Chapter - 2

MGNREGS - General Description
2.1 National Rural Employment Guarantee Act, 2005

An Act to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto is called the National Rural Employment Guarantee Act, 2005 (NREGA-2005)\(^1\). MGNREGS is described by various names such as ‘flagship programme’, ‘first ever scheme that guarantees wage employment at an unprecedented scale’, ‘mother of all development programme’, ‘demand driven and people-centered programme’, ‘boon to rural poor’, life line to the marginalized and landless’, ‘largest employment programme in the history’ etc.

2.2 Definition of Terms Used in MGNREGS:

In this Act, unless the context otherwise requires-

- “Adult” means a person who has completed his eighteenth years of age;
- “Applicant” means the head of a household or any of its other adult members who has applied for employment under the scheme;
- “Block” means a community development area within a district comprising a group of Gram Panchayat.
- “Central Council” means the Central Employment Guarantee Council constituted.
- “District Programme Coordinator” means an officer of the state government designated for implementation of the scheme in a district;
- “Household” means the members of a family related to each other by blood, marriage or adoption and normally residing together and sharing meals or holding a common ration card;
- “Implementing agency” includes any department of the central government or a state government; a Zila Parishad, Panchayat at intermediate level, Gram Panchayat or any local authority or government undertaking or non-governmental organization authorized by the central government or the state
government to undertake the implementation of any work taken up under a scheme.

- “Minimum wage” in relation to any area, means the minimum wage fixed by the state government under section 3 of the Minimum Wage Act, 1948 for agricultural labourers as applicable in that area;

- “National Fund” means the National Employment Guarantee Fund (NEGF) established.

- “Notification” means a notification published in the Official Gazette;

- “Preferred work” means any work which is taken up for implementation on a priority basis under a scheme;

- “Prescribed” means prescribed by rules made under this Act;

- “Programme Officer” means an officer appointed under sub-section (1) of section 15 for implementing the scheme;

- “Project” means any work taken up under a scheme for the purpose of providing employment to the applicants;

- “Rural area” means any area in a state except those areas covered by any urban local body or a cantonment Board established or constituted under any law for the time being in force;

- “Scheme” means the scheme notified by the state government;

- “State Council” means the State Employment Guarantee Council constituted;

- “Unskilled manual work” means any physical work which any adult person is capable of doing without any skill or special training.
2.3 Objectives of MGNREGS:

The primary objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult member volunteer to do unskilled manual work. The other objectives are following:

1. Directing the colossus amount of wage towards creating productive and durable assets of irrigation, drought proofing, land and water conservation, horticulture and connectivity to general prosperous livelihood support system.

2. To benefit the entire community by providing employment, raising agricultural productivity and increasing natural resources base, particularly water. The process envisaged to attain the objectives would result in strengthening the grassroots processes of democracy and infusing transparency and accountability in governance.

3. Strong social safety net for the vulnerable groups especially women, scheduled tribe and scheduled caste by providing a fall-back employment
source through the process of right based legislation, when other employment alternatives are scarce or inadequate.

4. Growth engine for sustainable development of an agricultural economy. Through the process of providing employment on works that address causes of chronic poverty such as drought, deforestation and soil erosion, the Act seeks to strengthen the natural resources base of rural livelihood and create durable assets in rural areas. Effectively implemented, MGNREGA has the potential to transform the geography of poverty.

5. Empowerment of rural poor through the process of a rights-based law.

6. New ways of doing business, as a model of governance reform anchored on the principle of transparency and grass root democracy. Thus, MGNREGA foster conditions for inclusive growth ranging from basic wage security and recharging rural economy to a transformative empowerment process of democracy.

7. Effecting greater transparency and accountability in governance.

The ‘right to work’ is a ‘directive principle’ in Indian Constitution which was formalized through the enactment of NREGA (2005). It is seen as a mechanism of income transfer, infrastructure development and promoting rural production and consumption markets – a multifarious strategy indeed. MGNREGA has found priority policy attention in India’s 11th five year plan (2007-12) under a broader objective of ‘Bharat Nirman’ aiming for resurgence in rural areas. Some consider MGNREGA a natural response to non-inclusive growth that occurred during reform process of last two decades. The format of MGNREGA and its nationwide implementation was a result of persistence by civil society and activities which is a common mechanism to influence policy in India. The aim of MGNREGS is to “foster conditions for inclusive growth ranging from basic wage security and recharging rural economy to a transformative empowerment process of democracy (GOI-MORD; 2008).”

MGNREGS is unique, being large in size, intended to cover long periods, disburse huge funds and be dynamically responsive to climatic and rainfall conditions and above all open to any adult intending to work for wage often lower than local casual wages. Since self-targeting is inherent to scheme, besides chronic poverty manifest for example in food inadequacy, it also intends to mitigate idiosyncratic risk
and shocks faced by households due to being differently-abled or death of earning member. MGNREGS can attract the unemployed or underemployed rural youth; because of immediate cash availability and 100 days of assured work which functions as a short-term relief objective. Indian policy appear confident that MGNREGS can be important normally, even in the absence of price or income shocks and that it can smoothen seasonal fluctuations in labour demand and, therefore, wage rate in rural areas where rainfall patterns and insufficient irrigation preclude year-round crop cultivation. Other objectives include, generation of productive assets, empowering rural women, reducing rural-urban migration, fostering social equity and environmental protection. It may thus be inferred that MGNREGA is just not a welfare initiative. It is a development effort that can take the Indian economy to a new trajectory. It has three distinct goals- protective, preventive and promotive (Table 2.1). Protective goal seek to provide relief from deprivation; preventive to avert deprivation; and promotional to improve real income and capabilities.

It protects the rural poor from vulnerabilities by providing them demand based employment. It prevents risks associated with agricultural investment and forced migration of the rural poor. It brings in buoyancy in rural economy via increased consumption demand. All these pertain to suggest that MGNREGA can Act as a growth engine by expanding rural resource base and integrating the rural economy with the rest.

### Table: 2.1

**Multiple Goals of MGNREGS**

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<thead>
<tr>
<th>Protective</th>
<th>• Assistance ensuring consumption smoothening and immediate welfare</th>
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<tr>
<td>Preventive</td>
<td>• Insurance facilitating risk taking such as investment in agriculture</td>
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<td>Promotive</td>
<td>• Economic stimulus, through cash accumulation, local production and enhancing markets</td>
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<td></td>
<td>• Harmonize labor market, promote rural nonfarm employment (RNFE) and equalize wage rates</td>
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<td>• Create durable physical assets impacting local eco-system and climate change</td>
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<td>• Facilitate human capital formation through skill development; and</td>
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<td>• Alleviate poverty, effect equity, reduce distress migration and empower women.</td>
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*Source: Shariff, Abusaleh (2009)*
Thus, what is considered to be crucial is the empowerment of the poor through the provision of a right-based law, which would act as a strong safety net in the lack of alternative employment opportunities for poor people. The other key attributes of this scheme are time bound guarantee, labour-intensive work, decentralized participatory planning, women empowerment, work site facilities and above all, transparency and accountability through the provision of social audits and right to information.

Thus, MGNREGS has four main objectives; to reduce poverty, to encourage sustainable development in the agrarian economy, to promote empowerment and to promote grass root democracy. Some civil society experts even claim that the MGNREGS is truly a historic opportunity for dramatic socio-economic transformation in rural India. The MGNREGS, which promises the largest ever employment programme in human history, has the potential to provide a “big push” in India’s regions of distress (Shah, 2007). It is a revolutionary, because it is the first right based rural development policy for ever (Hirway, 2005).

2.4 Features of the National Rural Employment Guarantee Scheme:

1. The focus of the scheme shall be on the following works in their order of priority:

1.1 Water conservation and water harvesting;
1.2 Drought proofing (including afforestation and tree plantation);
1.3 Irrigation canals including micro and minor irrigation works;
1.4 Provision of irrigation facility to land owned by households belonging to the scheduled castes and scheduled tribes or to land of beneficiaries of land reforms or that of the beneficiaries under the Indira Awas Yojana of the Government of India;
1.5 Renovation of traditional water bodies including desilting of tanks;
1.6 Land development;
1.7 Flood control and protection works including drainage in water logged areas;
1.8 Rural connectivity to provide all-weather access; and
1.9 Any other work which may be notified by the central government in consultation with the state government.
2. Creation of durable assets and strengthening the livelihood resource base of the rural poor shall be an important objective of the scheme;

3. The works taken up under the scheme shall be in rural areas;

4. The State Council shall prepare a list of preferred works for different areas based on their ability to create durable assets.

5. The scheme shall be subject to appropriate arrangements as may be laid down by the state government under the rules issued by it for proper maintenance of the public assets created under the scheme.

6. Under no circumstances shall the labourers be paid less than the wage rate.

7. When wages are directly linked with the quantity of work, the wage shall be paid according to the schedule of rate fixed by the state government for different types of work every year, in consultation with the State Council;

8. The schedule of rates of wages for unskilled labourers shall be so fixed that a person working for seven hours would normally earn a wage equal to the wage rate;

9. The cost of material component of projects including the wages of the skilled and semi-skilled workers taken up under the scheme shall not exceed forty per cent of the total project costs.

10. It shall be open to the Programme Officer and Gram Panchayat to direct any person who applied for employment under the scheme to do work any type permissible under it.

