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Significance of Mahatma Gandhi National Rural Employment Guarantee Act, 2005

POTHURU SASHANK VARMA¹

ABSTRACT

It is difficult to consider the improvement of a country without the advancement of its provincial economy, dismissing rustic improvement implies ignoring the general improvement of a country. The genuine advancement of India lies in the financial improvement of individuals who live in rustic India for which the administration needs to make solid monetary arrangements and better actualizing procedures. Public Rural Employment Guarantee Act (NREGA) was sanctioned by enactment of India on 25 August 2005 and it was renamed as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on second October 2009 on the birth commemoration of Mahatma Gandhi. The demonstration intends to eliminate outrageous destitution and to make towns of the nation self-continuing through gainful resources creation. The Mahatma Gandhi National Rural Employment Guarantee Act. (MGNREGA) was established in India with the different numerous destinations of giving work in a rights-based system, tending to rustic neediness, checking movement, and building country foundations. Thus, consistently around 15–20 percent of family units in India generally speak and 30% in rustic India get some type of work share under the MGNREGA program. MGNREGA cherishes the lawful right of 100 days of paid work to any country family unit, on representatives' interest. Despite the fact that its extension is cross country, there have been wide differences between states just as inter district varieties in the accomplishment of the goals of the MGNREGA Act. In this paper we will concentrate on how MGNREGA is a gainful and powerful plan for the advancement of country India. Additionally, some significant recommendations have been proposed to make this plan all the more remarkable, productive and important.

I. INTRODUCTION

In 1991, the government of P.V. Narashima Rao proposed a pilot programme to create jobs in rural areas to the following objectives:

¹ Author is a student at Symbiosis Law School, Hyderabad, India.

1. Employment Generation for agricultural labour during the lean season.
2. Infrastructure Development
3. Enhanced Food Security

This scheme was called the Employment Assurance Scheme which later evolved into the MGNREGA after the merger with the Food for Work Programme in the early 2000s.

In 2005, the MGNREGA was developed to ensure that 100 days of wage jobs per annum are guaranteed in rural households. This is the largest job guarantee programme in the world. Secondly, it seeks to solve structural poverty causes through "job" (projects), thus ensuring sustainable growth. In conclusion, focus is placed on strengthening the decentralization process by giving Panchayati Raj Institutions (PRIs) an important role in the planning and realization of these works.²

II. KEY FEATURES

- Legal right to work: In comparison to previous employment systems, the Act gives adult rural households a legal right to work. Women must be at least one third beneficiary. Wages shall, without notification of a wages rate by the central government (which should not be less than Rs 60 per day), be paid in accordance with the salaries prescribed for the agricultural workers in the State under the Minimum Wage Act of 1948. The central government officially sets wage rates, but they range from R 135 daily to Rs 214 daily.
- Time bound guarantee of work and unemployment allowance: Employment must be provided with 15 days of being demanded failing which an 'unemployment allowance' must be given.
- Decentralized planning: Gram sabhas must recommend the works which must be carried out and must be carried out by them at least 50 percent. The works undertaken by PRIs shall primarily be prepared, implemented and controlled.
- Work site facilities: Gram sabhas must recommend the works which must be carried out and must be carried out by them at least 50 percent. The works undertaken by PRIs shall primarily be prepared, implemented and controlled.

² Role of MGNREGA in Rural Employment: A review, Santosh Kumar, lecturer in sociology, Govt. P.U College Karnataka, international journal of economics and business review, ISSN 2347-9671.

- Transparency and accountability: Proactive transparency by walls, public information boards, information technology management and social audits is provided for. Social audits by gram sabhas are carried out to enable the society to track how the scheme is implemented.
- Funding: The centre and the States share the funding. There are three main items of spending – wages, material and operating expenditures (for non-skilled, semi-skilled and skilled labour). The central government bears 100% of the cost of unqualified jobs, 70% of semi-qualified and qualified staff, 75% of equipment, and 6% of administrative expenses.³

MGNREGA has been deployed in stages from February 2006 and currently covers all the districts of the country, except those with a 100% urban population. The Act includes a list of activities to establish jobs related to the conservation of water, the management of droughts, the creation of land and flood management works and the preservation of land.

