

MGNREGA-A Social Security Net

K K Tripathy and S K Singla

MGNREGA, being a public works programme, has the capability to effectively harness the productive power of rural unemployed towards their socio-economic development. It is also capable of not only supplementing the income of jobseekers; the whole process would actually roll out an excellent social security and insurance mechanism by stabilizing employment during the off-peak agriculture seasons in the rural areas. The programme is capable of ensuring livelihood security and can be a game changer in rural economy provided the implementing States take extra positive actions towards fulfilling the legal provisions with a well-coordinated approach. MGNREGA has the capability to empower poor rural households to withstand economic shocks. It can manage and deal with situations to address effects of business cycles in a large rural economy like India.

The COVID-19 or Coronavirus pandemic and prolonged lockdown of economic activities have caused health and income insecurity amongst the socio-economically weak and vulnerable, especially, the migrants, the daily wage earners and the casual labourers. Considering the severity of this unprecedented situation on livelihoods of millions of citizens, Indian Prime Minister, gave a clarion call for initiation of the Aatmanirbhar Bharat Abhiyan [Self-reliant India Movement] on May 12, 2020. The Aatmanirbhar Bharat Abhiyan is expected to stand firm on five vital pillars - economy, infrastructure, vibrant human resources, demand and technology-driven arrangements and systems. Union Finance Minister Ms. Nirmala Sitharaman, subsequently, announced a slew of stimulus measures which, inter alia, included a package of assistance for rejuvenating rural and agricultural economy. Since poverty alleviation and employment generation have been the major objectives of India from the 1950s, the government, rested its renewed focus on reviving rural economic growth through broadening wage employment opportunities to the jobseekers.

Rural Employment and MGNREGA

Farm risks and uncertainties, population pressure on cultivable land, lack of alternate occupational choices, rural-urban income differentials and rising rural economic distress had, earlier, prompted massive rural-urban migration in India. But, the nation, with a migrant workforce of more than 423 million [Census 2011, Government of India] in cities and metros from



States other than the origin, is now witnessing unrelenting reverse migration due to COVID-19 impact. During the next few months, the farm and non-farm sectors are expected to experience various ill-effects of under-employment and unemployment due to swelling in the existing workforce, in the respective regions. It is thus important to ensure adequate livelihoods through broadened occupational choices to the millions of workforce of the countryside.

The perpetual concern on productive absorption of rural surplus workforce, besides building quality and productive community assets and enterprises, had pressed for enactment of a demand-driven wage guarantee programme – Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in September 2005. MGNREGA, an entitlement-driven and self-target-oriented employment generation scheme, aims at enhancing the livelihood and economic security of the rural poor households.

MGNREGA's Role in Self-reliant Rural India

MGNREGA, being a public works programme, has the capability to effectively harness the productive power of rural unemployed towards their socio-economic development. It is also capable of not only supplementing the income of jobseekers; the whole process would actually roll out an excellent social security and insurance mechanism by stabilising employment during the off-peak agriculture seasons in the rural areas. Considering its employment generation potential and productive absorption capacity of surplus work force during and after the pandemic, the Government revised its earlier earmarked allocation to Rs. 1,01,500 crore for 2020–21 by additionally allocating Rs. 60,000 crore under the package of Aatmanirbhar Bharat.

Before delving into the MGNREGA implementation framework to find out the potent it has for ensuring a self-reliant rural India in future, one needs to explain and understand the central objectives of the Act. The principal objectives of MGNREGA, 2005 as defined in the Schedule I, Para (3) of the Act are:

- Provision of at least 100 days of unskilled manual work as a guaranteed wage employment in a financial year to every willing rural household as per demand resulting in the creation of quality, durable and productive community assets;
- Reinforcing the livelihood resource base of the poor
- Ensuring social inclusion; and
- Strengthening Panchayati Raj Institutions

In this context, this article is making an attempt to find out an answer to an often-asked question –will the world's largest public works programme, MGNREGA be a game changer towards ensuring adequate rural employment and income in a post COVID-19 situation?

MGNREGA: Status of Implementation

MGNREGA is implemented in 693 districts covering 2.65 lakh Gram Panchayats (GPs). As in May 2020, out of 13.82 crore registered rural households, 25 percent [7.75 crore] could actively participate in the scheme. Data [available

MGNREGA Allocation

A provision of Rs. 1,01,500 crore has been made under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in the current financial year 2020-2021. It is the highest ever provision of funds under the programme.

A sum of Rs. 31,493 crore has already been released in 2020-2021, which is more than 50 percent of the budget estimate of the current Financial Year.

A total of 60.80 crore person days has been generated so far and work has been offered to 6.69 crore persons. Average number of persons to whom work offered in May 2020 has been 2.51 crore per day, which is 73 percent higher than the work offered in May last year, which was 1.45 crore persons per day.

A total of 10 lakh works have been completed so far during the current Financial Year 2020-2021. A sustained focus is on taking up works related to water conservation and irrigation, plantation, horticulture and Individual Beneficiary works for livelihood promotion.


