CHAPTER - 2

Rural Employment

Introduction

Rationale of Rural Wage Employment Programmes

A majority of the poor in rural areas of the country depend mainly on the wages they earn through unskilled labour. They are often on threshold levels of subsistence and are vulnerable to the possibility of sinking from transient to chronic poverty, in the event of inadequate labour demand or in the face of unpredictable crises that may be general in nature like natural disaster or personal like ill-health, all of which adversely impact their employment opportunities.

In a context of poverty & unemployment, wage employment programmes provide unskilled manual workers with short-term employment on public works such as irrigation infrastructure, reforestation soil conservation, road construction etc. These programmes provide income transfers to poor households during critical times and so also enable consumption smoothing specially during slack agricultural seasons or years. Durable assets created under these programmes have the potential to generate sustainable livelihood.

History of Rural Wage Employment Programmes

The need to evolve a mechanism to supplement existing livelihood sources in rural areas was recognised early in development planning in India. The Government has implemented wage employment programmes that offered wage employment on public works on minimum wages. The wage employment programmes started as pilot projects in the form of Rural Manpower Programme (RMP) [1960-61], Crash Scheme for Rural employment (CRSE) [1971-72], Drought Prone Area Programme was started as Rural work Programme (RWP)[1972], Small Farmers Development Agency (SFDA), Marginal Farmers & Agricultural Labour Scheme (MF&AL) to the poorest of the poor. These experiments were translated into a full-fledged wage-employment programme in 1977 in the form of Food for Work
Programme (FWP). In 1980’s this programme was further streamlined into the National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP), Jawahar Rozgar Yojana (JRY1993-94) and Employment Assurance Scheme (EAS). The Jawahar Rozgar Yojana (JRY) was merged with Jawahar Gram Samridhi Yojana (JGSY) from 1999-2000 and was made a rural infrastructure programme. The programme was merged with Sampoorna Grameen Rozgar Yojana during the year 2001-02 and National Food for Work (NFFWP, 2005).

These wage employment programmes implemented by State Governments with Central assistance were self-targeting and the objective was to provide enhance livelihood security, specially of those dependent on casual manual labour. At the State Level, the Govt. of Maharashtra formulated the Maharashtra Employment Guarantee Scheme and Maharashtra Employment Guarantee Act, 1977 to provide wage employment to those who demanded it.

Based on the experience of these programmes the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was enacted to reinforce the commitment towards livelihood security in rural areas. This Employment Guarantee Act is the most significant legislation in many ways. For the first time, rural communities have been given not just a development programme but a regime of rights. The MGNREGA is a legal guarantee that people can use to secure their entitlement of wage employment. It holds the Government responsible for making this employment available to the people. It is a legal instrument in the hands of the poor based on the demand of the workers.

How Lessons are incorporated in MGNREGA

The Rights-based design of MGNREGA has a genesis in the preceding wage employment programmes. Almost all the rights related features of MGNREGA are inherited from previous wage employment programme. The rights based framework was inherited from Maharashtra Employment Guarantee Act 1977. Under MGNREGA, apart from guaranteeing 100 days of wage employment, the Panchayati Raj Institutions have been vested with the responsibility of planning, implementation and monitoring of activities taken up under the scheme. MGNREGA made the demand factor a conscious strategy as a Right to obtain employment. Financial obligations both of the Centre and the State are part of the legal framework. The MGNREGA guidelines also detail operational and
administrative modalities of implementation seeking to address the limitations of the earlier wage employment programmes, placing greater emphasis, for example on planning processes, and MIS for improving data management.

However, since the conditions for implementing the Rights-based processes of the Act were not necessarily universally or equally present, the implementation of the schemes under the Act, immediately with its notification, became the testing and training ground.

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

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) with its legal framework and rights-based approach was notified on September 5, 2005. It aims at enhancing livelihood security by providing at least one hundred days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. The Act covered 200 districts in its first phase, on February 2, 2006, and was extended to all the rural districts of the country in phases.

During the FY 2012-13 upto 31st December, the scheme has provided employment to around 4.16 crore households through about 70 lakh works with more than 141 crore person days of employment being generated at a total expenditure about of ₹ 25000 crore. The average wage rate per day has increased from ₹ 65 in 2006-07 to about ₹ 115 in 2011-12.

The women workforce participation under the Scheme has surpassed the statutory minimum requirement of 33 per cent and the trends indicate an increase in the participation rate at the national level. Since inception, every year women participation has been around 48%.

