CHAPTER 1
INTRODUCTION

India is a country of villages and about 50 per cent of the villages have very poor socio-economic conditions. Poverty in India is widespread, with the nation estimated to have a third of the world's poor. In 2010, the World Bank reported that 32.7 per cent of the total Indians fall below the international poverty line of US$ 1.25 per day while 68.7 per cent live on less than US$ 2 per day.

According to 2010 data from the United Nations Development Programme, an estimated 29.8 per cent of Indians live below the country's national poverty line. A 2010 report by the Oxford Poverty and Human Development Initiative (OPHI) states that 8 Indian states have more poor people than 26 poorest African nations combined together accounts for more than 410 million poor in the poorest African countries.

According to 2011 Poverty Development Goals Report, as many as 320 million people in India and China are expected to come out of extreme poverty in the next four years, while India's poverty rate is projected to drop to 22 per cent in 2015. The report also indicates that in Southern Asia, however, only India, where the poverty rate is projected to fall from 51 per cent in 1990 to about 22 per cent in 2015, is on track to cut poverty by half by the 2015 target date.

The latest UNICEF data shows that one in three malnourished children worldwide are found in India, whilst 42 per cent of the nation's children under five years of age are underweight. It also shows that a total of 58 per cent of children under five surveyed were stunted. Rohini Mukherjee, of the Naadi foundation — one of the NGOs that published the report — stated that India is "doing worse than sub-Saharan Africa."

The 2011 Global Hunger Index (GHI) Report places India amongst the three countries where the GHI between 1996 and 2011 went up from 22.9 to 23.7, while 78
out of the 81 developing countries studied, including Pakistan, Nepal, Bangladesh, Vietnam, Kenya, Nigeria, Myanmar, Uganda, Zimbabwe and Malawi, succeeded in improving hunger conditions.

Since the dawn of independence, concerted efforts have been made to ameliorate the living standard of rural masses. So, rural development is an integrated concept of growth and poverty elimination has been of paramount concern in all the consequent five year plans. Rural Development (RD) programmes comprise of following:

- Provision of basic infrastructure facilities in the rural areas e.g. schools, health facilities, roads, drinking water, electrification etc.
- Improving agricultural productivity in the rural areas.
- Provision of social services like health and education for socio-economic development.
- Implementing schemes for the promotion of rural industry increasing agriculture productivity, providing rural employment etc.
- Assistance to individual families and Self Help Groups (SHG) living below poverty line by providing productive resources through credit and subsidy.

Under the directive principles, it has been laid down that the ‘state shall strive to promote the welfare of the people by securing and protecting, as effectively as it may, social order in which social justice, economic and political freedom shall in all the institutions of national life.’ With this motto, the strategy of direct assault on poverty and inequality through rural development and rural employment programme has been adopted indifferent five year plan periods. Since independence, many schemes for the welfare of the weaker sections of the society have been started in India. So, India has a long history and experience in implementing wage employment
programmes such as Community Development Programmes, Small Farmers Development Agency, Drought Prone Area Programme, Minimum Needs Programme, Twenty Point Economic Programme, Desert Development Programme, Training of Rural Youth for Self Employment, National Rural Development Programme, Rural Landless Employment Guarantee Programme, Integrated Rural Development Programme, Antodya Yojna, Jawahar Rojgar Yojna, Employment Insurance Scheme, Swarnjayanti Gram Swarozgar Yojana, Jawahar Gram Smridhi Yijana, Pradhan Mantri Gramalaya Yojana, etc. implemented by state governments with central assistance. These programmes are self-targeting and the objective is to provide enhanced livelihood security, especially to those dependent on casual manual labour. Beginning with Community Development Programme in 1952, the outreach of these programmes increased significantly, culminating in National Rural Employment Guarantee Scheme which was implemented by the enactment of the National Rural Employment Guarantee Act, 2005.

Poverty in India

According to a recent Indian government committee constituted to estimate poverty, nearly 38 per cent of India’s population (380 million) is poor. This report is based on new methodology and the figure is 10 per cent higher than the present poverty estimate of 28.5 per cent.

The committee was headed by S D Tendulkar has used a different methodology to reach at the current figure. It has taken into consideration indicators for health, education, sanitation, nutrition and income as per National Sample Survey Organization survey of 2004-05. This new methodology is a complex scientific basis aimed at addressing the concern raised over the current poverty estimation.
Since 1972 poverty has been defined on basis of the money required to buy food worth 2100 calories in urban areas and 2400 calories in rural areas. The government committee headed by N C Saxena estimated 50 per cent Indians were poor as against Planning Commission’s 2006 figure of 28.5 per cent.

Poverty is one of the main problems which have attracted the attention of sociologists and economists. It indicates a condition in which a person fails to maintain a living standard adequate for his physical and mental efficiency. It is a situation people want to escape. It gives rise to a feeling of a discrepancy between what one has and what one should have. The term poverty is a relative concept. It is very difficult to draw a demarcation line between affluence and poverty. According to Adam Smith - Man is rich or poor according to the degree in which he can afford to enjoy the necessaries, the conveniences and the amusements of human life.

Even after more than 50 years of Independence India still has the world's largest number of poor people in a single country. Of its nearly 1 billion inhabitants, an estimated 260.3 million are below the poverty line, of which 193.2 million are in the rural areas and 67.1 million are in urban areas. More than 75 per cent of poor people reside in villages. Poverty level is not uniform across India. The poverty level is below 10 per cent in states like Delhi, Goa, and Punjab etc whereas it is below 50 per cent in Bihar (43) and Orissa (47). It is between 30-40 per cent in Northeastern states of Assam, Tripura, and Mehgalaya and in Southern states of TamilNadu and Uttar Pradesh.

Poverty has many dimensions changing from place to place and across time. There are two inter-related aspects of poverty - Urban and rural poverty. The main causes of urban poverty are predominantly due to impoverishment of rural peasantry that forces them to move out of villages to seek some subsistence living in the towns.
and cities. In this process, they even lose the open space or habitat they had in villages albeit without food and other basic amenities. When they come to the cities, they get access to some food though other sanitary facilities including clean water supply still elude them. And they have to stay in the habitats that place them under sub-human conditions. While a select few have standards of living comparable to the richest in the world, the majority fails to get two meals a day. The causes of rural poverty are manifold including inadequate and ineffective implementation of anti-poverty programmes. The overdependence on monsoon with non-availability of irrigational facilities often result in crop-failure and low agricultural productivity forcing farmers in the debt-traps. The rural communities tend to spend large per cent of annual earnings on social ceremonies like marriage; feast etc. Our economic development since Independence has been lopsided. There has been increase in unemployment creating poverty like situations for many. Population is growing at an alarming rate. The size of the Indian family is relatively bigger averaging at 4.2. The other causes include dominance of caste system which forces the individual to stick to the traditional and hereditary occupations.

Since the 1970s the Indian government has made poverty reduction a priority in its development planning. Policies have focused on improving the poor standard of living by ensuring food security, promoting self-employment through greater access to assets, increasing wage employment and improving access to basic social services. Launched in 1965, India's Public Distribution System has helped meet people's basic food needs by providing rations at subsidized prices. Although it has affected less than 20 per cent of the Poor's food purchases, the system has been important in sustaining people's consumption of cereals, especially in periods of drought. It has provided women and girls with better access to food and helped overcome the
widespread discrimination against female consumption within households. It has also reduced the burden of women, who are responsible for providing food for the household.