11. The scheme shall not permit engaging any contractor for implementation of the projects under it;

12. As far as practicable, a task funded under the scheme shall be performed by using manual labour and not machines;

13. Every scheme shall contain adequate provision for ensuring transparency and accountability at all level of implementation;

14. Provisions for regular inspection and supervision of works taken up under the scheme shall be made to ensure proper quality of work as well as to ensure that the total wages paid for the completion of the work is commensurate with the quality and quantity of work done;

15. The District Programme Coordinator, the Programme Officer and the Gram Panchayat implementing the scheme shall prepare annually a report containing the facts and figures and achievements relating to the
implementation of the scheme within his or its jurisdiction and a copy of the
same shall be made available to the public on demand and on payment of
such fee as may be specified in the scheme;
16. All accounts and records relating to the scheme shall be made available for
public scrutiny and any person desirous of obtaining a copy or relevant
extracts there from may be provided such copies or extracts on demand and
after paying such fee as may be specified in the scheme;
17. A copy of the muster rolls of each scheme or project under a scheme shall be
made available in the offices of the Gram Panchayat and the Programme
Officer for inspection;
18. Any person interested after paying such fee as may be specified in the
scheme.

2.5 Funding Pattern of the Scheme:
The programme will be implemented as a centrally sponsored scheme as cost
sharing basis between the centre and the administration. The central government bears
the costs on the following items:
1. The entire cost of wages of unskilled manual workers;
2. Seventy five percent of the cost of material of wages of skilled and semi-
skilled workers;
3. 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;
4. Expenses of the National Employment Guarantee Council;
The state government bears the costs on the following items;
1. Twenty five percent of the cost of material and wages of skilled and semi-
skilled workers;
2. Unemployment allowances payable in case the state government cannot
provide wage employment on time
3. Administrative expenses of the State Employment Guarantee Council
4. Administrative expenses towards salary of the officials at district and state
levels appointed under MGNREGA;
Government of India will release its share of funds to District Programme
coordinator. Corresponding Administration’s share to the district will be released by
the commissioner for Rural Development and Local Self Government to the District Programme Coordinator.

2.6 Conditions for Employment and Minimum Entitlement of Labourers:

1. The adult members of every household who-

   a) Reside in any rural area; and
   b) Are willing to do unskilled manual work,

   may submit their names. Age and the address of the household to the Gram Panchayat at the village level (hereafter in this Schedule referred to as the Gram Panchayat) in the jurisdiction of which they reside for registration of their household for issuance of a job card.

2. It shall be the duty of the Gram Panchayat to register the household, after making such enquiry as it deems fit and issue a job card containing such details of adult members of the household affixing their photographs, as may be specified by the state government in the scheme.

3. The registration made under paragraph 2 shall be for such period as may be laid in the scheme, but in any case not less than five years, and may be renewed from time to time.

4. Every adult member of a registered household whose name appears in the job card shall be entitled to apply for unskilled manual work under the scheme.

5. All registered persons belonging to household shall be entitled to employment in accordance with the scheme made under the provision of this Act, for any days as each applicant may request, subject to maximum of one hundred days per household in a given financial year.

6. The Programme Officer shall ensure that every applicant referred to in paragraph 5 shall be provided unskilled, manual work in accordance with the provisions of the scheme within fifteen days of receipt of an application or from the date he seeks work in case of advance application, whichever is later: provided that priority shall be given to women in such a way that at least one third of the beneficiaries shall be women who have registered and requested for work under this Act.

7. Application for work must be for at least fourteen days of continuous work.
8. There shall be no limit on the number of days of employment for which a person may apply, or on the number of days of employment actually provided to him subject to the aggregate entitlement of the household,

9. Application for work may be submitted in writing either to the Gram Panchayat or to the Programme Officer, as may be specified in the scheme.

10. The Gram Panchayat and Programme Officer, as the case may be, shall be bound to accept valid applications and to issue a dated receipt to the applicant. Group application may also be submitted.

11. Applicants who are provided with work shall be so intimated in writing, by means of a letter sent to him at the address given in the job card and by a public notice displayed at the office of the Panchayat at the district, intermediate or village level.

12. As far as possible, employment shall be provided within a radius of five kilometers of the village where the applicant resides at the time of applying.

13. A new work under the scheme shall be commenced only if-
   a) At least fifty labourers become available for such work; and
   b) The labourers cannot be absorbed in the ongoing work:
   The provided that this condition shall not be applicable for new works, as determined by the state government, in hilly areas and in respect of afforestation.

14. In case the employment is provided outside such radius, it must be provided within the block, and the labourers shall be paid ten per cent of the wage rate as extra wages to meet additional transportation and living expenses.

15. A period of employment shall ordinarily be at least fourteen days continuously with not more than six days in a week.

16. In all cases where unemployment allowances is paid, or due to be paid, the Programme Officer shall inform the District Programme Coordination (DPC) in writing the reasons why it was not possible for him to provide employment or cause to provide employment to the applicants.

17. The DPC shall, in his Annual report to the State Council, explain as to why employment could not be provided in cases where payment of unemployment allowances is involved.
18. Provision shall be made in the scheme for advance applications, that is, an application which may be submitted in advance of the date from which employment is sought.

19. Provision shall be made in the scheme for submission of multiple applications by the same person provided that the corresponding periods for which employment is sought do not overlap.

20. The Gram Panchayat shall prepare and maintain or cause to be prepared and maintained such registers, vouchers and other documents in such form and in such manner as may be specified in the scheme containing particulars of job cards and passbooks issued, name, age and address of the head of the household and the adult members of the household registered with the Gram Panchayat.

21. The Gram Panchayat shall send such list or lists of the names and addresses of households and their adult members registered with it and supply such other information to the concerned Programme Officer at such periods and in such form as may be specified in the scheme.

22. A list of persons who are provided with the work shall be displayed on the notice board of the Gram Panchayat and at the office of the Programme Officer and at such other places as the Programme Officer may deem necessary and the list shall be open for inspection by the state government and any person interested.

23. If the Gram Panchayat is satisfied at any time that a person has registered with it by furnishing false information, it may direct the Programme Officer to direct his name to be struck off from the register and direct the applicant to return the job card; provided that no such action under this paragraph shall be directed unless the applicant has been given an opportunity of being heard in the presence of two independent persons.

24. If any personal injury is caused to any person employed under the scheme by accident arising out of and in the course of his employment, he shall be entitled to, free of charge, such medical treatment as is admissible under the scheme.

25. Where hospitalization of the injured worker is necessary, the state government shall arrange for such hospitalization including accommodation, treatment, medicines and payment of daily allowance not less than half of the wage rate required to be paid had the injured been engaged in the work.
26. If a person employed under a scheme dies or becomes permanently disabled by accident arising out of and in the course of employment, he shall be paid by the implementing agency an ex gratia payment at the rate of twenty-five thousand rupees or such amount as may be notified by the central government, and the amount shall be paid to the legal heir of the deceased or the disabled, as the case may be.

27. The facilities of safe drinking water, shade for children and periods of rest, first-aid box with adequate material for emergency treatment for minor injuries and other health hazards connected with the work being performed shall be provided at the worksite.

28. In case the number of children below the age of six years accompanying the women working at any site is five or more, provisions shall be made to depute one of such women worker to look after such children.

29. The person deputed under paragraph 28 shall be paid wage rate.

30. In case the payment of wages is not made within the period specified under the scheme, the labourers shall be entitled to receive payment of compensation as per the provision of the Payment of Wage Act, 1936.

31. The wage under a scheme may be paid either wholly in cash or in cash and kind provided that at least one fourth of the wage shall be paid in cash only.

32. The state government may prescribe that a portion of the wages in cash may be paid to the labourers on a daily basis during the period of employment.

33. If any personal injury is caused by accident to a child accompanying any person who is employed under a scheme, such person shall be entitled to, free of charge, such medical treatment for the child as may be specified in the scheme and in case of death or disablement, through an extra payment as may be determined by the state government.

34. In case of every employment under the scheme, there shall be no discrimination solely on the ground of gender and the provision of the Equal Remuneration Act, 1976 (25 of 1976), shall be complied with.

2.7 Implementing and Monitoring Authorities of the Scheme:

2.7.1 Central Employment Guarantee Council (CEGC):

The central government constitutes a council to be called the Central Employment Guarantee Council to discharge the functions, and perform the duties,
assigned to it by or under this Act. The headquarters of the central council is at Delhi. It consists of the following members to be appointed by the central government, namely;- a chairperson, not more than such number of representatives of the central ministries including the Planning Commission not below, not more than such number of representatives of the state government as may be determined by the central government, not more than fifteen non-official members representing Panchayati Raj Institutions, organization of workers and disadvantaged groups, such number of representatives of the states as the central government may, by rules, determine in this behalf; a member secretary not below the rank of joint secretary to the Government of India.

Functions and Duties of Central Council:

i. The Central Council shall perform and discharge the following functions and duties namely:
   a. Establish a central evaluation and monitoring system;
   b. Advice the central government on all matters concerning the implementation of this Act;
   c. Review the monitoring and redressal mechanism from time to time and recommend improvement required;
   d. Promote the widest possible dissemination of information about the schemes made under this Act;
   e. Monitoring the implementation of this Act
   f. Preparation of annual reports to be laid before Parliament by the central government on the implementation of this Act
   g. Any other duty or function as may be assigned to it by the central government.

ii. The Central Council shall have the power to undertake evaluation of the various schemes made under this Act and for that purpose collect or cause to be collected statistics pertaining to the rural economy and the implementation of the schemes.

