive sampling method. This method adopted by (Shah & Makwana, 2011)\(^{13}\) in their study. From each Block two Villages were selected keeping into account their distance from the location of the Block or the main City/Town. In each Block, one village was selected from the nearby periphery of around 15 kilometers of the Block/City head-quarter that has been categorised as ‘Near’. Remaining one Village was selected

\(^{12}\) It includes performance of the Blocks, Employment Generation, No. of Job Cards issued, Socio-Economic Characteristics of the beneficiaries and social audit and functioning of the programme in various blocks.

\(^{13}\) ibid pp. 12
from the farthest location of 20 Kilometers or more of the Block/City head-quarter which has been categorised as ‘Far’.

**Selection of Beneficiaries**

For selection of Beneficiaries were obtained from the Gram Panchyat or Programme Officer in the Village along with the information of caste factor of the workers. After getting the list from Gram Panchayat, a Stratified Random Sampling Method was adopted for selection of the participant beneficiaries giving proportionate representation on the caste (population of the various castes were illustrated in demographic profiles of the districts and state as well), i.e., (I) Schedule Caste (II) Schedule Tribe (III) Other Backward Class (IV) General Caste. A due representation was also given to the gender factor. While selecting Beneficiaries, care was taken to select participants belonging to different Socio-Economic groups (e.g., Tribal Area, Hilly Area, Gender and Backward and Schedule Caste groups etc.)

Therefore, in this manner from both districts, Ten Blocks were selected and from each Block two villages selected, in this way total number of 20 Villages was selected. From each Village, it was decided to select 20 Beneficiaries. In this way, from 20 Villages total number of 400 Beneficiaries was selected. Overall, for study in Gujarat State, 400 Beneficiaries were selected for the study. Sample frame of the list of selected Sample Districts, Blocks and Villages is shown in below table format.

**Sampling Frame Work**

Sampling framework were finished after the discussion with the District Development Oficer and Programme Officers of respective districts so far.
<table>
<thead>
<tr>
<th>Sr. No</th>
<th>District</th>
<th>Block</th>
<th>Gram Panchyat</th>
<th>Near/Far</th>
<th>Sample Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Anand</td>
<td>Anand</td>
<td>Gopalpura</td>
<td>Near</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td>Kasor</td>
<td>Far</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>Sojitra</td>
<td></td>
<td>Runaj</td>
<td>Near</td>
<td>20</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td>Kasor</td>
<td>Far</td>
<td>20</td>
</tr>
<tr>
<td>5</td>
<td>Petlad</td>
<td></td>
<td>Khadana</td>
<td>Near</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td>Danteli</td>
<td>Far</td>
<td>20</td>
</tr>
<tr>
<td>7</td>
<td>Borsad</td>
<td></td>
<td>Nisraya</td>
<td>Near</td>
<td>20</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td>Khanpur</td>
<td>Far</td>
<td>20</td>
</tr>
<tr>
<td>9</td>
<td>Umreth</td>
<td></td>
<td>Untkhari</td>
<td>Near</td>
<td>20</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td>Vansol</td>
<td>Far</td>
<td>20</td>
</tr>
<tr>
<td>11</td>
<td>Kutchh</td>
<td>Bhuj</td>
<td>Sumrasar</td>
<td>Near</td>
<td>20</td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
<td>Bharapar</td>
<td>Far</td>
<td>20</td>
</tr>
<tr>
<td>13</td>
<td>Abdasa</td>
<td></td>
<td>Mothala</td>
<td>Near</td>
<td>20</td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td>Sanosian</td>
<td>Far</td>
<td>20</td>
</tr>
<tr>
<td>15</td>
<td>Bhachau</td>
<td></td>
<td>Amarsar/ Ner</td>
<td>Near</td>
<td>20</td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
<td>Kanthakot</td>
<td>Far</td>
<td>20</td>
</tr>
<tr>
<td>17</td>
<td>Lakhpat</td>
<td></td>
<td>Subhassar</td>
<td>Near</td>
<td>20</td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
<td>Mindhiyari</td>
<td>Far</td>
<td>20</td>
</tr>
<tr>
<td>19</td>
<td>Rapar</td>
<td></td>
<td>Gedi</td>
<td>Near</td>
<td>20</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
<td>Trambo</td>
<td>Far</td>
<td>20</td>
</tr>
</tbody>
</table>