The largest credit-based government poverty reduction programme in the world, the Integrated Rural Development Programme provides rural households below the poverty line with credit to purchase income-generating assets. Launched in 1979, the programme has supplied subsidized credit to such groups as small and marginalized farmers, agricultural labourers, rural artisans, the physically handicapped, scheduled castes and scheduled tribes. Within this target population, 40 per cent of the beneficiaries are supposed to be women. Although the programme has reached 51 million families, only 27 per cent of the borrowers have been women. The programme has significantly increased the income of 57 per cent of assisted families.

Rural poverty is largely a result of low productivity and unemployment. The Jawahar Rozgar Yojana, a national public works scheme launched in 1989 with financing from the central and state governments, provides more than 700 million person days of work a year about 1 per cent of total employment for people with few opportunities for employment. The scheme has two components: a programme to provide low-cost housing and one to supply free irrigation wells to poor and marginalized farmers. The public works scheme is self-targeting. Since it offers employment at the statutory minimum wage for unskilled manual labour, only those willing to accept very low wages the poor are likely to enrol in the scheme. By providing regular employment and thereby increasing the bargaining power of all rural workers, the public works scheme has had a significant effect in reducing poverty. It has also contributed to the construction of rural infrastructure (irrigation works, a soil conservation project, drinking water supply). Evaluations show that 82
per cent of available funds have been channelled to community development projects. Targeting was improved in 1996 when the housing and irrigation well components were delinked and focused exclusively on people below the poverty line.

TRYSEM (Training rural youth for self employment) was started to provide technical skills to the rural youth and to help them to get employment in fields such as agriculture, industry, services and business activities. Youth of the poor families belonging to the age-group of 18-35 are entitled to avail the benefits of the scheme. Priority is given to persons belonging to ST/SC and ex-servicemen and about 1/3 seats are reserved for women. Minimum Needs Programme was taken up as an integral part of the 5th Five Year Plan and it was intended to cater to the minimum needs of the people such as rural water supply, rural health, road building, adult education, primary education, rural electrification and improvement of the urban slums etc. With the intention of removing urban unemployment some schemes such as SEPUP (Self-employment programme for the urban poor); SEEUY (Scheme for self-employment of the educated urban youths). These schemes gives loans and subsidies for the urban unemployed youths to create or to find for themselves some jobs. The SEPUP had provided financial help for about 1.19 urban unemployed youths in the year 1990-91.

The participation of civil society organizations in poverty reduction efforts, especially those directed to women, has increased social awareness and encouraged governments to provide better services. Cooperatives such as the Self-Employed Women's Association provide credit to women at market rates of interest but do not require collateral; they also allow flexibility in the use of loans and the timing of repayments. These civil society organizations have not only contributed to women's material well being; they have also helped empower them socially and politically.
Such credit initiatives, by bringing women out of the confines of the household, are changing their status within the family and within village hierarchies. The demands of civil society organizations for better social services have spurred the government to launch campaigns to increase literacy and improve public infrastructure. And their calls for greater accountability and real devolution of power are increasing the likelihood that expenditures for poverty reduction will reach the needy, especially women.

The Indian state has undoubtedly failed in its responsibilities towards its citizens over the last 50 odd years. There is a need for the state to move out of many areas and the process has been started with economic liberalization. The process of decentralization should devolute lot more powers, both functional and financial, to panchayats. The lack of transparency and accountability has hampered our economic development at all levels. The problem of poverty persists because of a number of leakages in the system. New laws have to be evolved to ensure more accountability. Bodies like the Planning Commission should be modified into new constitutional bodies that can hold governments accountable for their failure to implement development programmes. A strong system of incentives and disincentives also needs to be introduced. The encouragement of non-governmental organizations and private sector individuals in tackling poverty is imperative, as the state cannot do everything.

**Potential Significance of an Employment Guarantee**

A constitution that feels obliged to protect the right to private property, must surely feel similarly obliged to guarantee the right to work, especially when six decades of planned development has failed to do so. Following the explosive rise in unemployment through the 1920s, many Western capitalist countries introduced different forms of unemployment insurance. By the 1980s, constitutions of thirty
countries, including eighteen developing nations, had incorporated the right-to-work. In twenty-five countries this right is specified as a work guarantee. The Indian constitution does include the right to work (via Article 41) but this is not a part of the Fundamental Rights, figuring only in the Directive Principles. Various judgments of the Supreme Court have suggested that the state must place the Directive Principles on par with Fundamental Rights. Whether this constitutional obligation is fortified by making the right-to-work a Fundamental Right or a stronger meaning is attributed to the Directive Principles, either way the state has an obligation to protect its people from unemployment.

India being a signatory to the Universal Declaration of Human Rights and the ILO Covenant on Economic, Social and Cultural Rights (both of which incorporate the right-to-work), there is an international imperative as well. Planning in India began with the presumption that the only salvation for millions of unemployed in the countryside was for them to get work in industries set up in urban areas. The national humiliation suffered through the massive droughts of the mid-sixties forced a policy rethink. This resulted in the Green Revolution of the next two decades. But the revolution proved short-lived. Focused primarily on rice and wheat in the already well-endowed alluvial pockets of India, it led to a monumental neglect of our poorest regions. The result was intense concentration of poverty and distress in certain pockets. Millions of poor peasants here are forced to look for work outside their own farms to make ends meet.

National Sample Survey data show that nearly 80 percent of agricultural labour families in India own land. But the capacity of their farms to provide work has been decimated by years of environmental degradation. So they are compelled to work outside as labourers. Public investment directed at increasing the labour-
supporting capacity of these farms through massive rainwater harvesting, soil conservation and treatment of their catchment areas must form the centrepiece of a rural employment guarantee in India. To this should be added investments required in education and health care. This would ensure five things -- one, that the employment guarantee would not merely provide relief in times of distress, it would also be a move towards long-term drought and flood-proofing of Indian agriculture; two, that the economy moves on to a more sustainable growth path, less vulnerable to the vicissitudes of nature; three, that growth will become more effective as an instrument for reducing poverty. Studies have shown that the impact of growth on poverty is higher in areas where social infrastructure is more developed. Where people are educated and healthy, and have access to safe drinking water, they are better able to seize upon development opportunities. So all investments will begin to yield progressively higher returns in these hitherto neglected regions; four, the number of people who depend on a state-sponsored employment guarantee would steadily decline over time because they could revert back to their own farms as also because of a reduction in poverty; and five, that the expenditure incurred on the employment guarantee would be productive, boosting the growth rate of the economy as a whole. Fuelling successive rounds of private investment, it would also create secondary employment opportunities. The extent to which investment can impact poverty and unemployment depends critically upon the forms in which it is embodied. For an employment guarantee to work, it must be focused on labour-absorbing activities and technologies, which lead to growth that in turn provides more jobs.

This would make the employment guarantee truly sustainable in both environmental and fiscal terms. Economic thinking the world-over has in the last two decades been increasingly dominated by a static fiscal fundamentalism. What this line
of thinking fails to recognise are the dynamic growth-enhancing dimensions of national investments, which in a country like India, only the government can make. These investments are in any case the most critical national priorities, universal access to primary education, healthcare, water, food and work. It is a crying shame that nearly sixty years after independence we have failed to secure them for our people. An employment guarantee focused on these can fuel growth that would in turn help lower the fiscal deficit. For as incomes rise, so would government revenues. At 2 percent of GDP this would be a small price for a social safety net. It would also be a very sound investment to make. And the way we visualise it, the size of the guarantee to be provided by government should fall over time, as people's need to work outside their farms declines. No Fiscal Responsibility Act should override these national priorities. We do not want a zero fiscal deficit that leaves millions of our people hungry, ill, uneducated and out of work.