MGNREGA is the first ever law, internationally, that guarantees wage employment at an unprecedented scale. The primary objective of the Act is meeting demand for wage employment in rural areas. The works permitted under the Act address causes of chronic poverty like drought, deforestation and soil erosion, so that the employment generation is sustainable. The Act is also a significant vehicle for strengthening decentralization and deepening processes of democracy by giving a pivotal role to local governance bodies, that is, the Panchayati Raj Institutions.

**MGNREGA empowers rural women by providing wage employment**
The key achievements of the programme in the last six year of its implementation are:

- Since its inception in 2006, around ₹ 1,29,000 crores have been disbursed directly as wage payments to rural households.
- 1348 crores person-days of employment has been generated.
- On an average; five crores households have been provided with employment every year since 2008.
- Scheduled Castes and Scheduled Tribes have accounted for 51% of the total person-days generated.
- Women have accounted for 47% of the total person-days generated. This is well above the mandatory 33% as required by the Act. As is evident, when the women earn, the family gets its benefit. When family is benefitted, the society develops.
- Since the beginning of the programme, 146 lakhs works have been taken up under the Act.
- Average wage per person-day has gone up by 81% since the Scheme’s inception, with State-level variation. The notified wage today varies from a minimum of ₹ 122 in Bihar and Jharkhand to ₹ 191 in Haryana.

Salient features of the Act

- Rights based Framework: For adult members of a rural household willing to do unskilled manual work.
- Time bound Guarantee: 15 days for provision of employment, else unemployment allowance to be paid.
- Upto 100 days in a financial year per household, depending on the actual demand.
- Labour Intensive Works: 60:40 wage and material ratio for permissible works at the Gram Panchayat; no contractors/machinery.
- Decentralized Planning
  - Gram Sabhas to recommend works
  - At least 50% of works by Gram Panchayats for execution
  - Principal role of PRIs in planning, implementation and monitoring
- Work site facilities: Crèche, drinking water, first aid and shade provided at worksites
- Women empowerment: At least one-third of beneficiaries should be women
- **Transparency & Accountability:** Proactive disclosure through wall writings, citizen information boards and MIS and Social Audits
- **Funding:** 100% cost towards unskilled wages and 75% towards skilled, semi-skilled and material is borne by Central Government and 25% of skilled, semi-skilled and material costs is contributed by States. In addition, 6% administrative expenses are borne by the Centre for effective implementation of the Act.

**Outcomes of programme implementation in the year 2012-13 (upto 31st December 2012) are as follows:**

- **Employment Generated:** In 2012-13, 4.16 crore households were provided employment and 141 crore person-days of employment were generated.
- **Increasing Outreach to the poor and marginalized:** Self-targeting in nature, the programme had high work participation from marginalized groups like SC/ST (38%), Women (53%)
- **Strengthening Natural Resource Base:** In 2012-13, 70 lakh works were undertaken, of which 60% for water conservation, 12% for the provision of irrigation facility on land owned by SC/ST/BPL and IAY beneficiaries, 17% for rural connectivity and 8% for land development.
- **Financial Inclusion of the Poor:** With a view to universalise the system of wage payments through institutional accounts, it has been recommended to all States to disburse wages through Post Offices and Bank Accounts. Around 8.54 crore bank and post office accounts of Mahatma Gandhi NREGA workers have been reported on MGNREGA soft for disbursement of wages.

Physical & Financial Outcome for 2011-12 & 2012-13 are at Annexure-IV to VII.

**Recent Initiatives to Strengthen MGNREGA**

Over the last few years, based on reports from the field and research inputs on implementation issues and challenges, the Ministry has taken initiatives to strengthen the program implementation at grassroot level.

The Fourth edition of MGNREGA Operational Guidelines, 2013 has been released on 2nd February 2013. The revised guidelines have attempted to...
A MGNREGA worker in Nagaland

meet important implementation challenges viz. accurate capturing of demand for the Scheme, delays in wage payment, issues of transparency and accountability. The revised guidelines are available on the program website (www.nrega.nic.in).

Some new initiatives taken under MGNREGA are:

a. **Ensuring Durable & Quality Assets**
   
i. As a result of various deliberations, focused discussions with experts and based on the recommendations of Dr. Mihir Shah Committee, the list of permissible works under MGNREGA was expanded in May 2012 to:
   
   ● Strengthen the synergy between MGNREGA and rural livelihoods, particularly agriculture, and create durable quality assets
   
   ● Respond to the demands of States for greater location-specific flexibility in permissible works
   
   ● Help improve the health and ecological situation in rural India, with particular focus on sanitation.
   
   ii. The contribution from MGNREGA for construction of individual toilets under Total Sanitation Campaign, now renamed as Nirmal Bharat Abhiyan, has been increased to ₹ 4500 from ₹ 1200. (The guidelines can be downloaded from the link: http://nrega.nic.in/netnrega/WriteReaddata/Circulars/modi_Guidelines_TSC_10052012_taking_works_relatiing_Access_to_sanitation.pdf)

b. **Measures to ensure Transparency & Accountability**
   
i. Appointment of Ombudsman at district level for expeditious redressal of grievances on implementation of MGNREGA.