(Source: Press information Bureau dated June 08, 2020)

at www.nrega.nic.in] on performance of the scheme during 2016–17 to 2019–20 indicates that the Government of India has released Rs.2,29,445 crore of which Rs. 1,79,869 crore (78 percent) was spent on wages (Table 1, see on page no.7). Table 1 indicates that on an average, Rs. 44,967 crore has been paid as wages to generate 236 crore person-days of annual wage employment. Thus, an average of 78 percent annual central releases


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MGNREGS Support to Returning Migrants




40-50% more persons enrolled, compared to May last year




Drive to enroll returning migrants



States/UTs advised to provide works to migrant workers as per the provisions of the Act



6  20 LAKH CRORE FOR 2020 Dated: 14 MAY, 2020

MGNREGS Support to Returning Migrants

Table 1: Select Indicators on Implementation of MGNREGA during 2016-17 and 2019-20

Year	Wage Employment As per Labour Budget		Average Days of Employment provided to HHs	percent HHs Completed 100 days of Employment	Central Release	Expenditure on Wage Payments	Expenditure per PD of employment Generation
	Approved	Generated					
	(Cr. PDs)	(Cr. PDs)	No. of Days	(percent)	(Cr)	(Rs. Cr.)	(Rs.)
1	2	3	4	5	6	7	8
2016-17	220.9	235.6	46.0	5.14	40,411.7	40,750.7	221.2
2017-18	231.3	233.7	45.7	3.81	55,659.9	43,128.5	223.7
2018-19	256.6	267.9	50.9	6.78	62,125.1	47,172.5	247.2
2019-20	276.2	265.3	48.4	5.23	71,248.7	48,817.6	250.6
Average	246.4	250.5	47.7	---	57,361.4	44,967.3	235.7

Source: Data compiled by the Authors which is drawn from the MGNREGA MIS of Ministry of Rural Development, Government of India [available at www.nrega.nic.in]

Notes: PD: Person Days; HH: Households

under MGNREGA is utilised towards payment of wages during 2016–2019. Thus, with the present enhanced allocation of Rs. 1,01,500 crore, about Rs. 79,200 crore will be available for wage payments in 2020-21. Table 1 also reveals that, one person-day wage employment generation under the Act costs on an average Rs. 251 in 2019–20. By that estimate, the present allocation under MGNREGA has the potential to generate about 400 crore person-days if a proper strategy of implementation is ensured at the grass-root level.

MGNREGA: The Game Changer?

Low levels of education and limited skill-set of the country's rural labour force have always impacted the labour productivity and the resultant income growth. In this situation, MGNREGA accords an opportunity to broaden the occupational choices and wage income for the willing less-educated, unskilled-job seekers by tapping their productivity through execution of quality community asset creating projects. Ministry of Rural Development has notified a series of activities/ public works to be performed under the Act. As many as 261 combinations of works are permissible under MGNREGA. Out of this, 182 works can be linked to Natural Resource Management and 164 works are related to agriculture and allied activities.


MGNREGA has the capability to empower poor rural households to withstand economic shocks. It can manage and deal with situations to


address effects of business cycles in a large rural economy like India. The recent pandemic has prompted national lockdown and has given an early signal of a prolonged depressed business-like environment. MGNREGA can effectively give a stimulus to the rural economic activities via wage income disbursements resulting in rising purchasing power of rural population. Increment in individual income in turn will transform into higher expenditure on food and essential items, thereby lubricating and stimulating a depressed economy in the post-pandemic era.





Changing the Game



MGNREGA permits several categories of public works relating to (a) Natural Resource Management (NRM) Works (b) works on individual assets for vulnerable sections, (c) setting up of common infrastructure for National Rural Livelihood Mission compliant Self-Help Groups, (c) building rural infrastructure. At least 60 percent of public works in terms of cost at the district level under MGNREGA should be devoted to creation of quality productive assets directly linked to Agriculture and Allied Activities.

However, the big challenge for the implementing States is now how to elevate the absorption capacity of implementing machineries without diluting the legal provisions of the Act. In this context, the States must take immediate steps to ensure social protection and productive absorption of surplus rural workforce.

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MGNREGS Support to Returning Migrants 

-  14.62 Crore person-days of work generated till 13th May 2020
-  Work offered to 2.33 Crore Wage seekers in 1.87 lakh Gram Panchayats
-  Average wage raised from Rs.182 to Rs. 202
-  Actual expenditure till date of Rs. 10,000 Crore

5  20 LAKH CRORE FOR 2020 Dated: 14 MAY, 2020 

MGNREGS Support to Returning Migrants

Firstly, the district administration should ensure that the data on returnee migrants, coming from urban and metro cities to their respective native villages, are collected, compiled and checked with the existing scheme database to understand the magnitude of the administrative burden on the implementing machineries for ensuring wage entitlements to all under the provisions of the Act. Accordingly, household surveys/verifications shall be immediately conducted by each GP to register/re-register the surplus yet excluded job-seekers under MGNREGA within the next 15 to 30 working days.

