

## ANALYSIS OF THE PERFORMANCE OF MGNREGA

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### ABSTRACT

*This paper gives a general introduction of MGNREGA scheme and analyzes the performance of MGNREGA on the basis of five criteria mentioned in Research Methodology since the beginning of this scheme. The Researchers found that on one side where percentage of household provided employment is in a continual decreasing order (data given) since the beginning of this scheme, and on the other side the percentage of expenditure on unskilled wages against total expenditure is increasing in ascending order (data given). The outcomes of the research suggest that the decrease in employed household along with the increase in expenditure on unskilled wages every financial year (f.y.) does not create a very satisfying picture regarding the implementation of this scheme. This means that expenditure on unskilled wages against total actual expenditure is being given as an unemployment allowance rather than given for specified works that comes under this scheme. This statement is favored by the analysis of data in Table-4 which shows a continuous decrease in work completion rate. The calculated data is maintained with the help of secondary data available online on the official website of MGNREGA.*

**Keywords:** Employment, Programme, Provided, Person-day, Household, Budget, Expenditure.

### INTRODUCTION

The national rural employment guarantee act currently provides right of employment to about 5.4 crores rural poor in 200 most backward districts of the country. The act provides employment to every rural household for 100 days in a year. In September 2005, UPA Government passed the National Rural Employment Guarantee Act 2005. This is perhaps the first time that the Panchayats have been provided with the freedom to plan and execute works and is backed by substantial resources, which are at their own disposal. Ideally, the act and the program design reflect to bring about a radical change in the rural areas as far as employment generation and creation of sustainable assets for the villages is concerned.

The NREGA programme's efficacy is based on the logic of using the productive capacity of ordinary rural folk to build and nurture productive infrastructural assets, while simultaneously alleviating the problem of chronic unemployment and poverty. The Act provides an opportunity to build rural infrastructure through watershed development,

restoration of water bodies such as tanks and canals, activities aimed at forestry, land development and soil erosion and flood control, and construction of roads and institutional facilities. Anyone willing and able to perform unskilled manual labour at the statutory minimum wage can apply for work, which must be met within 15 days, failing which an unemployment allowance must be provided by the state.

MNREGA was launched on February 2, 2006 from Anantpur in Andhra Pradesh and initially covered 200 'poorest' district of the country. The Act was implemented in phased manner – 130 districts were added in 2007-08. With its spread over 625 districts across the country, the flagship program of the UPA Government has the potential to increase the purchasing power of rural poor, reduce distress migration and to create useful assets in rural India. Also, it can foster social and gender equality as 26 % workers under the scheme of scheduled castes, 24% scheduled tribes and 50% women. In 2012-13, 4.81crore household work employed on MNERGA worksites.

## RESEARCH METHODOLOGY

This research is based on the performance evaluation of MGNREGA in India. The research emphasize on the comparative study of various financial years. This research is descriptive type on the base of various f.y. annual report of MGNREGA. It is useful to people who are interested to know about the performance of MGNREGA. Here, five criteria are taken for study i.e., (1) Percentage of household provided employment against issued job card, (2) Percentage of person days as category wise, (3) Percentage of actual expenditure against total available funds and percentage of expenditure on skilled wages against total actual expenditure too, (4) Percentage of work completion, and (5) Growth rate in unskilled wages from 2006-07 to 2012-13.

## OBJECTIVES OF THE STUDY

- To introduce about MGNREGA.
- To evaluate its performance evaluation on the five criteria.
- To derive conclusion and suggestion to ensure better implementation of MGNREGA scheme.

## DATA COLLECTION AND PERIOD OF STUDY

The researcher has analyzed the performance evaluation of MGNREGA during the study period. The main source of data used for the study is secondary data derived from the website of MGNREGA.

Present study covers the performance analysis of MGNREGA for seven consecutive financial years. The period of the study starts from f.y. 2006-07 to 2012-13. Researcher has selected the base year 2006-07. This year is normal for the purpose of analysis and evaluation.