Transparency and accountability are the cardinal principles underlying the implementation of MGNREGA. In order to realise an effective redressal of the grievances of the people, all the States have been directed to establish office of Ombudsman, which will, as an independent authority, expeditiously redress the grievances in regard to the implementation of the Scheme. Seven States have appointed Ombudsman in all the districts. These are Gujarat, Kerala, Madhya Pradesh, Manipur, Nagaland, Sikkim and West Bengal. Five States have not appointed Ombudsman in any of the
districts. States which are yet to appoint Ombudsman are Arunachal Pradesh, Goa, J&K, Mizoram and Uttar Pradesh. The number of districts in other States where Ombudsman is functional are: (Total number of districts in the State mentioned within brackets) Andhra Pradesh: 20(23), Assam: 22(27), Bihar: 13(38), Chhattisgarh: 13(27), Haryana: 7(21), Himachal Pradesh: 10(12), Jharkhand: 7 (24), Karnataka: 26(30), Maharashtra: 29(33), Meghalaya: 1(7), Orissa: 24(30), Punjab: 5(22), Rajasthan: 20(33), Tamil Nadu: 11(31), Tripura: 3(9) and Uttarakhand: 11(13). The data also reflects that in Sikkim one Ombudsman is appointed for all the four districts and in West Bengal six Ombudsmen are appointed for all the 18 districts in the State.

ii. Social Audits

Section 17 of the MGNREG Act requires that Gram Sabhas shall monitor the execution of works within the Gram Panchayat (GP). The Gram Sabha shall conduct regular social audits of all projects taken up under the scheme within the GP. Social Audit is not only a management tool but also a platform for public and primary stakeholders of MGNREGA to scrutinize the resources (both financial and non-financial) used for development initiatives. The MGNREGA Audit of Schemes Rules 2011 clearly provide that Social Audit Unit shall facilitate conduct of Social Audit of the works taken up under the Act in every GP at least once every six months in the manner prescribed under the rules.

iii. Grievance Redressal: Standard Operating Procedures formulated

To effectively address issues of concern on implementation of MGNREGS and leakages in the Scheme, the Ministry has formulated the Standard Operating Procedure (SOP) under Section 27(2) of MGNREGA for redressing complaints. This was realized during September 2012. The new mechanism delineates procedures for managing various types of complaints that will streamline the redressal procedures. The SOP can be accessed from the link: http://nrega.nic.in/netnrega/WriteReaddata/Circulars/Revised_FINAL_sop_by_SRD_3_9_2012.pdf

iv. CAG Audit: Performance audit of Mahatma Gandhi NREGA by the Comptroller and Auditor General (CAG), is in progress and detailed report is expected soon.

v. CA Audit at GP Level: The objective is to make certification of MGNREGA accounts at the GP level by chartered accountants compulsory over time, starting with 10% GPs in the identified highest spending district in each State in 2012-13
Effective monitoring of MGNREGA

Recently MGNREGA Sameeksha, the first comprehensive anthology of over 130 major independent evaluation studies on the MGNREGA was published. MGNREGA Sameeksha provides an objective summary of both, the positive impacts of the Scheme as well as its constraints. Main findings from the Sameeksha are at Box: 3

a. The Ministry is also in the process of setting up a concurrent evaluation office (CEO), a system by which the schemes of the Ministry of Rural Development including MGNREGA will be evaluated in real time during implementation to identify weaknesses in structure and execution, and enable the Govt to insert mid course correctives. Concurrent evaluation would mark a change from the present method of annual studies undertaken to evaluate schemes.

b. The Vigilance & Monitoring Committees (V&MCs) are constituted at State as well as District level to function as important instrument for effective monitoring of implementation of the programmes of the Ministry of Rural Development. One of the major objectives of the V&MCs is to provide a crucial role to the Members of Parliament and elected representatives in monitoring of implementation of the Rural Development programmes so that the schemes are executed in an effective manner and the benefits reach the poor in full measure.