2.7.2 State Employment Guarantee Council (SEGC):

For the purposes of regular monitoring and reviewing the implementation of this scheme at the state level, every state government shall constitute a State Council to be known as the ..... (name of the state) State Employment Guarantee Council with
a chairperson and such number of official members as may be determined by the state government from Panchayati Raj Institutions, organizations of workers and disadvantaged groups. The terms and conditions subject to which the chairperson and members of the State Council may be appointed and the time, place and procedure of the meetings (including the quorum at such meetings) of the State Council shall be such as may be prescribed by the state government. The State Council shall have the power to undertake an evaluation of the schemes operating in the state and for that purpose to collect or cause to be collected statistics pertaining to the rural economy and the implementation of the scheme and Programmes in the state.

The Duties and Functions of the State Council:

a. Advising the state government on all matters concerning the scheme and its implementation in the state;
b. Determining the preferred works;
c. Reviewing the monitoring and redressal mechanism from time to time and recommending improvements;
d. Promoting the widest possible dissemination of information about this Act and the scheme under it;
e. Monitoring the implementation of this Act and the schemes in the state and coordinating such implementation with the Central Council;
f. Preparing the annual report to be laid before the State Legislature by the state government;
g. Any other duty or function as may be assigned to it by the Central Council or the state government.

2.8 Principal Authorities for Planning and Implementation of the Schemes:

2.8.1 The Gram Panchayat:

The Gram Panchayat shall be responsible for identification of the projects in the Gram Panchayat area to be taken up under a scheme as per the recommendations of the Gram Sabha and the Ward Sabha and for executing and supervising such works. A Gram Panchayat may take up any project under a scheme within the area of the Gram Panchayat as may be sanctioned by the Programme Officer. Every Gram Panchayat shall, after considering the recommendations of the Gram Sabha and the Ward Sabhas, prepare a development plan and maintain a shelf of possible works to
be taken up under the scheme as and when demand for work arises. It shall forward its proposals for the development project including the order of priority between different works to the Programme Officer for scrutiny and preliminary approval prior to the commencement of the year in which it is proposed to be executed. The Programme Officer shall allot at least fifty per cent of the works of in terms of its cost under a scheme to be implemented through the Gram Panchayat. The Programme Officer shall supply each Gram Panchayat with the muster rolls for the works sanctioned to be executed by it; and a list of employment opportunities available elsewhere to the residents of the Gram Panchayat. The Gram Panchayat shall allocate employment opportunities among the applicants and ask them to report for work. The works taken up by a Gram Panchayat under a scheme shall meet the required technical standards and measurements.

The Panchayat at district, intermediate and village level shall be the principal authorities for planning and implementation of the schemes made under this Act.

*The Functions of the Panchayat at the District:*

a. To finalize and approve block wise shelf of projects to be taken up under a programme under the scheme;

b. To supervise and monitor the projects taken up at the block level and district level; and

c. To carry out such other functions as may be assigned to it by the State Council from time to time.

*The Function of the Panchayat at Intermediate Level:*

a. To approve the block level plan for forwarding it to the district Panchayat at the district level for final approval;

b. To supervise and monitor the projects taken up at the Gram Panchayat and Block level; and

c. To carry out such other function as may be assigned to it by the State Council, from time to time

2.8.2 District Programme Coordinator:

The Chief Executive Officer of the District Panchayat or the collector of the district or any other district level officer of appropriate rank as the state government may decide shall be designated as the District Programme Coordinator for the implementation of the scheme in the district. He is responsible for the implementation
of the scheme in the district in accordance with the provisions of this Act and the rules made there under. The District Programme Coordinator shall prepare in the month of December every year a labour budget for the next financial year containing the details of anticipated demand for unskilled manual work in the district and the plan for engagement of labourers in the works covered under the scheme and submit it to the district panchayat.

The Functions of the District Programme Coordinator:

a) To assist the District Panchayat in discharging its functions under this Act and any scheme made there under;

b) To consolidate the plans prepared by the Blocks and project proposal received from other implementing agencies for inclusion in the shelf of project to be approved by the Panchayat at district level;

c) To accord necessary sanction and administrative clearance wherever necessary

d) To coordinate with the Programme Officers functioning within his jurisdiction and the implementing agencies to ensure that the applicants are provided employment as per their entitlements under this Act;

e) To review, monitor and supervise the performance of the Programme Officers;

f) To conduct periodic inspection of the works in progress; and

g) To redress the grievances of the applicants.

2.8.3 Programme Officer:

At every Panchayat at intermediate level, the state government shall appoint a person who is not below the rank of Block Development Officer with such qualifications and experience as may be determined by the state government as Programme Officer at the Panchayat at intermediate level. The Programme Officer shall assist the Panchayat at intermediate level in discharging its functions under this Act and any scheme made there under. The programme Officer shall be responsible for matching the demand for employment with the employment opportunities arising from projects in the area under his jurisdiction. The Programme Officer shall prepare a plan for the Block under his jurisdiction by consolidating the project proposals prepared by the gram Panchayat and the proposal received from intermediate Panchayat. The Programme Officers shall function under the direction, control and superintendence of the District Programme Coordinator. The state government may,
by order, direct that all or any of the functions of a Programme officer shall be discharged by the Gram Panchayat or a local authority.

**The Functions of the Programme Officer:**

a) Monitoring of projects taken up by the Gram Panchayat and other implementing agencies within the Block;

b) Sanctioning and ensuring payment of unemployment allowances to the eligible households;

c) Ensuring prompt and fair payment of wage to all labourer employed under a programme of the scheme within the Block

d) Ensuring that regular social audits of the works within the jurisdiction of the Gram Panchayat are carried out by the Gram Sabha and that prompt action is taken on the objections raised in the social audit

e) Dealing promptly with all complaints that may arise in connection with the implementation of the scheme within the Block; and

f) Any other work as may be assigned to him by the District Programme Coordinator or the state government.

**2.9 Programme Implementation:**

The National Rural Employment Guarantee Act was notified on 7th September, 2005 to create a right-based framework for wage employment. The Act came into force on 2nd February 2006. The aim of the National Rural Employment Guarantee Act (NREGA) was to enhance the livelihood security of people in rural areas. The Act is a significant legislation in many ways. Unlike earlier employment scheme, it is demand driven. People who need jobs will demand them, which the government is legally bound to provide. In case of failure to do so, the government has to dole out unemployment allowances. For the first time, rural communities have been given not just a development programme, but also a regime of rights. The Act was preceded by three decades of attempting to bring in such legislation.

In the first phase of its implementation (2006-07), the Act was enacted in 200 most backward districts of the country covering 1894 Block Panchayat and 61763 Gram Panchayat (Administrative Reform Commission, 2006) where widespread poverty was common feature of all of the 200 districts. The Planning Commission is identified by measuring backwardness, the committee used a composite method with differing weights for parameters such as incidence of poverty, education, health, water
supply, transport and communication and the degree of industrialization. The implementation of the MGNREGA can pose major challenges because of their special problems. Ninety four of the districts were covered under Drought Prone Area Programme (DPAP) and 8 districts were covered under Desert Development Programme (DDP). Twenty one districts were in Himalayan region and the north east which were completely mountainous. Besides, a number of districts in Jharkhand, Chhattisgarh, Maharashtra, Madhya Pradesh, Andhra Pradesh and Orissa have hilly terrain. The socio-economic indicators of most of these districts were generally below the national average. Out of the 200 districts, 148 had lower literacy than the national average of 65.38 percent. Similarly, female literacy rate of 154 districts was lower than the national average of 54.16 percent. The proportion of SC/ST population in most of these districts was higher than other districts. These districts were primarily agricultural with 70 percent population depending on it for survival and account for 39 percent of India’s total rural workforce. In 115 districts, the percentage of agricultural labours in the total rural working population was higher than the national average of 33 percent that indicates the prevalence of large scale landlessness in these districts combined with lack of effective employment opportunities in the non-agricultural sector. This also resulted in lower incomes for a large section of the rural population and was major contributor to wards the backwardness of these districts apart from agro-climatic and physiographic conditions. There were no districts from Gujarat, Goa, Punjab, Andra Pradesh and Tamil Nadu.

In this phase there is a lag in implementation of the Act in various districts of different states, low organizational capacity, a variety of unrest among the people and highly stratified social and economic power structures and absence of governance will make the implementation difficult. In addition, most of these districts were located in difficult terrain with poor accessibility and poor infrastructures. Sixty nine districts were included in the scheduled area and tribal areas. There was also the problem of not having regular and dedicated functionaries for many of these Panchayat. These districts were also the most backward region in term of connectivity and spread of banking and post office infrastructure. However the MGNREGA with the aim to reduce poverty is thus desirable for these districts. The MGNREGA can target development using huge demand for casual jobs. Thus it is thus imperative to understand the complex socio economic and governance challenges of the backward
districts. This will help implement the MGNREGA in an effective way. And for the MGNREGA, these districts will decide its overall success.

In the second phase the Act was notified in the financial year 2007-08 in an additional 130 districts, bringing the total number of districts covered by MGNREGA to 330. However, in order to bring the whole nation under its safety net and keeping in view the demand, the scheme was extended in phase III to the remaining 274 rural districts of India from April 1, 2008. The following map shows the implementation of MGNREGS in overall country in various phases.