## Procedural Working of MGNREGA

The co-ordination of the scheme is done by the Ministry of Rural Development (MoRD) and implemented by state governments, with panchayats having the responsibility for planning and scheme implementation at the district, block and village level. MGNREGA stipulates

that at least 50% of the projects should be implemented by gram panchayats, which in many states are also responsible for conducting social audits. Other implementing agencies can include intermediate and district panchayats, line departments of the government, public sector undertakings of central and state governments, and reputed NGOs that have a strong performance record. The main responsibility of line departments is to give technical support on developing estimates, measurements and supervising works. Blocks from the basic units of implementation and have a Programme Officer who is responsible for the implementation of the scheme. Programme Officers are accountable to the intermediate panchayats as well as the district coordinator.

## **Provisions under MGNREGA**

There are various provisions under MGNREGA scheme, which are as follows:

1. Adult members of a rural household, willing to do unskilled manual work, may apply for registration in writing or orally to the local Gram Panchayat.
2. The Gram Panchayat after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under MNERGA and is free of cost.
3. The Job Card should be issued within 15 days of application.
4. A Job Card holder may submit a written application for employment to the Gram Panchayat stating the time and duration for which work is sought. The minimum days of employment have to be at least fourteen.
5. The Gram Panchayat will issue a dates receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates.
6. Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid liability of payment of unemployment allowance is of the States.
7. Work should ordinary be provided within 5 km radius of the village. In case work is provided beyond 5 km extra wages of 10% are payable to meet additional transportation and living expenses.
8. Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labours in the State, unless the Centre notices a wage rate which will not be less than Rs. 60 (US\$ 1.34) per day. Equal wage will be provided to both men and women.
9. Note: The original version of the act was passed with Rs. 60/day as the minimum wage the needs to be paid under MNERGA. However, a lot of States in India already have wage regulations with minimum wages set at more than Rs. 100 (US\$ 2.23) per day. MNERGA's minimum wage has since been changed to Rs. 120 (US\$ 2.68) per day.
10. Wage are to be paid according to piece rate or daily rate. Disbursement of wages have to be done on weekly basis and not behind a fortnight in any case.

11. At least one-third beneficiaries shall be women who have registered and requested work under the scheme.
12. Work site facilities such as crèche, drinking water, shade have to be provided.
13. The self of projects for a village will be recommended by the gram sabha and approved by the Zila Panchayat.
14. At least 50 % of workers will be allotted to Gram Panchayats for execution.
15. Permissible works predominantly include water and soil conservation, afforestation and land development works.
16. A 60:40 wage and material ratio has to be maintained. No contractors and machinery is allowed.
17. The Central Govt. bears the 100 percent wage cost of unskilled manual labour and 75 percent of the material cost including the wages of skilled and semi-skilled workers.
18. Social Audit has to be done by the Gram Sabha.
19. Grievance redressal mechanisms have to be put in place for ensuring a responsive implementation process.
20. All accounts and records relating to the scheme should be available for public security.

## **MGNREGA Focuses on Eight Categories of Work**

1. Water conservation and water harvesting, new tanks, ponds and check dams.
2. Drought proofing including afforestation and tree plantation.
3. Irrigation canals including micro and minor irrigation works.
4. Provision of irrigation facilities to land owned by households belonging to SCs and STs, beneficiaries of land reforms, or beneficiaries of Indira Awas Yojna.
5. Renovation of traditional (existing) water bodies including de-silting of tanks.
6. Land development including plantation, land leveling.
7. Flood control and Protection works including drainage in water logged areas.
8. Rural connectivity to provide all weather access.
9. Any other work which may be notified by the MoRD.

## **Number of Households Issued Job Card And Provided Employment**

Table-1 presents the number of total job card issued in between financial years 2006-2007 to 2012-13 and the percentage of household employed in these years. In the beginning it was 55.52% and in 2012-13 it was found 37.92%. There is a sharp decrease in rate of household employed in every f.y. This decreasing rate is 68.29% form beginning to 2012-13. That is not a good precursor for this scheme.