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has the following objectives:

1. Provide 100 days of guaranteed wage employment to rural unskilled labour
2. Increase economic security
3. Decrease migration of labour from rural to urban areas

By pursuing a grassroots approach to job creation, MGNREGA differentiates itself from previous welfare plans. The services under this law are demand-led and, if work is not completed or payments are withheld, have legal provisions for appeals. The scheme is financed by the Central Government with the total cost of unqualified work, and 75% of the cost of equipment for works done under this rule. The work done under this Act is audited by the central and state governments by means of annual reports prepared by the CEGC and the State Job Guarantee Council. The incumbent government in the legislature must submit these reports.

A few salient features of the scheme are:

³ Salient Features of MGNREGA

<https://vikaspedia.in/social-welfare/rural-poverty-alleviation-1/schemes/faqs-on-mgnrega/mahatma-gandhi-national-rural-employment-guarantee-act>

- ❖ It gives the Gram Panchayats considerable power in the management of public works by enhancing the institutions of Panchayati Raj. Gram Sabhas may approve or reject intermediate and district panchayats recommendations.
- ❖ It requires accountability and ensures enforcement and openness at all levels in its organizational guidelines.

The number of workers has risen by 240% in the last 10 years since the scheme was implemented. The programme has strengthened economic empowerment and helped to tackle labour exploitation in rural India. The framework also decreased compensation uncertainty and the gender pay disparity in the workforce.⁴

III. CRITICISM

Ridiculously low wage rate: Currently, the pay rates of MGNREGA in 17 Member States are lower than the applicable national minimum wages. Different judgments have stated that the pay rate of MGNREGA cannot be lower than the government's minimum wage for agriculture. The ridiculously low wage rates resulted in employees' lack of interest in participating in MGNREGA schemes, allowing local access for employers and middle men.

Insufficient budget allocation: The progress of MGNREGA on the ground depends on proper and continuous flow of funds to the states. Three times in the previous year and once this year, money has settled in countries because of the Central Government's lack of "mother sanctions," which hamper work during the peak season. More than 80% of the funds are depleted in the first six months almost every year. Therefore, the government's "document allocation" argument does not really apply. It is somewhat lower because in the current budget, even outstanding liabilities of the last year are included. In addition, the distribution of the funds is not adequate to ensure proper on-site implementation.⁵

Regular payment delays: After the FTO (Fund Transfer order) is signed by the second signatory, the Minister for Rural Development of the Union considers the wage being paid. Delays exist, however, even in managing signed FTOs for which no reimbursement is determined by the Management Information System (MIS). No MIS provision has been drawn up for the calculation of complete salary delays and reimbursement payments for this, notwithstanding the order of the Supreme Court and initiatives and the GO (government order)

⁴ Role of MNREGA to Eliminate Poverty From India, Dr. Vikas Kumar, Assistant Professor, Department of Commerce, Govt. Raja (P.G.) College, Rampur, October 2014 Vol. IX No. 2 ISSN: 0973-4503 RNI : UPENG 2006/17831.

⁵ Das, Darshana (2016) "Role of MGNREGA in Rural Employment: A Study of Barpeta District of Assam, India". *International Journal of Humanities & Social Science Studies*,2(6); 241-248

issued by the Union's Ministry of Finance. Consequently, the government has struggled to produce statements of 92 per cent on-time payments. Also an early on-site survey indicates payments are postponed on a daily basis.

Workers penalised for administrative lapses: The Ministry withholds salary payment for national employees not meeting administrative criteria for the duration defined (for example, submission of audited fund accounts of the previous financial year, certificates of usage, certificates of bank reconciliation, etc.). This bizarre system has no logical or legal reason. It does not make much sense to penalise employees for administrative shortcomings.

The banking puzzle: Rural banks are extremely disabled in terms of manpower and facilities, and hence are continuously overcrowded. Staff typically have to visit the banks to withdraw their salaries more than once. The bank passbooks are not updated in many cases due to the rush and weak infrastructure. Sometimes, employees do not collect their salaries in need because of the troubles and the expenses associated with the bank being charged.