Phase I NREGA (200) Phase II NREGA (130) Phase III NREGA (272)
Commenced 2.02.06 extended on 1.4.07 notified on 28.9.08
2.10 Economic Implications of MGNREGS:

The implementation of MGNREGS is gaining momentum and some positive economic outcomes are emerging out of it. It has led to the multi-level impact on the economy with great hope that India would expect from future as a result of better and proper implementation of this scheme in our country. Thus MGNREGA foster conditions for inclusive growth ranging from basic wage security and recharging rural economy to a transformative empowerment process of democracy. Very high expectation are placed on the outcomes of the Act in terms of protecting rural households from poverty and hunger, reducing rural urban migration, increasing opportunities of employment for rural women, creating useful assets in rural areas, changing power equations in rural areas, and acting and empowering Panchayat Raj Institutions. There are following economic implications of MGNREGS in the economy.

2.10.1 Reduction of Poverty:

Poverty is a social phenomenon and can be defined “in an inclusive sense as consisting of number of elements: lack of access to or availability of income earning opportunities, basic health and education, food security, lack of adequate shelter, water or sanitation, lack land or employment opportunities and gender discrimination” (Planning Commission, 2008). According to Mahatma Gandhi “poverty is terrorism: both spread if not controlled, dehumanize people, turn them in to enemy of society and themselves, make people lose their dignity and self-esteem”. The first Millennium Development Goals (MDGs) of ‘eradicating extreme poverty and hunger’ aim at reducing the proportion of people whose income is less than $1 between 1990 and 2015 by half. India’s eleventh five year plan, reiterating the country’s commitment the MDGs, has set socio-economic targets for inclusive growth and development. These include, reducing the head count ratio of consumption poverty by 10 percent points, raises real wage rate of unskilled workers by 20 percent and creating 70 million new work opportunities. According to the National Sample Survey Organization, 300 million Indians live in extreme poverty. The estimates of Tendulkar Committee (2009) show that, between 1993-94 and 2004-05 aggregate poverty head count ratio of India has fallen only marginally from 45.3 percent to 37.2 percent. Similarly the rural poverty has declined from 50.1 percent to 41.8 percent only and urban poverty has declined from 31.8 percent to 25.7. These numbers convey that, out of every
hundred rural people around 42 people are still unable to get a descent livelihood. But
there has been change with the adoption of employment guarantee scheme in 2005 as
it is a step towards the fulfillment of the economic content of the participatory
democracy (Bhaduri, 2005)⁸.

There has been a ‘significant dent’ in poverty in rural areas as the
implementation of MGNREGA has increased earning of rural households resulting in
an increase in their purchasing power. To the extent that MGNREGA increase the
income and purchasing power of poor rural household, it will have an impact on
poverty. With the increase in employment opportunities and wage rates under
MGNREGS, there has been a significant dent in poverty in rural areas especially in
terms of above mentioned definition because, there has been the provision of
employment or earning opportunities, gender equalization etc. Initially the
programme is implemented in 200 backward districts, identified by the Planning
Commission, will pose major challenges to the implementation of the MGNREGA
because of their special problems. They are the least developed areas of the country
comprising mostly marginal farmers and forest dwellers. In many of these districts
poverty has increased despite consistent focus of several poverty eradication
programmes. Governance has little or no presence in most of these districts. Field
research suggests that the additional incomes generated through MGNREGA are
spent mostly on food, and then health and other necessities including clothing.

2.10.2 Removal of Inequality:

The MGNREGS is a policy of direct transfer of funds to the poor through the
provision of public works satisfying the basic needs of people and the magnitude of
such direct transfer benefits was empirically studied that show rural public works
programs emphasized its role as income insurance in the presence of seasonality in
agrarian labour market for building longer term capital assets, preventing dislocation
of families in search of job and food, affecting rural-rural migration. Thus
MGNREGS provide a necessary amount of income which will improve the living
condition of poor people through right wage employment programme. With creation
of assets and infrastructural development in rural area show that rural people are not
isolated themselves. Such a situation lead more or less reduce inequality, that means
now the poor people also enjoy some improved facilities of life by thinking that their
purchasing power also improved through earnings from MGNREGS. But the actual
inequality is not being reduced through this scheme.
2.10.3 Creation of Employment:

The primary objective of the Act is augmenting wage employment. The MGNREGA with the aim to reduce poverty is thus desirable for these backward districts. It can target development using huge demand for casual jobs. It has made a dent on poverty by increasing employment opportunities. These wage employment programmes implemented by state governments with central assistance were self-targeting, and the objective was to provide enhanced livelihood security, especially of those dependent on casual manual labour. It was implemented in a various phases. During the first year of implementation 2.10 crore households were employed which increased to 4.82 crore in 2012-13. The following diagram shows that employment provided at all India level from 2006-07 to 2012-13.

**Figure: 2.2**

**Employment Scenario under MGNREGS**

![Employment Scenario under MGNREGS](image)

**Source:** [www.mgnregs.com.in](http://www.mgnregs.com.in)

The significance of MGNREGA lies in the fact that it creates a right-based framework for wage employment prorammes and makes the government legally accountable for providing employment to those who ask for it. In this way, the legislation goes beyond providing a social safety net towards guaranteeing the right to employment. During the first year of implementation (2006-07) 2.10 crore households were employed and 90.5 crore person days were generated. In 2007-08, 3.39 crore
households were provided employment and 143.59 crore person days were generated in 330 districts. In 2008-09, 4.51 crore households have been provided employment and 216.32 crore person days have been generated across the country. Dreze and Oldiges (2009) argued, a vast improvement on previous wage employment creation. In 2009-2010, 5.25 crore and 2010-2011 reached to 5.34 crore households have been provided employment. Then there has been some slight decline and reached to 49.8 crore in 2013-13.

2.10.4 Generation of Asset:

The prime object of MGNREGA is to provide guaranteed wage employment to rural poor through creating community assets. At the grassroots, these community assets fulfill the basic amenities of the local populace and bridge the gap of general amenities. The Act attempts to unlock the potential of the rural poor to contribute to the reconstruction of their environment. To achieve this, it has laid emphasis on creation of productive assets in villages. Out of nine preferred areas of works under the MGNREGA, seven focuses on water and soil conservation. The attention of the scheme is on the following works in their order of priority:

- Water conservation and water harvesting;
- Drought proofing (including afforestation and tree plantation);
- Irrigation canals (including micro and minor irrigation works);
- Provision of irrigation facility to land owned by households belonging to scheduled castes and scheduled tribes or to land of beneficiaries of land reform or that of the beneficiaries under the Indira Awas yojana of the Government of India;
- Renovation of traditional water bodies (including desilting of tanks);
- Land development;
- Flood control and protection works (including drainage in water-logged areas);
- Rural connectivity to provide all-weather access;
- Any other works, which may be notified by the central government in consultation with the state government.

The MGNREGA is probably the world’s largest ecological security programme. With the key provision that investment in an employment guarantee
programme must be in productive, eco-friendly assets. This would ensure that the resultant growth dynamic is both sustainable (byregenerating the environment) and non- inflationary (by easing the agrarian constraint). Not only does demand need stimulation, growth has to be sustainable in both economic and ecological terms, especially in these times of climate change. For seven years we have had the MGNREGS for which the MGNREGA was enacted. The purpose of the Act was to create rural assets, important among them being water and soil conservation projects, especially minor irrigation works.

From figure 5 we can observe that all the work mentioned ensure the sustainability of ecology. The maximum number of work completed focus on water conservation and water harvesting with number of 537848, followed by land development which is 425494 and provision of irrigation facility to land owned by is 408582. The following figure shows the percentage of work completed during 2010-11 under MGNREGS.

**Figure 2.3**

**Asset Creation under MGNREGS during 2010-11**

- Water Conservation and Water Harvesting
- Flood Control and Protection
- Drought Proofing
- Micro Irrigation Works
- Provision of Irrigation facility to Land Owned by
- Renovation of Traditional Water bodies
- Land Development

*Source: www.nrega.nic.com*

### 2.10.5 Distress of Migration:

Even though urbanization can be seen positive for economy, it is actually a serious problem. As cities grow, their slum populations grow as well. Migration has played an important role for accelerated urban growth. Consequently this results in transfer of rural poverty to urban areas and growing unemployment in spite of existing unemployment in urban areas. In explaining migration across space,
according to Harris and Todaro (1970)\textsuperscript{10}, income differentials are taken as the motivating factor in moving people from low income areas to relatively high income areas. Public works offering relatively predictable employment opportunities are likely to be particularly effective in slowing down rural-urban migration. Once we generate employment in the rural areas, migration from the villages is bound to decrease. But if the rural people able to get this much of amount from their village the incentive to migrate from rural to urban reduce, that is the case of MGNREGS. In this respect the MGNREGA, too, could become a “predictable” source of local employment (since it guarantees work within a fortnight to anyone demand it), and therefore reduce distress migration. MGNREGS ensured the legal right to work for a hundred days to poor people whoever is willing to work at a minimum wage rate, particularly in the rural areas, which in turn would reduce the flow of rural to urban migration (Dreze et al, 2006)\textsuperscript{11}.

One of the significant objective of the MGNREGA is to arrest out-migration of unskilled, landless labour force from the rural areas to urban areas by ensuring up to 100 days of wage employment within their native jurisdiction so that these guaranteed wage employment can be judiciously and rationally utilized by the landless peasants during lean and distress season. As far as possible, the work site is to be within a five kilometer radius of the applicant’s village, in case it is not, it must be provided within the Block and the labourers must be paid 10 percent of their wage as extra wages to meet the additional travel and living expenses. This law can be a big boost for nomadic tribal communities since locally domiciled but migrant population is also eligible for employment.