But to ensure that the burden of expenditure does indeed reduce over time requires that we pay greatest attention to the area of implementation. For it is true that hundreds of thousands of crores spent on such programmes over the last several decades have largely gone down the drain or lined various pockets. Strong social audit mechanisms and penalties are mandatory. This is not merely a matter of preventing fudging of labour payment muster rolls. The much more creative dimensions of corruption arise from the way the Schedule of Rates is deployed both to embroider estimates and cheat labour.

**Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA)**

The MGNREGA is an important strategy in the current economic context of global economic crisis and national economic slowdown, where raising aggregate
demand is a major task for the government. Fiscal policy that provides more wage income directly to unskilled workers in the rural areas is likely to be much more effective in increasing aggregate incomes than other forms of public spending. It has been recognised that the MGNREGA has the potential to transform rural economic and social relations at many levels. It is this capacity to engender change that is a source of strength and a weakness for the implementation of the programme. The huge potential of the MGNREGA has been evident particularly in the enthusiastic response of the local people, landless, the marginal farmers and workers in particular, where information about the programme has been properly disseminated.

This is a historic and unique legislation reiterating government’s commitment towards livelihood security of rural people in rural areas. The MGNREGA is not only providing legal guarantee of work but it is also protecting and upholding the right to Lives of crores of Indians standing on the social margins.

In a relatively short span of time, MGNREGA has become one of the most avidly studied programmes of the Central Government.

The MGNREGS is therefore completely different in conception from the earlier government employment schemes since it treats employment as a right and the programme is intended to be demand driven. MGNREGA is one of the largest single rights-based social protection initiatives in the world. The uniqueness of this Act is in the fact that it carries emphasis on issues like equality of wages for men and women, elimination of work contracting, payment of wages only through bank and post office accounts, creating transparency in workers muster rolls etc. The Act guarantees that if work is not provided within a 15 day time frame then the applicant is eligible for unemployment allowance. All adults in a household are eligible to work. If the work site is not within 5 kilometers from the applicant’s residence then the applicant is
eligible for an additional 10 per cent of the wage. This law can be a big boost for nomadic tribal communities since locally domiciled but migrant population is also eligible for employment.

The Act and Guidelines anticipate substantial participation of the local people in the planning and monitoring of the specific schemes, to a degree which has not been at all common.

The National Rural Employment Guarantee Act (NREGA) was passed in 2005 with the objectives: provide work at remunerative wages for landless labourers and marginal farmers; and create assets for raising agricultural productivity. The act became effective at the state level in February 2006 in 200 districts, guaranteeing employment up to 100 days a year to poor rural households on demand. By March 2008, MGNREGA was expanded to cover all rural districts in the country.

Significantly, MGNREGA is a rights-based programme, unlike earlier employment schemes. The rights of MGNREGA workers include employment on demand, minimum wages, gender parity of wages, and payment of wages within 15 days, as well as the provision of basic worksite facilities, among others. There is a legal guarantee of 100 days employment in a financial year to a registered household. That the government is legally bound to provide employment within 15 days of the application for work by a job seeker; in case of delay or failure to provide employment to the job seeker, there is provision of unemployment allowance. That a person seeking such employment is to be registered with the Gram Panchayat (village administration council); after due verification, the household is to be provided a job card.
The other key features of MGNREGA include:

- “Priority” is to be given to women in the allocation of work “in such a way that at least one-third of the beneficiaries shall be women” (Schedule II, Para 6, NREGA). Further the act stipulates that wages will be equal for women and men.

- Shortening the chain of intermediaries and eliminating the role of contractors in implementation of schemes. To check corruption, the Central Ministry of Rural Development has signed agreements with the Department of Posts to open accounts of NREGA workers. Also, circulars have been issued to all state governments for payment of wages to NREGA workers through accounts in Post Offices and Banks only.

- The Gram Panchayat is responsible for planning of works, registering households, by issuing job cards, and monitoring implementation of NREG schemes at the local level. There is a provision for appointment of “employment guarantee assistant” in each Gram Panchayat to help carry out NREGA programme tasks.

- Social audits through Gram Sabha (village assembly) are expected conducted twice a year. In practice however these have not been conducted by Gram Sabhas. Civil society organizations often in partnership with local administration have conducted social audits.

- Social audit is a process of reviewing official records and determining whether officially reported expenditures reflect the actual funds spent on the ground. Evidence is gathered through discussion with participants in MGNREGA works, verification of works undertaken, and interactions with Panchayat members and local officials. It also looks at checking the timely payment of
wages, leakages of funds and other violations. In cases of gross violations, particularly in areas with strong presence of grassroots organizations, social audits are followed by jan sunwai (public hearing) where details of public records are read out to the assembly of villagers.

- MGNREGA seeks the creation of durable and sustainable assets that are created by the community and also managed by it.\(^1\) For creation of such assets using the guaranteed employment, the act has codified the following types of works:
  - Water conservation and water harvesting including contour trenches, contour bunds, boulder checks, gabion structures, underground dykes, earthen dams, stop dams and spring shed development;
  - Drought proofing including afforestation and tree plantation;
  - Irrigation canals including micro and minor irrigation works;
  - 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;
  - Renovation of traditional water bodies including desilting of tanks;
  - Land development;
  - 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;
  - Rural connectivity to provide all weather access, including culverts and roads within a village, wherever necessary;
- 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;
- Agriculture related works, such as, NADEP composting, vermicomposting, liquid bio-manures;
- 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;
- Fisheries related works, such as, fisheries in seasonal water bodies on public land;
- Works in coastal areas, such as, fish drying yards, belt vegetation;
- Rural drinking water related works, such as, soak pits, recharge pits;
- Rural sanitation related works, such as, individual household latrines, school toilet units, anganwadi toilets, solid and liquid waste management;
- Construction of anganwadi centres.
- Construction of playfields
- Any other work which may be notified by the Central Government in consultation with the State Government.

The scholar views MGNREGA as a programme whose success will, in itself, pave the way for its downscaling. A large proportion of MGNREGA workers are small and marginal farmers, the productivity of whose lands has been so decimated over the years, that they have been compelled to work under MGNREGA. The real success of MGNREGA will lie in raising the agricultural productivity of millions of these farmers who will then be able to return once again to farming and will no longer need to depend on MGNREGA for their survival. Urgent measures are required to
convert MGNREGA into a productivity enhancing instrument that will also allay the falsely perceived conflict between MGNREGA and agriculture—for MGNREGA is the foundation for solving the problems of the poorest farmers of our country.

Salient Features of the Act

- **Registration:** Adult members of a rural household willing to do unskilled manual work, may apply for registration either in writing, or orally to the local Gram Panchayat (GP). The unit for registration is a household. Under the Act, each household is entitled to a 100 days of employment every year.

- **Job Card:** After due verification of place of residence and age of the member/s (only adult members are eligible for employment), the registered household is issued a Job Card (JC). Job Card forms the basis of identification for demanding employment. A JC is to be issued within 15 days of registration. Each JC has a unique identification number. The demand for employment in the GP, or at block level has to be made against the JC number. Job Cards are also supposed to be updated with days of work and payment made to the beneficiary as and when the work is undertaken.