After the constitution of the XV LokSabha, the Ministry of Rural Development issued guidelines for reconstituting State and District level V&MCs. A document which contains the Guidelines, including the Composition and Terms of Reference of the State and District level V&MCs is available from the MoRD’s website, on the following link: http://rural.nic.in/sites/downloads/general/V_MC_guidelineslatest_23052011.pdf. It is imperative that the meetings of the Vigilance & Monitoring Committees (V&MCs) are held regularly in accordance with the Guidelines.

MGNREGA, UIDAI and Direct Benefit Transfers

The Ministry has strongly supported the use of Information Communication Technology (ICT) to improve programme efficiency, streamline processes as well as place information in public domain

i) e-FMS:

An electronic Fund Management System (e-FMS) has been implemented to reduce delay in payment of wages to workers employed under the Mahatma Gandhi National Rural Employment Guarantee Act. e-FMS has been implemented in Karnataka, Odisha, Gujarat, Tripura and Rajasthan, for crediting wages electronically into workers' Banks/P.O. accounts leveraging core banking solution of banks and Sanchay Post Solution of Department of Posts. e-FMS will will capture real time transactions, eliminate delays and leakages apart from parking of funds at various levels held by different stakeholders.

ii) e-MMS

Electronic Muster Management System (eMMS) system has been introduced using mobile based application to capture worksite attendance. Mobile based application is piloted in Andhra Pradesh and Chhattisgarh. The e-MMS uses Mobile based Technology to capture attendance of labour and measurements of work done thereby enabling information flow directly from Worksite to the Website.

iii) Aadhar

Ministry is in process of operationalizing Direct Benefit Transfer (DBT) in identified 51 (46 districts under MGNREGA) districts from 1st June, 2013 onwards. DBT will be implemented through e-FMS and subsequently through Aadhaar Enabled Bridge(APB) once the MGNREGA beneficiary has a Aadhaar number, which is seeded in the programme database (MGNREGA).
Additional works to enhance the livelihood opportunities

### Additional works permitted under MGNREGA

1. **Watershed related works**
   - Contour trenches
   - Contour bunds
   - Boulder checks
   - Farm bunding
   - Gabion structures
   - Underground dykes
   - Earthen dams
   - Dugout farm ponds
   - Stop dams.

2. **Watershed related works in mountain regions**
   - Springshed development

3. **Agriculture related works**
   - NADEP composting
   - Vermi-composting
   - Liquid bio-manures

4. **Livestock related works**
   - Poultry shelter
   - Goat shelter
   - Construction of pucca floor, urine tank and fodder trough for cattle
   - Azolla as cattle-feed supplement;

5. **Fisheries related works**
   - Fisheries in seasonal water bodies on public land

6. **Works in coastal areas**
   - Fish drying yards
   - Belt vegetation
   - Construction of storm water drains for coastal protection

7. **Rural drinking water related works**
   - Soak pits
   - Recharge pits

8. **Rural sanitation related works**
   - Individual household latrines
   - School toilet units
   - Anganwadi toilets
   - Solid and liquid waste management;

9. **Flood management related works**
   - Deepening and repair of flood channels
   - Chaur renovation;

10. **Irrigation command related works**
    - Rehabilitation of minors, sub-minors and field channels.

11. **Construction of Anganwadi centres**

12. **Construction of play fields.**
Some of the highlights of the Fourth Edition MGNREGA Operational Guidelines, 2013 are following:

a. Constitution of Cluster Facilitation Teams (CFTs), State Employment Guarantee Mission and Management Team and National Management Team

b. Dedicated Programme Officers (PO): Blocks that have high concentration of SC/ST/landless labourers and are likely to have more demand for MGNREGA works should have a dedicated PO for MGNREGA. The dedicated PO should not be assigned responsibilities not directly related to MGNREGA.

c. Register applications for work through telephones including mobile phones and this should feed in directly into NREGASoft. Ensuring convenience to illiterate workers through Interactive Voice Response System (IVRS) and voice-enabled interactions.

---

Box 1:

Major findings of research studies compiled in MGNREGA Sameeksha

1. MGNREGA is important as a supplementary source of income and MGNREGA income is being used by rural households for starting their own ventures.

2. MGNREGA has caused a significant increase in monthly per capita consumption expenditure of rural households.

3. MGNREGA is succeeding as a self targeting programme with high participation from marginalised groups including the SCs and STs. In the case of both SCs and STs, the participation rate exceeds their share in the total population.

4. MGNREGA has reduced the traditional gender wage discrimination, particularly, in the public works sector and has had a positive impact on the socio-economic status of the women.

5. MGNREGA with its inter-sectoral approach opens an opportunity for convergence with different programmes with an aim to optimise public investment.