**1.5.3. Data Analysis**

The qualitative and quantitative data analysed on the basis of the objectives of the study. Quantitative data was tabulated and statistically analysed by using SPSS software. Some econometric models and statistical techniques like, OLS simple regression model were used to analysed the data. On the other hand qualitative data was interpreted based on information collected from the fieldwork through Interview and Conversations.
Analytical Technique

In order to examine the impact of various factors in motivating or demotivating the sample households to be enrolled in MNREGA have been analysed by using OLS regression method at households Employment level. Following regression equation was used to estimate the model.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + e_i \]

Where,

- \( Y \) = No. of working days under MNREGA
- \( X_1 \) = Family Size
- \( X_2 \) = MNREGA Wage rate
- \( X_3 \) = Distance of work place from home
- \( X_4 \) = Gender of the head
- \( X_5 \) = Possession of land
- \( X_6 \) = Ration Card holder
- \( X_7 \) = Social Group
- \( X_8 \) = Education of head/self
- \( X_9 \) = Other than MNREGA Wage rate \( ₹ \) per day
- \( X_{10} \) = Age groups of the households
- \( \beta_0 \) = Constant
- \( e_i \) = Stochastic error term

Where, \( \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7, \beta_8, \beta_9 \& \beta_{10} \) are the respective parameters.

1.6. Rationale of the Study

As I have mentioned earlier, MNREGA is a flagship Programme of government of India, which is unique and first of its kind Employment Generation Programme. This is the first time our country India had passed a low of nature and scale to generating livelihood security to rural households exclusively unorganized labours. It has implemented in all the districts of the country since April 2008. The numbers of studies were taken up by NGOs,
researchers, institutions etc. that looked into the impact of MNREGA based on different parameters and examined its number of implementation of issues. Some studies found substantial positive impact of MNREGA on wage rate, food security, migration, whereas some studies reported minimum and delay wage payment, non-payment of unemployment allowances, failure in halting migration, errors in wage calculation, number of operation bottlenecks, corruption etc.

At present, degree of impact, implementation procedure and corruption of MNREGA has become a hot issue of debate for researchers, academicians, and politicians. These conflicting views on implementation procedure and degree of impact of MNREGA etc. indicate that clear picture on functioning and effectiveness of Act has yet to emerge. Keeping this controversy, debate and background in view, an absolute necessities is felt by government to have a fresh look toward various aspects of functioning and impact assessment of MNREGA by conducting an empirical study.

With keep this in study, I wish to study probing the economic impact of MNREGA on different parameter and implementation constraints affecting the effectiveness of the Act for Gujarat state. This study is proposed to assess the overall scenario of MNREGA scheme for Gujarat state. I also wish to study the impact of MNREGA scheme on both districts Anand and Kutchh, with respect to objectives of the study. The outcome of the study will help in understanding the problem of implementation of the Act. It will help in formulating the better policy for sustained this programme and strategies for the upcoming years.
1.7. Statement of the Study

While investigating the study will emphasis on following questions:

1. Does MNREGA become successful sought for employment the standard living of the poor?

2. Have all the registered households sought for employment participated in the works under the scheme? If not what are the factors hindering participation of the households?

3. Does it promise to halve the out Migration?

4. Is it really a livelihood generating programme than other wage-earning scheme?

5. What are the efforts made by the Panchayat, Block Development Officer and DRDA for registering the Rural Households under the scheme?

6. Are the people really aware about MNREGA work?

7. Is the Act properly implemented as per its rules and regulation?

8. What is the impact of the programme on the rural households with special reference to i) Creation of livelihoods; ii) Income; iii) Assets; iv) Expenditure; v) Savings; vi) Liability; vii) Migration and viii) Social Capital? How do people spend the wages earned? What is the level and intensity of migration after the introduction of the scheme?

1.8. Limitations of the study

The present study is covered only the information regarding MNREGA scheme for Gujarat State, the special case of the comparison between two districts Anand and Kutchh in order to fulfill the objectives of the study.