- **Application for Work:** A written application seeking work is to be made to the GP or Block Office, stating the time and duration for which work is sought. The GP will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates.

- **Unemployment allowance:** In case employment is not provided within 15 days, the state (as per the Act) will pay an unemployment allowance to the beneficiary.

- **Provision of Work:** While allocating work, the below mentioned considerations are followed: Work is provided within 5 kilometres (kms) radius
of the village. In case, work is provided beyond 5 kms, extra wages of 10 per cent are payable to meet additional transportation and living expenses. Priority is awarded to women, such that at least one-third of the beneficiaries under the Scheme are women. At least 50 per cent of works, in terms of cost, are to be executed by the GPs.

- **Wages:** Wages are to be paid as per the State-wise Government of India (GoI) notified MGNREGA wages. Wages are also to be paid according to piece rate, as per the Schedule of Rates (SoRs). Payment of wages has to be done on a weekly basis and not beyond a fortnight in any case. Payment of wages is mandatorily done through the individual/joint bank/post office beneficiary accounts.

- **Planning:** Plans and decisions regarding the nature and choice of works to be undertaken in a FY along with the order in which each work is to be taken up, site selection, etc. are all to be made in open assemblies of the Gram Sabha (GS) and ratified by the GP. Works that are inserted at Block and District levels have to be approved and assigned a priority by the GS before administrative approval can be given. The GS may accept, amend or reject them.

- **Cost Sharing:** The GoI bears the 100 per cent wage cost of unskilled manual labour and 75 per cent of the material cost, including the wages of skilled and semi-skilled workers.

- **Worksite Management:** To ensure that the workers are directly benefitted under the Scheme, the Act prohibits the use of contractors or machinery in execution of the works. To ensure that the spirit of the Act is not diluted and wage employment is the main focus, MGNREGA mandates that in the total cost of works undertaken in a GP, the wage expenditure to material expenditure ratio
should be 60:40. Worksite facilities such as crèche, drinking water and shade have to be provided at all worksites.

- **Transparency and Accountability:** Transparency and accountability in the programme is ensured through the following:

  Social audit, to scrutinise all the records and works under the Scheme are to be conducted regularly by the GS.

  Grievance redressal mechanisms and rules have to be put in place for ensuring a responsive implementation process.

  All accounts and records relating to the Scheme should be available for public scrutiny.

**Funding**

The Central Government bears the costs on the following items:

- The entire cost of wages of unskilled manual workers.

- 75 per cent of the cost of material, wages of skilled and semi-skilled workers.

- Administrative expenses as may be determined by the Central Government, which will include, inter alia, the salary and the allowances of the Programme Officer and his supporting staff and work site facilities.

- Expenses of the Central Employment Guarantee Council.

The State Government bears the costs on the following items:

- 25 per cent of the cost of material, wages of skilled and semi-skilled workers.

- Unemployment allowance payable in case the State Government cannot provide wage employment on time.

- Administrative expenses of the State Employment Guarantee Council.
The Ministry has stressed on the formation of State Employment Guarantee Funds (SEGF). Eighteen States have constituted SEGF and have dedicated account for MGNREGA.

In remaining States where SEGF has not been constituted, each District has a dedicated account for Mahatma Gandhi NREGA funds. Proposals are submitted based on clearly delineated guidelines so that funds may be distributed efficiently at each level, and adequate funds may be available to respond to demand. Under Mahatma Gandhi NREGA, fund releases are based on an appraisal of both financial and physical indicators of outcomes.

**Key design features**

Key design features in the context of social security and unemployment support:

- **Guaranteed Employment** - Any adult member of a rural household applying for work under the Act is entitled to employment. Every rural household is entitled to not more than 100 days of employment.

- **Guaranteed Wages** - Wages are to be paid on a weekly basis and not beyond a fortnight. Wages are to be paid on the basis of:
  1. Centre- notified, state- specific MGNREGA wage list
  2. Time rates and Piece rates as per state- specific Schedule of Rates (SoRs)
  3. In any case, the wage cannot be at a rate less than Rs. 100 per day.

- **Unemployment Allowance** – If work is not provided within 15 days of applying, the state is expected to pay an unemployment allowance which is one- fourth of the wage rate.
• **Provision of Work** – Work is to be provided within a 5km radius of the applicant’s village, else compensation of 10 per cent extra wage is to be provided to meet expenses of travel.

• **Gender Equity** – Men and women are entitled to equal payment of wages. One-third of the beneficiaries are supposed to be women. Worksite facilities like crèches are to be provided at all worksites.

• **Financial Inclusion** – Since 2008, all wage payments have had to be transferred to bank or post office accounts of beneficiaries.

• **Social Security Measures** – In 2008, a provision was created which made it possible to cover beneficiaries under either the Janashree Bima Yojana (JBY) or the Rashtriya Swasthya Bima Yojana (RSBY).

• **Transparency and Accountability** – All MGNREGA-related accounts and records documents have to be available for public scrutiny. Contractors and use of machinery is prohibited.

• **Rights-based, demand-driven approach** – Estimation and planning of work is conducted on the basis of the demand for work. Hence, beneficiaries of the scheme are enabled to decide the point in time at which they want to work.

**Performance of MGNREGA**

An overview of the performance of MGNREGA over the last 6 years (since its inception) is provided in Table 1.1. Performance is evaluated on the basis of number of job cards issued, employment generated in person days, person days generated per household, total expenditure for the scheme, total expenditure for wages, total number of works taken up, total number of works completed etc.
Table No 1.1
Performance of the MGNREGA (National Overview)

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<tr>
<td>FY 2010-11</td>
<td>626</td>
<td>11.98</td>
<td>5.49</td>
<td>257.15</td>
<td>40100</td>
<td>35768.95</td>
<td>54172.14</td>
<td>39377.2</td>
<td>50.99</td>
</tr>
<tr>
<td>FY 2011-12</td>
<td>626 [Provisional]</td>
<td>12.39</td>
<td>5.04</td>
<td>216.34</td>
<td>33000</td>
<td>29189.77</td>
<td>48832.49</td>
<td>38034.70</td>
<td>25.90</td>
</tr>
<tr>
<td>FY 2012-13</td>
<td>632 [Reported till 12/02/2013]</td>
<td>12.59</td>
<td>4.48</td>
<td>163.38</td>
<td>33000</td>
<td>26533.06</td>
<td>42464.26</td>
<td>29422.22</td>
<td>18.56</td>
</tr>
</tbody>
</table>

(Figures in parenthesis denotes percentages)

Table No 1.1 reveals that there has been a steady increase in the number of job cards issued, employment provided to households’, Expenditure on Wages, works...
completed etc. over the years. In 2005-06 only 3.87 lakhs works were completed. This has increases to 25.90 lakhs in 2010-11. The number of person days of work generated has increased from 90.5 crores in 2005-06 to 257.15 crores in 2010-11.