A study conducted by Kartika Bhatia and Ashish Ranjan (2009)\textsuperscript{12} shows that more than half (57 percent) of the sample workers stated that the MGNREGA “helped them avoid migration”, and a similar proportion (also 57 percent) felt that migration had decreased in their villages after the MGNREGA was launched. As expected, these figures were even larger in areas with high level of MGNREGA employment or high rate of migration before the inception of the programme. For instance, in Pati block (Madhya Pradesh), a hub of out-migration where the MGNREGA has been deployed in a big way, 92 percent of the sample workers felt that migration had gone down and 88 percent said the MGNREGA had helped them avoid migration. Narayan Chandra Nayak and et.al (2011)\textsuperscript{13}, in their study of Mayurbhanj and Balasore district in Orissa also show that on an average, about 54 percent have said that migration has come
down in the aftermath of implementation of the scheme. This clearly indicates that before the introduction of MGNREGA, people in Mayurbhanj had limited livelihood opportunities forcing them to migrate outside in a large scale and the scheme has been able to solve these problems considerably. It may thus be said that the MGNREGS is successful in meeting its set objectives on this vital front.

The willingness to accept a lower wage in the village reflects the costs of migration as well as the exploitative conditions that labourer face as migrants. The costs of migration include transport costs, uncertain earnings, health hazards, and higher costs of living in urban areas combined with poor living conditions. Migration also results in a breakdown of social life, this is true both in the case of men migrating alone and when entire families migrate. When entire families migrate the situation is even worse, children have to be removed from school and live in precarious environments. Women and young girls are especially vulnerable to sexual exploitation. Further, urban congestion is a cost of migration that is borne by society at large- (Reetika Khera, 2006)\(^4\).

Distress migration has enormous personal and social costs; the MGNREGA is a unique opportunity to protect people from these hardships. Therefore, if MGNREGA can be used to curb urban migration then it will be yet another benefit from this Act, which can actually do something concrete in poverty alleviation and rural development in the long run. The guaranteed employment increased the income of labourer which could be used for fulfilling their daily needs like food, cloth etc. and ensure the dignity of labour. An important problem in rural areas was “distress migration” especially when an area was struck by drought, famine, flood or other natural calamities. Field reports have clearly indicated that the people/ beneficiaries no longer have to move from one place to other place in search of work. The migration has fallen very sharply (Narayan, 2008)\(^5\).

2.10.6 Agricultural and Rural Development:

The MGNREGS will be a part of the solution to the agrarian crisis in at least three ways. First, by generating demand for wage goods, which include food and local artisanal products; second, by creating complementary infrastructure and assets for agriculture like roads, biomass, etc.; third, by increasing incomes of most farming households since it is rare to find pure agriculturalists in most of rural India, and at the lower and middle ends of the scale, they double up as (often migrant) wage labour and artisans. The most important aspects of the programme is that it has contributed to
capital formation in agriculture and has empowered the poor where poor households have been able to assert themselves and demand the payment of minimum wage, bargain for higher wage and obtain the unemployment allowances from the reluctant and their children for school, nutrition intake has been increased. It has brought down dependence on money lender and reduced abject poverty and migration (Mathur, 2008). It also shows a huge shortage of labours due to implementation of MGNREGS all over the country. In Rajasthan, where state government received full mark for its commitment to the employment guarantee scheme, labour shortage and the hike in daily wage rate is marked. Farmers say that the labour market was tight even before the launch of MGNREGS, but the scheme has exacerbated the shortage. The wage for agricultural labour have gone up and migration to greener has been curbed somewhat, although the landless labourers and marginal farmers still prefer to take manual work outside their own district for social reason. MGNREGS’ intervention in the rural labour market has also created labour shortage and raised wages paid by farmers to agricultural labourers (Roy, 2010). In Kerala, MGNREGS work exacerbated agriculture labour shortages, and this had an added effect on pushing up wages in the agricultural sectors, moving slowly towards the MGNREGS wage rate (Nair, Sreedharan and Anoopkumar, 2009).

The localized labour shortages have severely hampered farmers in other southern states as well. A study by Kerala University in Palakkad district has attributed the acute shortage of farm labour in the district to MGNREGA. Rubber plantations in the state are hard-hit with traditional workers from Tamil Nadu reluctant to work even at enhanced wage. The rice farmers in the state also attribute their woes to MGNREGS. Western UP and Uttarakhand are no different in terms of labour shortage. Eastern UP and Bihar, Jharkhand and Chhattisgarh, hitherto inexhaustible labour pools for prosperous farmers in the north, appear to be drying up. Labour is always in short supply especially during the peak agricultural activity months. The labour crunch is likely to fuel demand for expensive mechanical sowing devices, among the already capital intensive farmers of Punjab and Haryana. Higher labour cost has a double impact; making agriculture unviable and driving ups the cost of food.

The aims and objectives of rural development are alleviating poverty, improving the livelihoods of rural people in an equitable and sustainable manner both socially and environmentally through better access to assets, services and control over
productive capital. The Ministry of Rural Development, comprising of three departments via, department of Rural Development, Department of Land Resources and Department of Drinking Water Supply is the apex body for formulating policies, regulations and Acts pertaining to the development of the rural sector in India. The primary responsibilities assigned to the Ministry are to encourage, promote and assist voluntary action in the implementation of projects for the enhancement of rural prosperity, strengthen and promote voluntary efforts in rural development with focus on injecting new technological inputs, act as the national nodal point for co-ordination of all efforts at generation and dissemination of technologies relevant to rural development and promote programmes aimed at conservation of the environment and natural resources. However, several other ministries in the central government are also engaged directly or indirectly in implementation of many programs and schemes for the development of rural areas.

2.10.7 High and Equal Wage Payment:

Casual wage labourers are one of the most disadvantaged groups in the labour market. While their work contract is terminated and renewed on a daily basis, poor working conditions and low wage push them below poverty line. In 2004-05, average casual wage for males and females was just Rs.55 and Rs. 35 respectively in rural areas and Rs.75 and Rs. 44 respectively in urban area. On an average in 2004-05, casual workers received far less wages than those received by regular workers. In addition to low wages for casual workers, there is also gender bias in wage payments. It is important to note that the gender bias in casual wage payment is low in rural areas (0.63) than in urban areas (0.58). However, the reason for low gender bias in wage payment in rural areas is highly suppressed wages both for male and female rural workers. The gender bias is also noticeable in case of urban regular workers.

However, MGNREGA has provision of equal wages for men and women (Schedule II (34)) without any discrimination. The minimum wage of Rs. 100 a day under MGNREGA had increased the wage level across the private sector benefiting both the families that could not avail MGNREGA work and families that had completed MGNREGA quota of 100 day’s work. It provided the poor with required support in the labour market by not letting them below a certain level. It has increased the bargaining power of the poor people in the labour market. The workers of MGNREGA, earlier, were mostly voiceless and they could not normally bargain for higher wages. Now, the MGNREGA wage has become a bench mark and
MGNREGA workers bargain for wages and are no longer willing to work for cheaper wages. The scheme has improved the lives of people and has brought stability and assured income to the families that were until recently desperately poor (Vidya Subramanian, 2009)\textsuperscript{19}. A study conducted by the Institute of Applied Manpower Research (IAMR) covering a sample of 6000 households across 20 states in the country (300 samples per state) has revealed that the low earning level of a number of beneficiaries declined and the number of households reporting marginally higher income has increased (K. Balchand, 2009)\textsuperscript{20}. In certain places especially during the lean season MGNREGA had been the only source of income (Sudha Narayan, 2008)\textsuperscript{21}.

The wage rates under MGNREGA further have been increased by the Ministry of Rural Development with effect from 1\textsuperscript{st} January 2011. This will result in 17-30 percent enhancement of wage under the premier flagship program of the UPA Government across the country. The decision to hike wage under MGNREGA comes in the wake of recommendations of National Advisory Council (NAC) and consultation with the different ministries. The move is likely to benefit more than 5 crore beneficiaries under MGNREGA across the country. The wage rates have been enhanced on the basis of Consumer Price Index (CPI) for the agricultural labour calculated on the basis of Rs. 100 or the actual wage rate, whichever is higher as on April 1\textsuperscript{st}, 2009.

At the national level, average wage paid under MGNREGA has increased from Rs. 65 (2006-07) to Rs. 88.48 in 2009-10. This has led to strengthening the livelihood resources base of the rural poor in India. In 2008-09, 67 percent of funds utilized (Rs.18200.02 crore as wage expenditure) were in the form of wages paid to the labouree. In 2009-10, 69 percent of the fund saved has been utilized in the form of wages (Rs. 18806.39 crore as wage expenditure). As on February 2010, total amount released by the central government was Rs. 391 million, of which 335.07 million was spent for the scheme and the average wage per day was Rs. 90. According to studies of 10 districts of six states by G.B. Pant Social Science Institute under the coordination of Jean Dreze (2009)\textsuperscript{22} the implementation of the Act in the first three years has been able to reach the socially and economically deprived sections as reflected in their participation. If we consider the state average wage level the highest wage rate is in Haryana (Rs. 166.81), followed by Kerala (Rs.125.67), and Maharashtra (Rs.123.68) with lowest average wage level is in Rajasthan (Rs.76.03),
The studies done by scholars like Narayan (2008)\textsuperscript{25}, Vijayanand (2008)\textsuperscript{26} and Sharif (2008)\textsuperscript{27} show that in spite of many limitations the MGNREGA has become a women's programme. Narayan and Vijayanand have restricted their study to one state each only, but Sharif has studied seven states. Their common conclusion is that the Act has a positive impact on women's employment opportunities and intra-household bargaining power. For example, Narayan points out that the proportion of women workers was 73 percent in Tamil Nadu, 59 percent in Andhra Pradesh and 53 percent in Karnataka. Vijayanand observed that the proportion of women workers in Kerala amounted to 90 percent. He also informed that Kudumbashree members are actively helping the execution of the Act in term of providing tools, keeping records and conducting social audit. Sharif has used qualitative and quantitative data from 3,200 households in 80 villages from seven states to come to the conclusion that the outreach of MGNREGA work is much larger for women belonging to community based organizations, panchayat and mahila mandals. Pankaj and Tankha (2009)\textsuperscript{28} as observed that, in most of the states there have been very high levels of participation by women in MGNREGS works. Non-discriminatory wages, assured minimum wages which are more than market wages for women, the dignity that comes with the work since it is seen as working for the Government rather than for a landlord or contractor, employment at the doorstep, and certain women-specific facilitation like the Kudumbashree in Kerala, female mate in Rajasthan, SHGs in Andhra Pradesh are seen as factors that contributed to higher participation of women in MGNREGS.