**Table 1.** Number of Job Card Issued and Employment Provided To Households in India

Year	No. of Job Card issued (In number)	Number of households provided employment	
		(In number)	(Percentage)
2006-07	37850390	21016099	55.52
2007-08	64740595	33909132	52.37
2008-09	100145950	45115358	45.04
2000-10	112550610	52530453	46.67
2010-11	119824438	54954225	45.86
2011-12	122750202	49862775	40.62
2012-13	126377728	47926176	37.92

**Source:** Mahatma Gandhi National Rural Employment Guarantee Act official website, <http://mgnrega.nic.in>

### Percentage of Person-Days as Category Wise

Table 2 shows:

1. The percentage of employed in MGNREGA as category wise from the f.y. 2006-07 to 2012-13. It is found that the average percentage of SC's, ST's, Women and other category in these f.y. was 26.70, 23.88, 46.73 and 49.41 respectively.
2. The act stipulate that priority shall be given to women in such a way that a minimum of one-third of the beneficiaries are women who have registered and have requested for work .The percentage of women employed during this period increased up to 52.07% in f.y. 2012-13. Overall we can say that the share of women in total person days was approx. half. This is a good sign for this scheme.
3. In terms of providing average percentage of employment to members Of SC and ST households in these financial years the figure stood at nearly 51% during the study period.
4. The average person days per employee households came 45.71% during this period. This is much less than the guaranteed days i.e. 100 days decided by the MGNREGA ACT 2005. It points towards the inefficiency of responsible authorities in implementing this scheme.

**Table 2.** Percentage of Person-Days as Category Wise

Year	SCs	STs	Women*	Others	Average person-day per employee households
2006-07	25.36	36.44	40.64	38.20	43
2007-08	27.43	29.27	42.51	43.30	42
2008-09	29.28	25.43	47.87	45.29	48
2009-10	30.48	20.71	48.09	48.81	54
2010-11	30.62	20.85	47.73	48.53	47
2011-12	22.04	18.15	48.18	59.81	42

**Table 2.** Percentage of Person-Days as Category Wise (Contd....)

Year	SCs	STs	Women*	Others	Average person-day per employee households
2012-13	21.72	16.34	52.07	61.44	44
Average	26.70	23.88	46.73	49.41	45.71

**Note:** \*Women are involved in each category

**Source:** Mahatma Gandhi National Rural Employment Guarantee Act official website, <http://mgnrega.nic.in>.

### Funding

The central government bears 100 percent of the cost of wages for all unskilled manual labour, 75% percent of the cost of materials and wages for skilled and semi-skilled workers, and all administrative expenses incurred by the central Employment Guarantee Council. State governments bear 25% of costs of material, wages for skilled and semi-skilled workers, unemployment allowance payable if employment is not provided within 15 days of application, and the administrative expenses incurred by the State Employment Guarantee Council.

Table 3 shows of the funding allocated by central government per f.y. for this scheme. We can see that in the beginning i.e. 2006-07 it was 11,300 crore rupees and it respectively rose to 40,100 crore rupees in 2010-11. In last two year it was founded in decreasing order and it became in 2012-13 rupees 33,000 crore. Total expenditure percentage year by year is shown in table under the column, % against available fund. The average percentage of total expenditure against total available fund during this period is 75. On other side the expenditure on unskilled wages is calculated year by year shown in the table. It is found the average rate against total actual expenditure 69%.

**Table 3.** Financial Position

Year	Budget Outlay (in crore)	Total available fund including OB	Total Actual Expenditure		Expenditure on unskilled wages	
			In Crore	% against available fund	In crore	% against total expenditure
2006-07	11,300	12073.55	8823.35	73	5842.37	66
2007-08	12,000	19305.81	15856.89	82	10738.47	68
2008-09	30,000	37397.06	27250.10	73	18200.03	67
2009-10	39,000	49579.19	37905.23	76	25579.52	70
2010-11	40,100	54172.14	39377.27	73	25686.53	68
2011-12	40,000	48832.49	38034.70	78	24860.91	69
2012-13	33,000	42464.26	29422.22	69	21127.10	75

**Source:** Mahatma Gandhi National Rural Employment Guarantee Act official website, <http://mgnrega.nic.in>

**Work Completed**

Table 4 shows the condition of work going on every year between the period 2006-07 to 2012-13. The rate of work completed is falling every year, which from 2006-07 was 47.14% and in the period 2012-13 fall upto a minimum of 15.60%. The decreasing rate of work completion in 2012-13 is 33.09% from 2006-07. The average rate of work completed during study period is 38.94%. It forces the inefficiency of the agencies unable for completed work lower level i.e. on the level of gram panchayats.