Different works taken up under MGNREA and the number of works taken up under each work is shown in Table No 1.2

**Table No 1.2**

**Different works undertaken under MGNREGA in India**

<table>
<thead>
<tr>
<th>Works break up (in Lakh)</th>
<th>FY 06-07 200 Districts</th>
<th>FY 07-08 330 Districts</th>
<th>FY 08-09 615 Districts</th>
<th>FY 09-10 619 Districts</th>
<th>FY 2010-11 626 Districts Provision</th>
<th>FY 2011-12 626 Districts</th>
<th>FY 2012-13 632 Districts reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rajiv Gandhi Seva Kendra</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.17 [0.33]</td>
<td>0.28 [0.34]</td>
<td>0.27 [0.43]</td>
</tr>
<tr>
<td>Coastal Areas</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00009 [0.0001]</td>
</tr>
<tr>
<td>Rural Drinking Water</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00743 [0.01]</td>
</tr>
<tr>
<td>Rural Sanitation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.43 [0.66]</td>
</tr>
<tr>
<td>Fisheries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.01362 [0.02]</td>
</tr>
</tbody>
</table>

(Figures in parenthesis denotes percentages)
During 2010-11 24.26 lakh works were taken up under water conversation against 4.51 lakh works taken up in 2005-06. In rural connectivity 9.31 lakh works were taken up in 2010-11. Table No 1.2 reveals that water conservation is the major work that is being taken up under MGNREGA since its inception.

Some other rural development programmes

Sampoorna Grameen Rozgar Yojna³

The Sampoorna Grameen Rozgar Yojna (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. While preference is given to BPL families for providing wage employment under SGRY, poor families above the poverty line can also be offered employment whenever NREGA has been launched.

The annual outlay for the programme is Rs.10,000 crore which includes 50 lakh tonnes on food grains. The cash component is shared between the Centre and the States in the ratio of 75:25. Food grains are provided free of cost to the States/UTs. The payment of food grains is made directly to FCI at economic cost by the Centre. However, State Governments are responsible for the cost of transportation of food grains from FCI godown to work-site/PDS shops and its distribution. Minimum wages are paid to the workers through a mix of minimum five kg of food grains and at least 25 per cent of wages in cash.

The programme is implemented by all the three tiers of Panchayat Raj Institutions. Each level of Panchayat is an independent unit for formulation of Action
Plan and executing the scheme. Resources are distributed among District Panchayat, Intermediate Panchayats and the Gram Panchayats in the ratio of 20:30:50.

The Gram Panchayats can take up any work with the approval of the gram sabha as per their felt need and within available funds. Fifty per cent of the funds earmarked for the gram panchayats are to be utilised for infrastructure development works in SC/ST localities. 22.5 per cent resources must be spent on individual beneficiary schemes meant for SCs/STs out of the resource share of District Panchayat and Intermediate Panchayats. Contractors are not permitted to be engaged for execution of any of the works and no middlemen/intermediate agencies can be engaged for executing works under the scheme. The programme is regularly monitored. The programme is being evaluated through impact studies conducted by reputed institutions and organisations sponsored by the Central/State governments.

**National Food for Work Programme**

The National Food for Work Programme was launched in November, 2004 in 150 most backward districts of the country, identified by the Planning Commission in consultation with the Ministry of Rural Development and the State governments.

The objective of the programme was to provide additional resources apart from the resources available under the Sampoorna Grameen Rozgar Yojana (SGRY) to 150 most backward districts of the country so that generation of supplementary wage employment and providing of food-security through creation of need based economic, social and community assets in these districts are further intensified. The scheme was 100 per cent centrally sponsored. The programme has since been subsumed in National Rural Employment Guarantee Act which has come in force in 200 identified districts of the country including 150 NFFWP districts. The Act
provides 100 days of work guarantee to every rural household whose members volunteer to do unskilled manual work.

**Swarna Jayanti Gram Swarozgar Yojna**

The Swarnjayanti Gram Swarozgar Yojana (SGSY) was launched as an integrated programme for self-employment of the rural poor with effect from 1 April 1999. The objective of the scheme is to bring the assisted poor families above the poverty line by organising them into Self Help Groups (SHGs) through the process of social mobilisation, their training and capacity building and provision of income generating assets through a mix of bank credit and government subsidy. The scheme emphasizes establishment of activity clusters through selection of key activities based on aptitude and skill of the people, availability of resources and market potentiality. The scheme adopts a process approach and attempts to build the capacities of the rural poor. It provides for involvement of NGOs/CBOs/Individuals/Banks and Self Help Promoting Institutions in nurturing and development of SHGs, including skill development. The scheme provides for the cost of social intermediation and skill development training based on the local requirement. Flexibility has been given to the DRDAs/States in the utilisation of funds for training, sanction of Revolving Fund, subsidy for economic activity based on the stage of development of groups.

The focus of the programme is on establishing a large number of micro-enterprises in rural areas based on the ability of the poor and potential of each area, both land-based and otherwise, for sustainable income generation. Due emphasis is being laid on different components such as capacity building of the poor, skill development training, credit, training, technology transfer, marketing and infrastructure. The subsidy allowed under the SGSY is 30 per cent of the total project cost, subject to a ceiling of Rs.7,500 (for SC/STs and disabled persons subsidy limit is
50 per cent of the project cost subject to a ceiling of Rs.10,000). For Self-Help Groups (SHGs), subsidy would be 50 per cent of the project cost subject to a ceiling of Rs.1.25 lakh or per capita subsidy of Rs.10,000, whichever is less. There is no monetary ceiling on subsidy for minor irrigation projects for SHGs as well as individual swarozgaris. The SGSY has a special focus on the vulnerable groups among the rural poor. SC/STs account for at least 50 per cent, women 40 per cent and the persons with physical disability constitute 3 per cent of the Swarozgaris respectively. The SGSY seeks to promote multiple credits rather than a one-time credit injection.

The SHGs may consist of 10-20 members and in case of minor irrigation, and in case of disabled persons and difficult areas, i.e., hilly, desert and sparsely populated areas; this number may be a minimum of five. Self Help Groups should also be drawn from the BPL list approved by the Gram Sabha. The SHGs broadly go through three stages of evolution such as group formation, capital formation through the revolving fund and skill development and taking up of economic activity for income generation.

Selection could be made up to 10 key activities per block based on local resources, occupational skills of the people and availability of market so that the Swarozgaris can draw suitable incomes from their investment. Under SGSY each block should concentrate on 4-5 selected key activities and attend to all aspects of these activities in a cluster approach, so that swarozgaris can draw sustainable income from their investments. The scheme lays special emphasis on development of swarozgaris through well designed training courses tailored to the activities selected and the requirement of each swarozgari. SGSY is being implemented through the District Rural Development Agencies (DRDAs), with active involvement of
panchayati raj institutions, banks and NGOs. It is financed on 75:25 cost-sharing basis
between the Centre and the states.

Since the inception of the programme 22.52 lakh Self-Help Groups (SHGs) have been formed covering 66.97 lakh swarozgaris. These include 35.54 lakhs members of the SHGs and 31.43 lakh individual Swarozgaris who have been assisted with a total investment of Rs.14403.73 crore. Out of total Swarozgaris assisted, SCs/STs were 45.54 per cent and women 47.85 per cent. During 2006-2007 the Central allocation for the scheme is Rs.1200 crore.

National Social Assistance Programme (NSAP)

Article 41 of the Constitution of India directs the State to provide public assistance to its citizens in case of unemployment, old age, sickness and disablement and in other cases of undeserved want within the limits of its economic capacity and development. In accordance with the Directive Principles of State Policy, the Government of India introduced National Social Assistance Programme (NSAP) in 1995.