\textbf{2.10.9 Multiplier Effect (Increased Production and Investment):}

An expansion in employment through Government expenditure will increase the demand for wage goods, resulting in an increase in the production of industrial goods of mass consumption and agricultural output. One of the major purposes of the MGNREGS is to increase the family income of the poor households in the rural areas. It is the direct benefit expected from the MGNREGS. After the implementation of the scheme the average family income in most of the state is found to have increased which lead to the increase in consumption by increase in aggregate demand and saving of individual household results in increase in investment and production and thus multiplier effect in the economy. A large scale public works programme like MGNREGA creates purchasing power among workers. When those receiving tax breaks or working on MGNREGA site spend this additional money, they create demand for commodities. The production of these commodities, in turn, creates
demand for capital, raw material and workers. The extra incomes so generated cause further demand, which again provides a stimulus to production, employment and demand and so on in a spiral. This demand stimulating process is called the multiplier.

The value of these multiplier depends on the marginal propensity to consume (MPC) of those benefiting from government intervention. The MPC is our extra spending out of the additional rupee we earn. Clearly, the higher the MPC, the greater the stimulus provided to demand. The great thing about MGNREGA from this point of view is that it is putting money into the hands of those whose MPC is the highest. Those on the margins of existence are more likely to spend than save most of what they earn.

2.10.10 Economic Growth and Development:

Alleviation of poverty is a multidimensional process because poverty is a multifaceted issue and act as constraint and hurdle for economic growth and development. It has direct correlation with the process of economic growth and development unless there are definite plans and programmes for it. The experiences since independence show that Indian’s poverty alleviation strategy mostly leaned towards wage employment programme. But there has been a change with the adoption of National Rural Employment Guarantee Act in 2005, as it is a step towards the fulfillment of the economic content of participatory democracy. This programme for the rural poor is an endeavor to respond to the peoples protest about the era of jobless growth. It is culmination of the several mobilizations about the need to modify the liberalization, privatization and globalization (LPG) paradigm by providing it a human face and following the path of 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 resources base of our country. For the first time, the power elite recognize 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.

The strong social safety net for the vulnerable groups by providing a fall-back employment source, MGNREGS act as growth engine for sustainable development of
agricultural economy. Through the process of providing employment on works that address causes of chronic poverty such as drought, deforestation and soil erosion. The Act seeks to strengthen the natural resource base of rural livelihoods and create durable assets in rural areas. Effective implemented, MGNREGA has the potential to transform the geography of poverty and empowerment of rural poor through the processes of a right-based law. Thus we can expect that MGNREGS will provide necessary path or way to achieve the economic growth and development in the country.

Economic development refers to increase in the standards of living of a nation’s population associated with sustained growth from a simple, low-income economy to a modern, high-income economy. Its scope includes the process and policies by which a nation improves the economic, political and social well-being of its people. Thus we are already explained about the multiplier effects of MGNREGS, which ultimately lead to the economic development. Thus a mutually reinforcing relationship between investment and income is catalyzed by MGNREGA. First, investment generates demand and income through multiplier. Then, income stimulates investment via the accelerator. Giving rise to a spiraling cycle repeated in successive rounds. Although not usually deployed in such a context, the accelerator principle in macro-economic theory describes the positive impact of growing incomes on private fixed investment. Rising incomes also improve capacity utilization and happier expectations act as incentives for more investment. Under MGNREGA, farmers have come back to land they long abandoned, as increased output, in an atmosphere of renewed hope, spurs further investment. Thus the Act has indeed led to an economic development.

2.10.11 Increase in Per capita, National Income and Standard of Living:

MGNREGS has suddenly increased purchasing power of the poor by increase in earnings from their factor services and there is visible local economic development. The peasants have managed to get substantial relief from MGNREGS by getting over their inhibition in working as labourers in richer farmer’s lands by moving on to the respectable public works. Public works have gained respectability. Hitherto, they were seen as high jacked either by a contractors or a local leader. Now the workers see it as their right. They tend to differentiate between wages provided by a contractor and wages directly given by the Panchayat. The latter is almost equated with a salary. This has motivated a large section of people who were earlier unwilling to work into
join the work force. Investments made under MGNREGA are expected to generate employment and purchasing power, improve the quality of life, raise economic productivity, promote women’s participation in the workforce, strengthen rural infrastructure, reduce distress migration and regenerate natural resources by increase in per capita income and national income and ultimately increase their standard of living.

There are many studies such as: Raghbendra Jha (2008)\textsuperscript{39}, Anish Vanaik (2008)\textsuperscript{30}, Siddartha (2008)\textsuperscript{31}, Santhosh Mehrotra (2008)\textsuperscript{32}, Reetika Khera (2008)\textsuperscript{33}, Farzana Afridi (2008)\textsuperscript{34}, Reetika Khera (2009)\textsuperscript{35}, Adhikari (2010)\textsuperscript{36} and Sibabrate Champatiray (2010)\textsuperscript{37} who have appreciated MGNREGA in one way or the other that it has become a beacon of light in the rural areas and contributed substantially for the per capita income and increasing living and economic conditions by reducing income imbalances in the rural area.

2.10.12 Sustainable Development:

In the context of global climate change and mounting biodiversity loss, the protection and regeneration of the humid tropical forests is critical. Conservation-based livelihood approaches with a focus on regeneration and protection of forests are emerging as important strategies to address this issue. Swaminathan M.N (2009)\textsuperscript{38} described that MGNREGA as the world’s largest ecological security programme, which can successfully strengthen the ecological foundations for sustainable agriculture. An ecological Act is one of the best features of the MGNREGA as it designates a balance between human action and natural resources creating a sustainable economic security through green jobs. The MGNREGS must be strengthened and revamped to provide not just wages for work done but work that will make ecological regeneration possible. MGNREGA has also been able to contribute to ecological restoration through its design. The MGNREGA has the explicit potential to address both environmental and social concerns. In forested regions, this gives immense scope to design programmes for both livelihood security and resource sustainability. Thus auxiliary objective of the Act is to strengthen natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable development.

2.10.13 Human Development:

In order to ensure that the human development is realized through MGNREGS is sustainable, there is need for coherent and highly participatory planning for
preparing an anti-poverty sub plan with MGNREGS and the cash income it provides as the nucleus place. In such a scenario all the four dimensions of human development could be included, that is, basic elements related to physical well-being, economic dimensions related to employment and material development, social dimensions related to social relations including gender equity and social justice, political dimensions including political participation and empowerment reflected in the functioning of Grama Sabhas and Panchayat. In sum, a holistic and vibrant vision of human development has to be developed and then different strategies and activities designed to evolve towards that vision.

2.10.14 Externality Effects of MGNREGS:

Certain externality effects of MGNREGS are observed in the agricultural sector. Labour shortages in the agricultural sector have already been a problem resulting in a decline in agricultural production. Frequently, replanting and harvesting in rice fields are delayed by shortage of labour. The MGNREGS works were observed to exacerbate these agricultural labour shortages in all the states. This has had the added effect of pushing up wages in the agricultural sector, moving slowly towards the MGNREGA wage rate. Even though many new workers are coming into the rural labour market as a result of the MGNREGA, many of them are young workers, who are not willing to work in the agricultural sector. The unwillingness of workers to come for agricultural works is mainly due to low wages with more efforts in doing agricultural works. But in the case of young women, it is due to the lack of skill in doing agricultural works, especially works related to replanting and weeding. In some cases it was noted that agricultural works and MGNREGA works were operational at the same time, which resulted in deficit of labour in agricultural sector. A proper work calendaring is required in identifying the works to be done during agricultural lean season, thereby reducing the problem of labour shortage in agriculture.

The scheme was successful enough in raising the level of employment and income of the rural households, thereby enhancing their purchasing power. It has substantially increased their credit worthiness. Workers get commodities on credit from the nearby grocery shops because sellers are aware of assured income from MGNREGA. The MGNREGA earning was spent on everything from food items to the payment of old debts. Significantly, the workers were also able to spend some amount on the education and health of their children. Some repairs and maintenance on their homes was also financed. Many workers came across banking experiences
only through MGNREGA, and many of the women workers, in particular, expressed that having some saving in the bank was a matter of great confidence to them, which enhance their dignity.