6. Where planned and implemented well, MGNREGA works have led to a rise in ground water, improvement in soil quality and reduction in vulnerability of production system to climate variability. However, some studies have pointed out that the extent and kind of impact of MGNREGA works on the environment depend on the scale of the activities undertaken, the technical design, the quality of assets created and ownership and use of physical structures constructed.

7. MGNREGA works have been described as "Green" and "Decent" i.e. the scheme creates decent working conditions by ensuring workers rights and legal entitlements, providing social protection and employment and environmentally sustainable works that re-generate the eco-system and protect bio-diversity.

8. MGNREGA has had a more direct and positive impact on reducing distress migration as compared to migration taken-up for economic growth and other reasons.

The read only version of MGNREGA Sameeksha is available on our website: www.nrega.nic.in
d. Network of Capacity Building Institutions for building the capacity of MGNREGA functionaries.

e. Baseline survey to assess quantum and timing of demand for work

f. Habitation level as the unit of planning and identification of project

g. Priority of works to be decided by Gram Panchayat in meetings of the Gram Sabha and the Ward Sabha.

h. The 60:40 ratio for wage and material costs should be maintained at GP level for all works to be taken up by GP and for works to be taken by all other agencies it should be maintained at the Block/Intermediate Panchayat level.

i. Expansion of permissible works.

j. Clarification on the working hour i.e., nine hours including one hour of rest.

k. Workers to be paid as per piece rate.

l. Time lines for various steps involved in preparation and finalization of LB

m. Provision for maintenance of assets

n. Formation of labour groups

o. Strategy To Address Incomplete Works

p. Electronic Fund Management System (e-FMS)

q. Transaction Based MIS

r. Partnerships with civil society

s. New chapters:
   i. Strategy for vulnerable groups
   ii. Quality Management of MGNREGA Works
   iii. Framework for Convergence between MGNREGA and other Programmes.
   iv. Organizing the Workers.
   v. Partnership with Civil Society
   vi. Strengthening Panchayats

t. Flow chart for each activity of NREGASoft.

u. Different Modules of NREGASoft

v. Application of Section 25 for not adhering to the roles and responsibilities defined in Act and Schedule.

<table>
<thead>
<tr>
<th>Date</th>
<th>Action to be taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>15th August</td>
<td>Gram Sabha to approve GP Annual Plan and submit to PO</td>
</tr>
<tr>
<td>15th September</td>
<td>PO submits consolidated GP Plans to Block Panchayat</td>
</tr>
<tr>
<td>2nd October</td>
<td>Block Panchayat to approve the Block Annual Plan and submit to DPC</td>
</tr>
<tr>
<td>15th November</td>
<td>DPC to present District Annual Plan and LB to District Panchayat</td>
</tr>
<tr>
<td>1st December</td>
<td>District Panchayat to approve District Annual Plan</td>
</tr>
<tr>
<td>15th December</td>
<td>DPC to ensure that shelf of projects for each GP is ready</td>
</tr>
<tr>
<td>31st December</td>
<td>Labour Budget is submitted to Central Gov.</td>
</tr>
<tr>
<td>January</td>
<td>Ministry scrutinizes the Labour Budget and requests for compliance for deficiencies, if any</td>
</tr>
<tr>
<td>February</td>
<td>Meetings of Empowered Committee are held and LB finalized</td>
</tr>
<tr>
<td>February, March</td>
<td>Agreed to LB communicated to States. States to feed data of Month wise and District wise breakup of &quot;Agreed to&quot; LB in MIS and communicate the same to Districts/blocks/GPs</td>
</tr>
<tr>
<td>Before 7th April</td>
<td>States to communicate OB, Center to release upfront / 1st Tranche.</td>
</tr>
</tbody>
</table>
The Fourth Edition MGNREGA Operational Guidelines, 2013 has following chapters

Chapter 1: Mahatma Gandhi National Rural Employment Guarantee Act: A Paradigm Shift
Chapter 2: Key Stakeholders
Chapter 3: Job Cards, Demand For Work and Unemployment Allowance
Chapter 4: Institutional Architecture and Human Resources
Chapter 5: Capacity Building and Awareness Generation
Chapter 6: Planning for Works and Preparation of Labour Budget
Chapter 7: Works and their Execution
Chapter 8: Payment of Wages
Chapter 9: Strategy for Vulnerable Groups
Chapter 10: Records
Chapter 11: Management Information System (MIS)
Chapter 12: Financing
Chapter 13: Transparency and Accountability
Chapter 14: Quality Management of MGNREGA Works
Chapter 15: Framework for Convergence between MGNREGA and other Programmes
Chapter 16: Organising the Workers
Chapter 17: Partnership with Civil Society
Chapter 18: Strengthening Panchayats