The NSAP aims at ensuring minimum national standard for social assistance in addition to the benefits that states are currently providing or would provide in future. At present, NSAP comprises of the following five schemes for BPL persons:-

i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS);

ii) Indira Gandhi National Widow Pension Scheme (IGNWPS);

iii) Indira Gandhi National Disability Pension Scheme (IGNDPS);

iv) National Family Benefit Scheme (NFBS); and

v) Annapurna

Under Indira Gandhi National Old Age Pension Scheme (IGNOAPS) ₹200 per month per beneficiary is provided to persons of 65 years or higher and belonging to a
BPL family according to criteria prescribed by Government of India. The States are urged to contribute another ₹200 from their own resources so that a pensioner could get at least ₹400 per month. Widow pension is provided under IGNWPS to the BPL widows of age group of 40-64 years. Disability pension is provided to the multiple or severely disabled persons of age group of 18-64 years. Central assistance of ₹200 per month per beneficiary is provided under Indira Gandhi National Disability Pension Scheme (IGNDPS) and Indira Gandhi National Widow Pension Scheme (IGNWPS). The States are urged to contribute another ₹200 from their own resources so that a pensioner could get at least ₹400 per month.

Under National Family Benefit Scheme (NFBS) grant of ₹10,000 in case of natural or accidental death of the “primary breadwinner” is provided to the bereaved BPL household under this scheme. The primary breadwinner specified in the scheme, whether male or female, had to be a member of the household whose earning contributed substantially to the total household income. Under Annapurna Scheme 10kgs of food grains per month is provided free of cost to the person who though eligible remained uncovered under Old Age Pension Scheme. NSAP has been transferred to State plan since 2002-03 and identification of beneficiaries and sanction of benefit under schemes of NSAP is being done by the concerned State Governments. Identification of beneficiaries, sanction and disbursement of pension is the responsibility of the State Governments. Central Government provides only Additional Central Assistance (ACA) to the States at the rate of ₹200 per month per beneficiary.

Inclusive growth

Independent India has to acknowledge the critical role the MGNREGA has played in providing a measure of inclusive growth. It has given people a right to
work, to re-establish the dignity of labour, to ensure people’s economic and
democratic rights and entitlements, to create labour intensive infrastructure and assets,
and to build the human resource base of our country. For the first time, the power elite
recognise the people’s right to fight endemic hunger and poverty with dignity,
accepting that their labour will be the foundation for infrastructure and economic
growth. The entitlements paradigm is still to be established in many States in the
country. Second generation issues like the expansion of the categories of permissible
works needs to be taken up with labour and the deprived continuing to be the central
focus. The improvements must be to strengthen, not divert from these basic tenets. In
the midst of the current economic slowdown, there is enough evidence that this kind
of commitment can work to help reduce the slowdown.  

The political class would do well to understand that the most important
solution is an assertion of its will to respond to people’s voices. The many wise,
creative, and innovative initiatives emerging from theory and practice have a future
only if they are owned by the people and implemented with justice. The NREGA can
give people an opportunity to make the entire system truly transparent and
accountable. Properly supported, people’s struggles for basic entitlements can, in turn,
become the strongest political initiative to strengthen our democratic fabric. 

While economic growth is considered the most powerful instrument for
reducing poverty, the power of social and cultural institutions still helps to determine
the extent to which women are included or allowed economic independence, improve
their lives free of violence, attain better health and education and achieve greater
control over their lives. Thus, there is a need to ask the question: how should growth
strategies and social institutions be designed to provide maximal support for
development of women? That the economic growth policies have a more
comprehensive and coherent approach that not only addresses demand and supply side of productivity issues but also captures multifaceted relationship of different sets of gender factors, as seen in households, communities, organizations and institutions. There is the developmental need for adequate inclusion of women in the management of productive assets and opportunities in the labour markets. In the context of the growing feminization of agricultural work and the informal sector, women need appropriate skills and unmediated control of productive assets in order to successfully manage their lives and increase productivity.⁸

**Why an Employment Guarantee Policy (EGP)?⁹**

The idea of government as employer of last resort is not a novel one. Such initiatives can be traced back centuries—for example, to the fourteenth century, when Mohammad Bin Tughlaq, ruler of India, sought to create work projects to avert famine. Often credited to J. M. Keynes, during the past century there has been recognition that underemployment and forced “inactivity” are integral parts of market systems. Unless full employment is a key economic objective, there is no known automatic internal mechanism that creates jobs in numbers that match the number of people willing, able, and ready to work. Herein lies the rationale of the government as an employer of last resort.¹⁰

Many arguments can be made for EGPs from an economic standpoint, as unemployment results in permanent loss in potential output of goods and services, deterioration of labour skills and labour productivity, and acceptance of degrading work conditions. These costs are economic, social, and psychological in nature, and they manifest themselves in a variety of social ills: malnutrition, homelessness, lack of basic and reproductive health, crime, drug addiction, and multidimensional social exclusion. When public policy does not directly address existing deficits in job
creation by stepping up to create a buffer against it, the cost of belated interventions designated to handle deterioration in human capabilities can become overwhelming.

But most powerfully, one cannot place enough emphasis on the ethical importance of avoiding exclusion of segments of the population from employment opportunities. It has been convincingly argued that “forced” migration, ethnic antagonism, susceptibility to dangerous ideologies, and anti-democratic political movements are linked to economic deprivation. The argument for full employment is indeed based on the idea that the right to work is important in and of itself. This can be found in a number of United Nations documents, including the “Universal Declaration of Human Rights”. Public inaction constitutes social assignment of some to extreme hardship, poverty and social exclusion.\textsuperscript{11}

There are ongoing discussions on the modus operandi and the feasibility of achieving the Millennium Development Goal (MDG) targets. For the most part, this discussion has focused on the lack of financing resources and on ways of bridging the gap, with many ongoing exercises regarding the costing of MDGs. The objective of this exercise is to gauge the total resource requirement of achieving the MDGs. While resources are no doubt important, it is equally important to adopt the right kind of policies in order to make the resources count and guaranteeing employment ought to be explored and given further consideration.

There are multiple pathways through which employment can speed up the achievement of MDG targets and there is a lot of discussion at the moment on this issue. Well-designed employment guarantee policies can go a long way toward that end as well.\textsuperscript{12}

In particular, a direct link can be established to universal primary education (MDG 2), gender equality and empowerment of women (MDG 3), maternal health
(MDG 5), HIV/AIDS and other diseases (MDG 6), and environmental sustainability (MDG 7).\textsuperscript{13}

**Economic Growth and Environmental Sustainability**

India’s commitment to planned economic development reflects government’s determination to improve the economic condition of its people and an affirmation of the role of the government in bringing about this outcome through a variety of social, economic, and institutional means. India’s First Five Year Plan (1951-56) was aimed at economic stabilization and investment in the agrarian sector. This Plan supported community development aimed at transforming the social and economic conditions of the villages. The Second Five Year Plan initiated structural transformation with an emphasis on heavy industrialization. The first two plans laid the foundation for development planning in India. At the centre of India’s current development strategy is raising the rates of economic growth and enabling inclusion. Raising the rates of investment is a key driver to economic growth as well as structural transformation, and investing in infrastructure is expected to remove constraints to growth. Natural capital or environmental resources are an important complement to such planned investment in achieving development goals. The Planning Commission notes in its Approach Paper to the 12th Five year Plan that “economic development will be sustainable only if it is pursued in a manner which protects the environment. With acceleration of economic growth, these pressures are expected to intensify, and we therefore, need to pay greater attention to the management of water, forests and land. These concerns are reflective of the situation in other countries as well.\textsuperscript{14}