2.10.15 Increase in Saving:

Low level of income continues to be the barrier for the poor to escape the poverty trap. The household saving is a function of the household income and expenditure. The moderate income so earned on account of the scheme was reported to have been spent by the families for meeting their family expenses. As such, the extent of saving at the household level would also be marginal if at all the families have propensity to save. Even though the propensity to save of most of people is low especially rural population as they spend more on consumption purposes, but the effect of continues increase in income of household lead to save more.

2.10.16 Change in Expenditure Pattern of Households:

A look at the spending pattern of the income earned by the respondents from the MGNREGS reveals that they use it for a variety of purposes. The items of expenses include expenses on household activities, buying of food grains, meeting day to day expenses, spending on education of children, hospital expenses, repayment of old debts, construction of house and buying durable assets. Especially increase in family income should have resulted in more family expenditure. There have been obvious changes in the family expenses after the implementation of the scheme. Majority stated that their family expenses too increased in proportion to the increase in family income. Balachand (2009) is of the view that the scheme has its impact on the expenditure pattern of the families also. A shift in the expenditure pattern on food and non-food items with family spending more on both the counts could be found; more than half of the households have purchased livestock like sheep and goat.

2.10.17 Labour Intensive Techniques:

MGNREGS has potential to lead the economy towards a labour intensive growth path, especially in light of the low and declining growth rate of productive employment. Thus, the wage-work programme needs to be seen in a long term perspective, with a strong planning, component, dovetailing with ongoing development efforts, incorporating decentralized planning, and implementation, skill training, maintenance of public assets, and eventually absorbing wage-earners into mainstream employment (NCEUS, 2009). Mukherjee and Sinha find that in case of the labour surplus economy, the impact of MGNREGA depends on the relative
magnitude of MGNREGA work and the amount of surplus labour in the economy. If the amount of MGNREGA work is below the surplus labour available in each poor household then there would be no impact of MGNREGA work on the employment decision for their own cultivation and the decision to supply labour for the rich households. As a result of MGNREGA work, the level of output in both rich and poor households remains the same but the MGNREGA work would increase the income of the poor household. This prediction is based on the presumption that MGNREGA work of 100 labour days does not still allow the poor household to reach their target level of income. If the amount of MGNREGA works available is more than the surplus labour available in each poor household then there would be some change in the employment decision of the poor households and the analysis is similar to what is given below for any economy with or without surplus labour. This additional demand from MGNREGA work would reduce the supply of labour to the rich households (Mukherjee and Sinha, 2011)\textsuperscript{41}, thus it is a labour intensive rather than capital intensive method which create more employment and more suited scheme like India where exist large surplus of labour due to rapid increase in population.

2.10.18 MGNREGA Wages Improved Access to Education for Children:

MGNREGA has also had a positive impact on human capital development. It was found that some of the villagers spend their MGNREGA income to improve the quality of education of their wards by paying the admission fee, purchasing books, providing tuitions, buying of school uniform, bicycle etc. Due to the construction of a connecting road, children got better connectivity to go to school by bicycle or on foot and now, children are more regular in terms of attending the school. There is a clear tendency of using the additional wage income for the education of children. It builds a case of inherent demand for children’s better education. Most of the MGNREGA benefited families utilized their income for accessing children’s education or supplementing with additional facilities to improve the quality of education. This long term investment of MGNREGA wage income will build for capacity of the families for their upward mobility.

Kareemulla et al (2009)\textsuperscript{42} found that in Andhra Pradesh, 18 percent of households earning from MGNREGA are spent on education. Similarly the Samarthan Centre for Development Support (2007)\textsuperscript{43} found that households use MGNREGA wages to increase access to and improve quality of children’s education, by paying admission fees, purchasing books, providing tuition and buying schools.
uniforms. In Uttar Pradesh, improved road connectivity has enabled children to attend school more regularly by bicycle or on foot (ibid). Uppal (2009)\textsuperscript{44} found that child labour decreases with parents registration and participation in MGNREGA. Meanwhile, child health as measured by anthropometric measures improves when parents register and work for MGNREGA.

\textbf{2.10.19 MGNREGS Fight against Economic and Financial Crisis:}

Until roughly Great Depression of the 1930s, the right of the individual to employment under capitalism was considered entirely in the context of a market economy. But the great depression and the devastation caused by the world wars gave way to a different problem amongst the advanced capitalist countries of the world. The market left on its own could not keep the show going without the active intervention of the state. In the United States, after several attempts to promote market forces, and a disbelief in Keynes’s recommendations for increased government spending to boost aggregate demand, policymakers came to realize that laissez-faire economics was not the solution to the problem at hand and that the government had to act as the employer of last resort. Keynes (1936)\textsuperscript{45} argued, “The government should pay people to dig holes in the ground and then fill them up, it doesn’t matter what they do as long as the government is creating job.” Ideas that the state needs to act in mitigating unemployment to put capitalism back on track became attractive and Keynes’ theory was accepted more easily in this situation. Keynes’ economic policy was interventionist, arguing government should create jobs for the unemployed to increase their spending power, create a class of consumers and thus stimulate the economy through the labour intensive techniques of the economy. However, the extent to which these labour intensive public work programme can have an impact on growth and equity, beyond simply being a last resort fall back coping option for poor households depends on a number of issues.

An exploration on whether the MGNREGA has been able to fulfill its role of being the Indian version of the Keynesian scheme. These are usually targeted jobs programme, paying minimum wages, with an aim to create a social floor, productive assets and have the potential to reduce poverty in a politically digestible manner. This ‘Employment of Last Resort’ programme based on government expenditure would be stabilizing and stimulating for the economy by generating guaranteed employment. The rationale for these programme are based on the premise that the government has
an active role to play in promoting full employment in developing economies by assuming the role of the market maker for labour.

The MGNREGA is a particularly important strategy in the current economic context of global economic crisis and national economic slowdown, when raising aggregate demand is a major task for the Government. Fiscal policy that provides more wage income directly to unskilled workers in rural areas is likely to be much more effective in increasing aggregate incomes than other forms of public spending, because of the higher value of the multiplier in such expenditure. These poor people have lots of unmet essential needs which they will try to fulfill when they have money in their hands. This will give better living standards for these poor on one hand and raise the aggregate expenditure demand for consumer goods on other hand.

2.11 MGNREGS and Earlier Wage Employment Programme- A Comparison

Evolving the design of the wage employment programs to more effectively fight poverty, the Federal Government formulated the National Rural Employment Guarantee Act in 2005, a paradigm shift from earlier wage employment programs. With its legal framework and rights-based approach, MGNREGA provides employment to those who demand it. This is the largest ever public employment program visualized in human history. The successful implementation of MGNREGS can improve the safety nets and eliminating hardcore poor (Rao: 2007)\textsuperscript{66}. Historically there have been a series of wage employment programmes for the poor has been implemented by the Government of India, but the National Rural Employment Guarantee scheme represents a paradigm shift and is different from the early wage employment programmes in several aspects.

Conceptually MGNREGA provide legal guarantee of right to employment- a full blown entitlement- a new vision of right based development for the poor, non-exclusive and total coverage, demand based and self-targeting which focus on employment and productive sector- for sustainable development and natural resource management. It is a labour perspective, gender sensitive, transparent, accountable and off season employment which is based on real participatory and perspective planning in which Panchayati Raj Institutions (PRIs) has to play central role for implementation. While earlier programme has no grand vision which is based on executive decisions and instructions, limited in scope and coverage, supply and
patronage-based which focus on assets, public work, predominantly roads. It is a bureaucrat/engineer/middleman-contractor perspective, male/machine-dominated, opaque, manipulative and peak season programme which is based on negotiated proprieties and short term priority listing in which PRIs has only a marginal agency for implementation (Vijayanand: 2008)47.

In the case of planning MGNREGS has long preparatory and elaborate planning by making work to match demand in which elaborate communication and extension are possible. It is a real planning from below covering who, what, where, when and how and can be integrated with varied development programme which implemented through statutory across-tier linkages in the Panchayati Raj System. It is a multi-dimensional action plans covering time, space, manpower and resources which are result based and outcome oriented. So in this sense it is real people’s plan. While earlier programme are hurried quick-fix plans and routine motions for forms of sake and isolated plan which is based of financial budget by making work to match resources which is limited to schematic work. It is an independent, repetitive, two dimensional action plan covering resources and works which is expenditure oriented and bureaucratic/technocratic plan.

As far as MGNREGS wage is concern it has minimum and equal wage paid through bank by government without any middleman which ensure strong corruption less payment. While earlier programme differentiated market wage rate through direct payment and ruthless supervision of contractors in which there is a huge scope of corruption. Compared to the earlier wage employment programmes such as RLEG, JRY, EAS, SGRY, IRDP, SGSY, there are significant achievement under MGNREGS due to the combination of transparent process and procedures, local action and constant vigilance, the implementation of MGNREGA has been comparatively corruption free. There is a 15 day time limit for fulfilling the legal guarantee of providing employment. The legal mandate of providing employment in a time bound manner is underpinned by provisions of unemployment allowance. The Act is designed to offer an incentive structure to the states for providing employment as ninety percent of the cost for employment provided is borne by the centre. There is a concomitant disincentive for not providing employment as the states then bear the double indemnity of unemployment and the cost of unemployment allowances. Unlike the earlier wage employment programmes that were allocation based, MGNREGA is demand driven. Resources transfer under MGNREGA is based on the
demand for employment and this provides other critical incentives to states to leverage the act to meet employment needs of the poor. It has extensive inbuilt transparency safeguard. The public delivery system has been made accountable, as it envisages an annual report on the outcomes of MGNREGA to be presented by the central government to the Parliament and to the legislature by the state government. Specifically personnel responsible for implementing the Act have been made legally responsible for delivering the guarantee under the Act. All above mentioned points are shows that MGNREGS has some improvement over the earlier programme implemented by Indian government.