Non-payment of unemployment allowance: The MIS actually shows an overwhelming amount of unemployment benefits. However, the central government's inaction in ensuring payments for the same has shown that the government wishes to use the MIS to its benefit and does not respect its own database. What does a real-time transaction-based MIS need although it does not follow the provisions of the Act and enhanced implementation procedures? The question that arises is what?

Too much centralisation weakening local governance: The members of Panchaeti Raj institutions have also left no literal role in implementing, monitoring and grievance remediation of MGNREGA schemes in a real-world, MIS-based implementation and a centralised payment system. It has been a challenge because they have no power to fix problems or pay. The over-centered implementation of MGNREGA has been totally depoliticized and the local accountable roles have diminished completely.⁶

IV. PROJECTS UNDERTAKEN UNDER MGNREGA

- 1. Public Works Relating to Natural Resources Management:** Water storage and water recycling systems to increase and boost groundwater, such as subterranean dykes, earthen dams, stop dams, check dams with a particular emphasis on groundwater recharging, including drinking water.

Water resources management works such as contour trenches, terracing, contour

⁶ Criticism of MGNREGA <https://blog.forumias.com/critical-analysis-of-mgnrega/>

packages, bouldering tests, gabion structures and spring growth resulting in a systematic treatment of the watershed. Micro-and small-scale irrigation works and the construction, rehabilitation and maintenance of irrigation canals and drains.

Renovation of conventional water bodies, including de-icing of irrigation tanks and other water bodies. Afforestation, tree planting and horticulture in common and forest lands, roadsides, river bundles, foreshore tanks and coastal belts, duly giving the right to usufructuary to the households protected by Paragraph 5 and land development work in common land.

- 2. Individual Assets for Vulnerable Sections (Only for Households in Paragraph 5 of Schedule I):** Improving the efficiency of household land referred to in paragraph 5 by land development and providing adequate irrigation facilities, including dug wells, farm ponds and other water collection structures.

Improving livelihoods by horticulture, sericulture, plantation and forestry;

Creation of household junk or wasteland as specified in paragraph 5 of Schedule I to bring it under cultivation.

Unqualified wage portion in the construction of houses approved by Awaas Yojana or by any other State or central government scheme.

Development of facilities for the promotion of livestock, such as a poultry shelter, a goat shelter, a piggery shelter, a cattle shelter and a feed trough for cattle.

Development of infrastructure for the promotion of fisheries, such as fishing drying yards, storage facilities and promotion of fisheries in seasonal water bodies on public property.⁷

- 3. Rural Infrastructure:** Rural sanitation related works, such as individual household latrines, school toilets, Anganwadi toilets, either individually or in combination with schemes of other government agencies to attain 'open defecation free' status. and the disposal of liquid and solid waste in compliance with the specified criteria.

Supplying all-weather rural transport links to unconnected villages and linking established rural production centres to the existing Pucca road network; and the construction of Pucca internal roads or streets, including side drains and culverts within the village.

⁷ MGNREGA: The Role in Inclusive Growth Md. Rahmatullah Asstt. Professor in Economics Dept. of Law, A.M.U., Aligarh.

Work to improve emergency preparedness or road recovery or to restore other important national infrastructure, such as water management and protection works, to provide drainage in water-logged areas, to deepen and repair flood channels, to renovate heat, to build stormwater drains for coastal protection.

Construction of buildings for Gram Panchayats, women's self-help groups' federations, cyclone shelters, anganwadi centers, village haats and village or block-level crematoria.

Construction of Food Grain Storage Systems for the enforcement of the provisions of the Food Security Act 2013 (20 of 2013).

Development of the building material needed for construction work under the Act.

Management of rural public assets generated pursuant to the Act and any other function that may be notified by the Central Government in coordination with the Government of the State in this regard.

4. **Mud works:** The first type of mud works involves clearing of water supply channels (e.g. ditches along public roads) and de-icing and deepening of ponds and tanks. De-silting and deepening of wetlands and reservoirs is likely to boost groundwater recharge in the long run, thus providing water recycling and storage facilities in the short run. In Nadia (West Bengal), the digging of an irrigation channel through the fields helped to bring the fields under cultivation. Earlier, they couldn't be used because they were soaked in rainwater.