The present study is based on certain Objectives. The main objectives of the study are the impact of MNREGA on Socio-Economic Conditions, Wage Rates, Wage differentiation, Consumption Pattern and Assets creation in Gujarat.
Some mistakes were found on the MNREGA official website pertaining in the data based portal on Social Audit results and payment through Banks/Post Offices. This has affected the depth and reliability of secondary level data analysis.

While drawing conclusions on impact and effectiveness of MNREGA based on the analysis of Survey Data of the selected districts, these region specific differentials and outcomes may be taken in to account.

Future conclusions drawn are based on preliminary findings on the field data of selected districts.

1.9. Reference year

In present, study the selected sample households, primary data were collected by recall pre-designed questionnaire for financial year 2013-14.

1.10. Outline of the Chapter Plan

Chapter-1: Introduction

The introductory chapter discusses and explains the premises, importance, objectives and methodology with sample design of the study.

Chapter-2: Review of literature

This chapter throes some light on previous studies about the Act pertising to our study Objectives.

Chapter-3: Profile and Economic Evaluation of MNREGA in selected Districts as well as state

This chapter describes profile of selected districts and Gujarat state, Performance, Progress and Functioning of MNREGA in terms of employment generation through MNREGA and its Socio-Economic characteristics, numbers
of projects completed and total amount spent, Social auditing and inspection of MNREGA works, Payment through Bank or post office accounts etc. In short, Chapter studies all parts as an Economic Evaluation of MNREGA in selected districts of Gujarat State.

Chapter-4: Socio-Economic Characteristics and Income - Consumption Expenditure pattern

In this chapter the Socio-Economic characteristics, the Income and Consumption pattern of sample households have been analysed. With this, some economic aspects like, inequalities (variability) in distribution of Income and Consumption of participation in MNREGA works have been aptly discussed.

Chapter-5: Work Profile, Wage structure and Assets created under MNREGA

This chapter discussed about the work profile under MNREGA and issues regarding wage structure. We have analysed how the households participated in MNREGA works, which kind of Assets they could create for fostering Development in their district.

Chapter-6: Qualitative determinants for implementation of MNREGA

This chapter attempt to assess the perceptions of the participant’s workers on how they participated in MNREGA implementation. their awareness about the scheme, various aspects of MNREGA implementation, their Rights and Duties, the kinds of Problems they faced during their association with MNREGA, the steps they have taken to improve the bottlenecks, their views for improvement in MNREGA functioning, usefulness of the structures created, the effect of MNREGA on their Standard of Living.
Chapter-7: Findings, Concluding Remarks and Suggestions

This chapter highlights the summary of findings of the study as discussed in the preceding chapters and contains some policy implementations of the study. Some specific policy recommendations have been suggested for the overall improvement in implementation of MNREGA with a special focus on the study districts of Gujarat state.

1.11. Summary of the Chapter

MNREGA is a unique legislation of Government of India and Ministry of Rural Development; with the main objective of providing 100 days legal guarantee to all the rural households to have secured employment opportunities. By this employment now, become the legal entitlement for Rural Households. Since its implementation, the outcomes of the scheme are quietly appreciable as it has positive investment in terms of improved wage rates, income and standard of livings etc. of Rural Peoples.

On the other hand, the scheme has facing certain hurdles or shortcomings which includes delayed payment of wages, instance of fudging of muster rolls, corruption more emphasis on employment rather than long-term interest such as ownership and maintenance of Assets, shortage of dedicated human resources at the Panchayat level, failure of providing employment within 15 days of demand for work, non-convincing of Gram Sabha meetings, uneven performance within the country so on. Despite of having all this obstacles, the scheme, which is described unprecedented in the history of employment programme throughout the world, it has been solely and steadily picking up. Steps are being taken to position the safe guard mechanism related to transparency and accountability at all levels. The Fruits of the scheme mainly depend on the state, local bodies, civil society organizations and ofcourse the proactive participation of the beneficiaries of the scheme. In present chapter we have understood so far is the whole scenario of the MNREGA scheme. With this, we explained some Methodology and Sample design to understand the needs of the study. Therefore, this chapter provides overall scenario of the backdrop about the study.