Globally, environmental degradation expressed as loss of fertile soils, desertification, unsustainable forest management, reduction of freshwater availability and an extreme biodiversity loss rate does not leave enough time to the environment
for recovery and regeneration. Nearly two thirds of the services provided by nature to humankind are found to be in decline worldwide.¹⁵

Globally, economy-wide policy reforms designed to promote growth and liberalization have been encouraged with little regard to their environmental consequences, presumably on the assumption that these consequences would either take care of themselves or could be dealt with separately.¹⁶ Such policies will limit growth and increase risk to economic activity and human well-being. ‘Given the fundamental uncertainties about the nature of ecosystem dynamics and the dramatic consequences we would face if we were to guess wrong, it is necessary that we act in a precautionary way so as to maintain the diversity and resilience of ecosystems’.¹⁷

It would however be incorrect to posit growth and environmental sustainability as mutually incompatible. What matters is the content of growth i.e. the composition of inputs (including environmental resources) and outputs (including waste products). This content is determined by, among other things, the economic institutions within which human activities are conducted.¹⁸

Sustainable use of environmental resources can contribute to growth and stability. Global debates on green growth draw attention to the contribution of environmental resources to increasing the productivity of investment and to the effectiveness and longevity of infrastructural investment. The elasticity of substitution between natural capital and other inputs is found to be low, which implies that it may be possible to compensate for the loss of natural capital with other capital inputs in the short run but not in the long run. Moreover, while direct economic benefits from environmental policies will accrue mainly over the long term, green policies can also contribute to short-term economic growth.¹⁹ This strengthens the case for paying
attention to environmental sustainability. There have been references in the literature on the contribution of natural capital to sustained and equitable growth.

The UN Secretary General’s High Level Panel on Sustainability notes that there exists tremendous opportunity for a dramatic improvement in the lives of the rural poor, even while they move towards more sustainable production models. Resource users will need access to assets, technology and markets. Success will depend, in great part, on investment. Success will also depend on institutions and initiatives with capacity to effectively coordinate efforts in priority areas of agriculture, land management and water.\textsuperscript{20} The Schemes of the Ministry of Rural Development are well located to deliver green outcomes i.e. to restoring and enhancing ecosystem services and natural capital.

There have also been extensive discussions in the literature on how to deliver on environmentally sustainable growth. Measures range from the regulatory and institutional to market-based economic instruments. Reliance on market instruments alone will not deliver environmentally sustainable growth, with the market being unable to generate pricing signals and green responses due to issues such as externalities, the ‘public-good’ nature of environmental assets, information asymmetry and agency problems and missing property rights. In particular, regulating or supporting services provided by ecosystems are difficult to define, measure, value and assign. The characteristics of resources and social interaction may present condition for the evolution of effective self-governing resource institutions which could be based on design principles outlined by the path-breaking work of Elinor Ostrom.\textsuperscript{21}

The schemes of the Ministry of Rural Development are uniquely positioned to influence the decisions of hundreds of thousands of natural resource managers, and to
direct investment flows towards the innumerable initiatives that aggregate to the improved result of regenerating natural capital. The MoRD schemes can enable, across thousands of locations, the creation of community institutions for natural resource management; strengthening of capacity of community institutions and field level government staff on natural resource regeneration; fostering innovative green solutions; and investing directly in regenerating natural assets using location-specific strategies. It is through concerted action by resource users and resource managers (individuals, communities, enterprises and governments) that green outcomes can be delivered by the rural development schemes.\textsuperscript{22}

Natural capital is often valued and understood best at the local level, and local knowledge is essential for effective solutions.\textsuperscript{23} Communities need to be active supporters of the transition to sustainable development, asserting their rights and also fulfilling their responsibilities in terms of sustainable management of natural resources. Rural development schemes provide a strong opportunity to aggregate ‘small initiatives’ in several locations to improve natural capital on a macro scale. These self governing institutions and their capacities will be key to greater effectiveness of regulatory and market instruments in ecosystem regeneration and improving natural capital.

\textbf{Potential Green Results of MGNREGA}

Natural resources such as farmlands, pastures, forests and water sources (surface and ground water) are subject to degradation and loss of productivity. Satellite data showed that in 2005-2006 about 15 percent (47.22 mha) of India’s land mass were wasted or under-productive lands. Such degradation is an important factor in the loss of livelihood assets and income poverty in rural India. The MGNREG Act therefore proposes large investments in works like soil and water conservation, land
development and afforestation that address the causes of chronic rural poverty. It also lays stress on creating durable assets. These key elements of the Act -- productivity enhancement and sustainability of the rural natural resource base - strengthen its potential for green outcomes.\textsuperscript{24}

MGNREGS is the largest rural development programme in the country in terms of its reach and budget. A vast majority of MGNREGS works are ‘green’ in nature given their focus on the regeneration and conservation of natural resources and ecosystems and their main emphasis being on land (farmlands, forests, pastures and waste lands) and water resources. In fact, since the initiation of MGNREGS more than 50 percent projects are related to water through implementation of water conservation works, flood control, irrigation, drought proofing, renovation of traditional water bodies and micro-irrigation. Their main developmental consequences are higher crop productivities and production. Drought proofing activities, floods management works and vegetation belts planted in the coastal areas also reduce the potential damage due to extreme weather events.\textsuperscript{25}

There is ample evidence that even basic MGNREGS works have led to the regeneration of degraded soil, land (farms, forests and pastures) and water resources and the conservation of the assets created. Their green outcomes include reducing soil erosion, improving soil fertility, increasing biodiversity, augmentation of surface and ground water resources for irrigation and household use and increasing carbon sequestration. A number of such outcomes have been highlighted in many states like Karnataka, Madhya Pradesh, Andhra Pradesh, Rajasthan, Kerala and Maharashtra.

In many states, water related works increased the availability of irrigation water leading to increase in the irrigated area, farm productivity and crop production.\textsuperscript{26}
• MGNREGS project to revive a river in Khargone district (M.P.) increased surface flows for an additional two to three months. Groundwater recharge increased by two to three meters and the crop area by 400 ha. The irrigated area rose by 26 percent and 19 percent in Ujjain and Dhar districts respectively, in M.P., as a result of MGNREGS works. In Chhindwara and Panna districts, the irrigated area increase was even higher at 35 and 30 percent respectively.

• Irrigation from 40 ponds along with canals, wells and bore wells in Kerala raised rice yields by 33 percent from three to four per ha and coconut yields from 10,000 to 15,000 nuts per ha.

• A study of MGNREGS projects in Punjab, Haryana and Himachal Pradesh reported that 62 percent of the sampled panchayats in Sirsa district (Haryana) and 75 percent panchayats in Sirmour district (H.P.) reported increase in crop productivities. Respondents in Hoshiarpur district of Punjab, however, did not see any impact of MGNREGS on irrigation and agricultural productivity.

There is also emerging evidence that some MGNREGS projects can have global green impacts. Activities like soil conservation, fodder development, afforestation and drought proofing works help sequester carbon. It has been estimated that tree planting activities over an area of 2,341 ha in Chitradurga district could lead to sequestration of 93 tons of carbon per ha over a 30-year period. No reliable estimates have been made yet on the amount of carbon sequestered as a result of MGNREGS soil conservation works. There are also several innovative MNREGP projects going beyond the routine activities with significant green results in the country.
**Objectives of study**

This study was conducted with the following objectives:

1. To identify the feat of MGNREGS
2. To ascertain the reach of MGNREGS
3. To delve into the extent of transparency and accountability of MGNREGA
4. To find out the impact of the scheme on the social life of the entire rural population of Thiruvananthapuram District.
5. To assess the impact of the scheme on the rate of rural urban migration in the selected area.
6. To assess the benefits gained by the women community in the area.