In the Tiruvallur district of Tamil Nadu, clearing of bushes and grass in existing canals ensured better drainage. Fewer bundles were split during the recent flood. Bundi (Rajasthan) in the Chambal River is a very well-watered district in an otherwise water-scarce state.

A pre-existing system of canal irrigation stood in disrepair, as bushes and silt had not been removed for years. MGNREGA has been used to build the canals, ensure better water supplies to farmers and minimise disputes. There were three interesting types of mud works in the Sundarbans. Six, constructing reservoirs to prevent high tide and floodwaters from destroying homes. Two, flood control works, and three, for the longer term, MGNREGA is used for the rejuvenation of mangrove forests to mitigate erosion. There are examples of mud works without any material expense. The MGNREGA requires up to 40% of the overall material expenditure.

5. **Solid waste management:** A remarkable experiment with solid waste management is underway in Tamil Nadu. In 2,000 peri-urban gram panchayats, MGNREGA labour is used to gather separated waste from homes in a tricycle cart and to carry it to the yard where biodegradable waste is composted. Non-biodegradable waste is either sold or, in the case of plastic, sold by gram panchayat to a self-help community at Re 1 per kg, which shreds it for resale at Rs 30 per kg to road contractors who use it for road transport.⁸

V. RECENT ISSUES

(A) FINANCIAL CRUNCH IN MGNREGA, DROUGHT AND SC INTERVENTION

The Minister for Rural Development asked the Minister for Finance to release Rs 5,000 crore to meet the spike upon request for work completed under the MGNREGA for the FY16. Noting signs of rural distress. The Minister of Finance had pledged an additional amount of Rs 5,000 crore to MGNREGA if the tax had been paid. Government data reveals that the Center owes Rs 5,595 crore duty for work already done. The MGNREGA website reveals that, at the end of 2015-16, 25 out of the 29 countries in the EU are participating.

India had a negative balance and had no money to pay the unpaid payments, to leave alone.

Open up new works. Compensation entitlement for missed payments has also been given

Infringed. Nearly 90% of the declared fees have been refused by programme officials citing insufficient funds. Through the tightening of funds, the government has intentionally crippled MGNREGA's ability to support people with drought.

Nine crore workers in 25 states are facing illegal delays in wage payments. More than half of this amount is in drought-affected states. The shortage of funds resulted in hardship for MGNREGA workers, as people did not get work as per demand and faced unreasonable delays in paying their wages. 12 States had depleted their funds and had demonstrated a negative balance, signalling the termination of the programme.⁹

The situation was critical, as demand for jobs increased due to extreme drought in the various States. The promised additional Rs 5,000 that are yet to be published would also be insufficient given the rise in demand.

The Government of the Union has officially approved an additional 50-day jobs in the Drought-

⁸ MGNREGA: The Role in Inclusive Growth Md. Rahmatullah Asstt. Professor in Economics Dept. of Law, A.M.U., Aligarh.

⁹ Thomas Bigi and Bhatia Ruby (2012) "Impact of Nrega scheme: A study on the overall quality of life of beneficiaries" *Asia Pacific Journal of Social Sciences*, 4(2),213-227.

affected and confirmed areas of six states — Odisha, Madhya Pradesh, Karnataka, Andhra Pradesh, Telangana, Uttar Pradesh. This will also require extra expenditure for which the funds are not yet available. The saddest part is that, considering the government's grand

Announcement — increase the number of working days to 150 in drought-affected states — all These countries have a negative cash balance. It's hardly shocking, then, that only 5% Households have completed 150 working days. This is the final evidence that the government is Ignoring the two most relevant legal provisions of the MGNREGA — work on demand and complete and prompt payment of salaries.¹⁰

The Supreme Court asked the Government about late payments under MGNREGA.

The Court had noted that, unless the Center distributed money, the States would remain powerless. Unable to fully execute MGNREGA schemes. The Center told the Supreme Court that Rs. 11,030 crore will be released to States to run the programme, in particular to generate jobs in drought-affected areas. Welcome as this relief is going to be, it is far too little and far too late. It's only enough to clear up the payments for last year. The Joint Secretary of the Department of Rural Development has acknowledged that the allocated funds are not adequate. The Center also raised the budget allocation for the Mahatma Gandhi National Rural Jobs Guarantee Act (MGNREGA) to Rs 38,500 crore from Rs 34,699 crore last year, but Rs 10,000 crore will be for payments of last year's liability with only Rs 28, 500 crore available for the current financial year.