2.12 Lacunae and Shortcoming of MGNREGS:

The employment guarantee scheme suffers from certain lacunae and shortcomings. These shortcomings are inter-related and interdependent. These are not associated with the scheme or Act but with the process in which it is being implemented. Some of the important problems are presented below.

a) Inadequate Awareness:

The scheme is right based legal entitlement programme, which guarantees the hundred days of employment to the rural households who is entitled to receive unskilled manual works. However, due to the poor awareness among rural household, people are not aware about their basic entitlements such as job card, minimum wage rate, minimum number of employment days, unemployment allowance, worksite facilities etc. even Panchayat, block and district officers are ignorant about all the details of the scheme. They are poorly informed about various processes like registering household, forming vigilance committee, making muster roll, etc...Under the scheme there is provision of unemployment allowance in the case of responsible authorities fail to provide employment, however there is a wide spread ignorance about how to avail the allowance. Even in the state of Kerala authority is not paid suchallowances and workers are unaware about it. Sometimes even the officials deliberately do not give out this information as they fear punishment for not providing jobs. Poor awareness not only leads to corruption but also poor management of the scheme and thus true potential of MGNREGS is not being realized. At local level, official have made inadequate efforts to raise awareness about the programme.
b) Delay in Payment of Wage:

MGNREGA guideline stipulates that every worker is entitled to a wage equal to the state minimum wage for agricultural labour delay beyond 15 days must be compensated. There has been a prolonged delay in payment of wages. However, it is reported that many cases of non-payment of full wage, wage less than minimum wages, the non-compensation of delayed wage payment and work etc. The main reason attributed for the delay is the inability of the bank and post office to handle mass payment of MGNREGS wages. There are other reasons too. They are delay in issuing payment order to the bank and post offices by the Panchayat, delay in work measurement, bottlenecks in flow of funds and irresponsible record keeping. Whatever might be the reason, even small delays cause enormous hardship to the workers who live on the margin of subsistence.

c) Overemphasis on Employment:

Two major objectives of the scheme are namely provision of 100 days of unskilled employment in a financial year to every household and creation of productive and durable assets that would enhance agricultural product and productivity. However, in actual operationalization of the scheme, the first objectives assumes by far the most dominant concern of the law, the second objective via creation of sustainable productive assets, stands in shadow. Even during the social audit the prime attention goes to matter related to registration, issue of job card, allocation of work, timely wage payment and worksite facilities rather than the utilization of work completed, increase in production, multiplier effect of income generation, issue of ownership, operationalization and maintenance of asset created on the public land.

d) Failure to Achieve the 100 Guaranteed Days:

The Act has guaranteed hundred days of guaranteed employment to each household per year in rural areas who are registered under the scheme. However, the majority of the households work only for an average of 50 days or less. The proportion workers who got hundred days of employment are falling from 10.19 percent during 2006-07 to 6.19 percent in 2012-13. This insufficient supply of 100 days of work is generally as a result of state failure to provide work. This clearly shows that a lot need to be done to ensure 100 days of work to the entire rural households in all states.
e) Irregularities in Execution of Work:

In several states works were carried out without obtaining stipulated administrative and technical sanction in advance. Additionally many states used contractors and machinery to carry out the work is clear violation of the guidelines which specifies that only manual labour should be used. Still others paid non-qualified persons such as peons and private secretaries to carry out the work in the absence of technical staff, and many workers did not adhere to the specified wage to material costs ratio.

f) Delay in Issue of Job Card and Work:

An important factor of the MGNREGS is that job needs to be given to a worker within 15 days of demand for work. Although after the registration of worker is completed, they took prolonged time to issue job card. And also they don't get work with in stipulated time period of 15 days of their demand for work. They will not pay any attention to give unemployment allowances too.

g) Corruption:

Corrupt practices have been one of the main drawbacks towards the credibility of implementation of the Act. It is an open secret that MGNREGS while claiming laudable objectives is ending up in pockets of a few, distorting entire rural economy and creating grave social disharmony, since swathes of people are left out. A more appropriate name instead of National Rural Employment Guarantee Scheme would be National Rural Looting Guarantee Scheme (Pullarao 2010)\(^48\). Fudging of muster roll has proved to constitute one such problem. Fake names have been listed as attending the work under the scheme, where by wages are paid and end up falling in wrong hands. In addressing the problem of corruption, the central government has promoted payment of wage through banks or post office in favor of by hand to limit the chances of corruption. However, this shift has not been free from the problem of corruption. The lack of knowledge about banking system (banking literacy) and illiteracy led rural village people hesitate to open bank account.

h) Problems Related with Bank Payment:

The switch over the wage payment system to bank payment has without a doubt provided substantial protection against embezzlement and is a critical step towards ensuring and guaranteeing greater accountability in the disbursement of wage under the MGNREGA. However, these payments are getting delayed for various reasons. One is that either the banks are unwilling to cope with the load or they are
unable to cope with the load. Lot of pressure on bank manpower on account of MGNREGS accounts and other government benefit accounts results in high costs and low return on such accounts. Regular banking business affected on account of heavy rush on payment days. Thus it is an important cause for severe delays in the disbursement of wages that is the institutional incapacity of rural banks to handle the huge volume of accounts. The shortage of staff and technology is most acute in post offices where accounts are managed manually through log journals.

It is also a well-established argument that the coverage of banks and post offices in rural India is patchy and as a consequence workers especially in remote parts of the country find it difficult to travel long distances to collect their wages causing delays in payments. It has generally been found that extremely few MGNREGA workers surveyed had pre-existing bank accounts. In cases where bank accounts were opened for the workers in order to deliver MGNREGA wages, the workers seldom used the accounts for anything other than receiving their wages. Payments of MGNREGA workers continue to be made through non-bank channels such as post offices or Gram Panchayat in many parts of the country despite central government requirements that wages be paid through bank accounts. It is mainly because of lack of awareness about financial facilities (financial illiteracy).

i) The Problem of Availability of Labour and Inflation:

Many studies and various economists attributed the increasing labour scarcity in agriculture, rising food price and inflation to MGNREGA. MGNREGA has no doubt raised rural daily wage rate, reduced migration and led to several other positive social effects in rural area of country. But the same time it has also contributed to rising farm input cost, withdrawal of labour from the farm sector and therefore impacted agricultural operations and food prices. The farmers in Punjab and Haryana now find it increasingly difficult to get labour and are left with no other choice but to increase the wage rate to attract the labourer. High labour cost due to non-availability of labour is resulted in high cultivation cost and thus leading to higher food prices. Many critics feel that by focusing on the employment and not on production, the scheme merely redistributes the proceeds of a limited production. The scheme no doubt inflated demands but, without corresponding increase in production of useful asset leads to inflation.
j) **Difficulties and Obstacles for Women Workers:**

There are several difficulties faced by women labourers—working hours for women have increased; their leisure time has vanished; and they have to bear with physical and emotional strains. Women get up quite early to fetch water, prepare food, and make arrangements for the children before going to the worksite. Even during the official lunch break, some of them return home to take care of the children and other family members. Wage payment is linked to a task-based schedule of rates (SOR) and since the SOR is prepared based on the average output of a healthy, invariably male worker; women have to work very hard to earn minimum wages. This is much more difficult for old, physically weak, and lactating women. In the absence of (proper) crèche facilities, lactating women and women with young children leave their children at home while working at the worksite. One of survey findings shows that only 28 percent of the women with children under the age of five brought them to the worksite; 62 percent left their children in the care of siblings/elders; and another 10 percent of women left their children without proper care. Since, they have to remain away from home for a minimum of eight hours at the MGNREGS worksite, they remain anxious about the well-being of their children. Eighty-one per cent confessed that they remain emotionally strained while they are working at the worksite and their children are left at home, either unattended or in another’s care. There are also some reports of the continued presence of contractors and harassment of women workers.

Thus, MGNREGA addresses itself chiefly to working people and their fundamental right to live with dignity. The success of the scheme, however, will depend on people’s realization of the Act as a right. Effective levels of awareness and sustained public pressure are crucial to ensure that the implementation problems are addressed and the objectives met. To increase the effectiveness of the Act, we should empower the workers. The issues involved in empowering workers are in the range of enhancement of knowledge level, development of literacy skill and organizing workers. Another important task is to link MGNREGA with other developmental programmes. Empowerment of workers and creation of durable assets depend, in terms of their strategies, to a great extent on the linkages between this scheme and other development programmes. Linkages with human development programmes such as the National Rural Health Mission (NRHM) and the National Literacy Mission (NLM) are needed to ensure basic human entitlements to workers that in turn will enhance their capacity to negotiate their rights under the Act. Linkages with other
livelihood and infrastructure initiatives need to be considered for sustainable employment. The full potential of the kind of work permissible under MGNREGA can be tapped if planning for these works is coordinated with other development projects. Initiatives for natural resources management also need to be dovetailed with income generation projects to enable workers to move from wage employment to self-sustaining employment. In addition to this, there is a need to improve the technical options for performances and monitoring. It is important to note that the Act is still in its infancy and it takes years to put in place the tools and instruments needed to actualize the right to employment through a scheme, even in the best of circumstances. And with the implementation of the above mentioned the fruits of the Act would be countless.
References:


http://knowledge.nrega.net/859/1/Is_the_NREGS_a_Safety_Net_for_Children.pdf