NREGA is the first ever Law internationally, that guarantees wage employment at an unprecedented scale. The primary objective of the Act is to augmenting wage employment. Its auxiliary objective is strengthening natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and it aims at encouraging sustainable development. The process outcomes include strengthening grass root processes of democracy and infusing transparency and accountability in governance.

The study is intended to delve into details about the beneficiaries and the nature of benefits for the common people in the area covered by the plan. Even though employment generation is the primary objective of the scheme, the secondary objectives of the scheme play a vital role in the social transformation of the rural areas. The study tries to unearth the real magnitude of the social transformation that has taken place in the Thiruvananthapuram District due to the implementation of the NREGA schemes. The norms of the scheme have motivated the rural unskilled labor force to start operating bank accounts, post office accounts etc. Statistics show that
77980 new bank accounts have been opened in the area due to this scheme. The study also intends to take into consideration the impact of the NREGA on the urban migration of the people.

**Chapterisation**

The study consist of seven chapters as:

The FIRST chapter is an introductory chapter which deals with poverty in India, rural development, various poverty alleviation programmes, potential significances of an employment guarantee, MGNREGA, inclusive growth, Economic Growth and Environmental Sustainability and objectives of study.

The SECOND chapter deals with methodology, research tools used, research sequence, limitations of study, about the study area and key concepts.

The THIRD chapter elucidates the review of the past studies made in relevant field.

The FOURTH chapter brings out the externalities of (Benefits through) MGNREGA in Thiruvananthapuram District.

The FIFTH chapter explains the socio economic conditions of the beneficiaries in the study area.

The SIXTH chapter presents the analysis and interpretation along with the magnitude of women empowerment that has happened in the study area due to MGNREGA and also the feedback of the respondents on MGNREGA.

The SEVENTH chapter provides the results in a nut shell, inferences arrived as a result of analysis made in the previous chapters and offers appropriate suggestions based on the findings of the study.
Conclusion

Since its inception the MGNREGA has ensured social protection for the most vulnerable and marginalized communities in rural India through providing employment opportunities.

MGNREGA has provided basic income security to a large number of beneficiaries. The Scheme provides employment to around 5 crore households, on an average, every year. This is almost one-fourth of the total rural households in the country. Since its inception MGNREGA has generated 1348 crore person days of employment.

From FY 2006-07 up to FY2012-12 (upto Dec, 12) over Rs. 1,29,000 crore has been spent on wages. This is almost 70 per cent of the total expenditure. The Scheme’s notified wages have increased across all States since 2006. The average wage earned per beneficiary has risen from Rs. 65 per person day in 2006 to Rs. 115 by 2012.

A panel survey conducted by the National Sample Survey Organization (NSSO) on the MGNREGA in 3 states, also shows that the Scheme provides work at a time when no other work or alternate employment opportunities exist, The Scheme has also contributed to ensuring greater food security, monthly per capita expenditure, savings etc.

Infact a recent report by a global research organization indicates that for the first time in nearly 25 years, growth in rural spending outpaced urban consumption in the two years between 2009-10 and 2011-12. It also concluded that the increase in rural consumption is driven in significant part by the MGNREGA.

To ensure transparency in wage payments and prevent misappropriations, the Government of India mandated that all MGNREGA wage payments should be made
through banks/post office accounts opened in the name of the worker. As a result, nearly 8.6 crore bank/post office accounts (as per MIS data) of rural people have been opened under MGNREGA and around 80 per cent of MGNREGA payments are made through this route. There are 4.08 crore accounts in banks and 4.53 crore in Post Offices (as per MIS data). The opening of accounts has brought the poor into the organised sector and in some cases provided them with better access to credit, an unprecedented financial inclusion initiative.

Evidence suggests that the MGNREGA is succeeding as a self-targeting programme, with high participation from marginalised groups including the Scheduled Castes (SCs) and Scheduled Tribes (STs). At the national level, the share of SCs and STs in the work provided under MGNREGA has been high and ranged between 40–60 per cent across each of the years of the Scheme’s implementation. SCs and STs participation rate in the Scheme exceeds the per cent share in the total population in most states.

Works on private lands under the Scheme, has also greatly benefited the marginalized. Since 2006–07, around 10 lakh households have benefited under this category of works. Micro-level case studies indicate the positive impact of the Scheme in creating sustainable livelihoods for these individual beneficiary households. The Scheme also provides an alternative source of income for rural labourers, raising the reservation wage and implicitly offering labourers bargaining powers in an otherwise inequitable rural labour market. The Scheme has provided labourers (particularly those who are in debt bondage or contract labour) with a dignified choice of work. MGNREGA has also reduced distress migration from traditionally migration-intensive areas.
Various provisions under the Act and its Guidelines, aim to ensure that women have equitable and easy access to work, decent working conditions, equal payment of wages and representation on decision-making bodies. From FY 2006–07 up to FY 2012–13 (upto Dec, 2012), around Rs 62,000 crore have been spent on wages for women. Women participation rate has ranged between 40-48 per cent of the total person-days generated, much above the statutory minimum requirement of 33 per cent. Infact, the participation rate of women under the Scheme has been higher than in all forms of recorded work. Research studies also indicate that MGNREGA is an important work opportunity for women who would have otherwise remained unemployed or underemployed.

With an increased rate of participation and large amounts being spent on wages for women, studies and field evidence suggest a positive impact of the Scheme on the economic well-being of women.

The Scheme has also led to gender parity in wages. The NSSO 66th Round indicated that MGNREGA has reduced traditional wage discrimination in public works. Access to economic resources has also had a favourable impact on the social status of women, for example women have a greater say in the way the money is spent in households. A large per cent of these women spend their money to avoid hunger, repay small debts, paying their child’s schooling etc.

The works undertaken through MGNREGA 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 53 per cent works relate to soil and water
conservation. MGNREGA works focus on regenerating the rural ecosystem and creating rural infrastructure that supports sustainable livelihoods.

Where planned and implemented well, MGNREGA works have led to a rise in ground water, improvement in soil quality and reduction in vulnerability of production system to climate variability. However, the extent and kind of impact of MGNREGA works on the environment depend on the scale of the activities undertaken, the technical design, the quality of assets created and ownership and use of physical structures constructed. A study found that due to check dams created under the MGNREGA, the percolation potential of the villages studied improved by 1,000–28,000 cubic metres a year. Construction of percolation tanks also improved recharge in the watersheds considered.

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Provision of water is vital for agriculture and ensuring food and water security in rural India. Research suggests that water-related assets created under MGNREGA have increased the number of days in a year water is available and also the quantity of water available for irrigation. The increased availability of water has also led to changes in crop patterns and increased area under cultivation according to some studies.

To further strengthen the Scheme’s synergy with agriculture and livelihood creation, the list of permissible works under Mahatma Gandhi NREGA has been expanded. The expansion of work is likely to improve the socio-economic condition of marginalised section of the society i.e., SC/ST/ Small and Marginal farmers/IAY beneficiaries/Forest Right Act beneficiaries etc. since most of the new works are allowed on the land or homestead of these sections.
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