In situations of drought, public works projects are not only ideal, but also completely important, to provide people living in those areas with a limited lifeline and to sustain the rural economy. This was understood even by the British colonial administration, which introduced drought relief programmes that were essentially public works that provided a certain wage.

Employment and therefore survival of people in affected areas. In contemporary India, such extra programmes are no longer thought to be relevant because India already has MGNREGA, now a Ten years old, which should have an automatic buffer in such cases.¹¹

(B) ELECTRONIC FUND MANAGEMENT SYSTEM

In the face of ire of the Supreme Court, the Center for Payment Delays the Court ensured that

¹⁰ Impact of MGNREGA on Socio-Economic Development & Women Empowerment Karthika K T (Guest Lecturer In Govt.Arts And Science College, Tanur, Department Of Commerce And Management, Calicut University, India) IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 17, Issue 7. Ver. II (July. 2015), PP 16-19

¹¹ Kharkwal, sheela & Kumar, Anil (2015) "Socio-Economic impact of MGNREGA: Evidences from district of Udham Singh Nagar in Uttarakhand, India" Indian Journal of Economics and Development, 3 (12); 1-10.

salaries were credited directly to the employee's bank account

Under the NEFMS, to ensure prompt payment. In the form of the NEFMS.

The Center has introduced a framework for the direct and fast release of an electronic fund.

MGNREGA scheme salaries. The pilot project Kerala, which is funded by the State Bank of Travancore (SBT), was selected. NEFMS will allow wages to be credited directly and promptly to the 21 lakh beneficiaries of the MGNREGA in the State, 90 of whom are women.

Under the NeFMS, after proper work and model rolls verification, the panchayat grammar and blocks,

Generates a transfer order by electronic fund to transfer the salaries to the beneficiary directly To the account within 48 hours of transfer of money, the employees are paid as ordered Created in panchayats grammatical.¹²

This pilot allows grammar panchayats to work according to the agreed labour budget Without the release of funds having to wait. The advantage for the middle is that it has to

Release funds only dependent on and without delay on real work progress. Since 95 percent Electronic credit of wages will significantly reduce the delay.¹³

Pay delay not only discourages potential employees from searching for jobs, but also An additional amount must be borne out by the Center for the interest. The Centre is in compliance with the Act liable to pay interest on a deferred payment rate of 0.05 percent per day, which is 18% per annum .

Covering MGNREGA completely by an Aadhaar-authenticated payment system is a priority for the PMO as MGNREGA is the biggest subsidy payout at Rs 2500 Cr every month. The Prime Minister has been stressing on savings under Direct Benefits Transfer, including Rs 3000 Cr under MGNREGA by weeding out duplicate beneficiaries. Ensuring all MGNREGA payments through Aadhaar authentication could increase savings much more. But consent of the worker is required to do the same. The states need to do more.

VI. CONCLUSION

MGNREGA 2005 was a major piece of legislation which reaffirmed India's position as being

¹² Karthika, K T (2015) Impact of MGNREGA on Socio-Economic Development & Women Empowerment" *Journal of Business and Management*. 17(7); 16-19

¹³ Hajra, Jayanta & Hajara, Chandrasekha (2015) "Analysing Impact of NREGA in the Keynesian Theoretical Framework" *International Journal of Novel Research in Humanity and Social Sciences*, 2 (6) ; 11-16

a Welfare state. At the time it was widely hailed as definitely securing social justice to a very Section of society, which had until then remained largely ignored and sidelined. However, the Execution mechanism of this Act has come under severe criticism with widespread allegations of Fraud and corruption at all levels of implementation mechanism. MGNREGA Act for the first time brings the role of the state as provider of livelihood within the reach of the Participants/beneficiaries themselves. An initiative to rectify the shortcomings can reinstate the Livelihood provider role of the State.