All job-seekers, through a campaign mode, should be made aware of the processes leading to offer of works. Job applications must be obtained/sought frequently by following easy-to-handle methods and, if required, application collection boxes be kept at prominent places in the village itself to elicit appropriate demand.

Looking at the degree and intensity of the on-going reverse migration, the approved list of MGNREGA projects for 2020–21 may not be sufficient to meet the potential work-demand in the post-COVID situation in rural areas. Hence, on-going works must be assessed and an additional labour budget exercise initiated

to ensure adequate block/GP-wise additional shelf of projects along with their timely technical and financial approvals. While identifying and prioritising additional works under MGNREGA for 2020–21, attempts shall be made to ensure creation of more and more quality community assets in the areas of NRM and agriculture and allied activities.

Some of the NRM works could include works related to (i) water security like construction of farm ponds, wells, earthen check dam, stop dam and other water harvesting structures with a special focus on recharging groundwater including the sources of drinking water (ii) Watershed management works like contour trenches, terracing, contour bonds, boulder checks, spring shed development (iii) micro and minor irrigation works (iv) renovation of traditional water bodies including de-silting of irrigation tanks and other water bodies (v) afforestation, tree plantation and horticulture in common and forest lands and (vi) land development works in common land. If these works are planned and prioritised in a systematic manner and executed scrupulously without diluting provisions of the Act can unlock immense opportunities for communities' socio-economic growth in the years to come.

Effective implementation of public works programme depends largely on how the community engages itself from identification of works to their planning and transparent execution. Decentralised planning under MGNREGA envisages preparation of district perspective plan that identifies the development needs and gaps in the local areas. Section 16 (4) of MGNREGA 2005 empowers the GPs to prepare a development plan and maintain a shelf of projects for execution upon demand. Since excellence of community MGNREGA assets rely on quality grass-root level decentralised planning, the human resource base at GP level needs to be adequately strengthened. A panel of experts drawn from line departments of Agriculture, Rural Development, Panchayati Raj, Soil Conservation, Forestry, etc. could be immediately directed to assist GPs to effectively implement MGNREGA works.

MGNREGA allows work site amenities like medical aid, shade, drinking water crèche facilities.

Additional services viz. provision of masks, soaps, water, sanitizer, etc. should be ensured to address COVID-19 risks. This should be made a frequent feature at least for a year or until the fear about the pandemic subsides.

Programme administration should ensure timely wage payments to encourage adequate job response. Wage payment is often delayed due to delay in work measurement, calculation of wages, wage-bill preparation, etc. Hence, all measurements of works done should be taken every week immediately after the closure of the muster, task-wise wages calculated and fed into the MGNREGA MIS for online wage disbursements to the respective job-seeker accounts.

States need to ensure implementing a strong quality management system to ensure that the assets created under the Act is functional by location, design, operational management and with the provision of adequate and regular maintenance support services. It shall also be ensured that the assets so generated or are getting generated conform to sound engineering standards in terms of design and workmanship.

A review of MGNREGA works indicates that though the scheme has large financial absorption capability, it has not been able to generate quality community assets due to lack of focus on quality asset creation, faulty work plan and design, improper selection of projects and work sites, lack of survey of works, inaccurate work design estimates, inefficient work execution and inadequate technical supervision. Thus, just before utilising the funds of MGNREGA, the asset generating potential and technical viability of the projects should be reviewed and revisited.

Lastly, only silver lining during this pandemic has been the resilience of our agriculture. The farm sector has grown by 3.7 percent during 2019–20 and is expected to grow between 2.5 to 3 percent in 2020–21. Thus, appropriate work planning and execution may help in bringing back the migrants into agriculture. There are 260 permissible works under MGNREGA of which about 160 pertain to agriculture and allied activities. 60 percent works at district level in terms of cost are to be utilised for creation of

productive assets linked to agriculture and allied activities viz. farm pond, earthen check dam, well, field channels, water harvesting structures, etc. Further, the Act permits works viz. irrigation, horticulture, land development on private land belonging to SCs/STs, BPL families, Small and Marginal Farmers, etc. About 87 percent of the total farmers are small or marginal farmers who possess more than 40 percent of all cultivable landholdings. Thus, MGNREGA can play a vital role in raising agricultural productivity by incentivising the surplus workforce to carry out with farming and shifting themselves from casual labourers to cultivators.

MGNREGA is capable of meeting challenges of economic shocks and rural income and employment during post-COVID period and can be productive and active catalyst in building a self-reliant rural India. Undoubtedly, enhanced allocation for MGNREGA will increase public investment in rural areas and ensure a suitable local fallback option for rural workforce. The programme is capable of ensuring livelihood security and can be a game changer in rural economy provided the implementing States take extra positive actions towards fulfilling the legal provisions with a well-coordinated approach.

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(K K Tripathy is an officer of the Indian Economic Service and presently Director in VAMNICOM, Pune, Email: tripathy123@rediffmail.com; S K Singla is an officer of the Indian Forest Service and presently OSD in the Himachal Bhawan, New Delhi, Email: sushilsingla77@yahoo.co.in. Views are personal)