**Table 4. Completed Work**

(in percentage)		
Year	Works on going	Works completed
2006-07	52.85	47.14
2007-08	53.96	46.03
2008-09	56.24	43.74
2009-10	51.04	48.94
2010-11	49.12	50.88
2011-12	79.75	20.26
2012-13	84.40	15.60
Average	61.06	38.94

**Source:** Mahatma Gandhi National Rural Employment Guarantee Act official website, <http://mgnrega.nic.in>

**Growth in State Wise National Wages for MGNREGA (Rs/Day)**

The notable features of Table-5 are as follows:

1. The Lowest rate of wages in the beginning of this scheme was in the State of Jammu and Kashmir i.e., Rs. 45 per day per labour.
2. The Highest rate of wages in the beginning of this scheme was in Union Territory of Andaman and Nicobar Islands i.e., Rs. 170 and Rs. 181 respectively per day per labour.
3. After the revised wage rate effective on 1<sup>st</sup> April 2013, the lowest rate of wages were in Arunachal Pradesh, Sikkim, Tamil Nadu and Nagaland i.e., Rs. 135 per day per labour.
4. After the revised wage rate effective on 1<sup>st</sup> April 2013, the highest rate of wages was in the State of Harayana i.e., Rs. 214 per day per labour.
5. Overall increment in the average percentage of wage rate in the country since the beginning is 201.

**Table 5. Percentage Growth in Wage**

Name of State	Minimum wage in 2006-07	Revised wage rate effective from 1 <sup>st</sup> April,2013	% Growth
Assam	62	152	245
Andhra Pradesh	80	149	186
Arunachal Pradesh	57	135	236
Bihar	68	138	202
Gujarat	50	147	294
Haryana	95	214	225
Himanchal Pradesh	70.90	154.50	217
Jammu Kashmir	45	145	322
Karnataka	63	174	276
Kerala	125	180	144
Madhya Pradesh	59	146	247
Maharashtra	47	162	344
Manipur	66	153	231
Meghalaya	70	145	207
Punjab	55	184	334
Rajasthan	73	149	204
Sikkim	85	135	158
Tamil Nadu	80	148	185
Tripura	60	135	225
Uttar Pradesh	58	142	244
West Bengal	67	151	225
Chattisgarh	59	146	247
Jharkhand	76	138	181
Uttarakhand	73	142	194
Goa	110 (1 Jan 2009)	178	161
Andaman District	170 (1 Jan 2011)	198	116
Nicobar District	181 (1 Jan 2011)	210	116
Dadar & Nagar Haveli	108.20 (1 Jan 2009)	175	161
Daman & Diu	102 (1 Jan 2009)	150	147
Lakshyadeep	115 (1 Jan 2009)	166	144
Pondicherry	80 (1 Jan 2009)	148	185



**Table 5.** Percentage Growth in Wage (Contd....)

Name of State	Minimum wage in 2006-07	Revised wage rate effective from 1 <sup>st</sup> April,2013	% Growth
Chandigarh	140 (1 Jan 2009)	209	149
Mizoram	-----	148	100
Nagaland	-----	135	100
Orissa	-----	143	100
Average	82	158	201

**Source:** Mahatma Gandhi National Rural Employment Guarantee Act official website, <http://mgnrega.nic.in>

## CONCLUSION

MGNREGA scheme is the largest work guarantee programme in the world. The objective behind the implementation of this scheme was to provide some sort of financial security to the unemployed households of the country. But now the scheme faces some serious challenges against its stated objectives. The paper assessed this scheme according to five criteria i.e., (1) Percentage of household provided employment against issued job card, (2) Percentage of person days as category wise, (3) Percentage of actual expenditure against total available funds and percentage of expenditure on skilled wages against total actual expenditure too, (4) Percentage of work completion, and (5) Growth rate in unskilled wages from 2006-07 to 2012-13. The performance of the scheme after the analysis is not up to the mark and it is difficult to conclude that MGNREGA has performed well. After the analysis of the data since the beginning of this scheme, the findings are as follows:

1. The employment given to households is continually decreased to 68.29% in 2012-13 as compared to 2006-07. It means employment provided in 2012-13 is almost half of the employment provided in the year 2006-07.
2. The budget allocated by Govt. of India for this scheme in 2012-13 was 33,000 crore rupees which was less than by 7000 crore rupees of the budget allocated in the year 2011-12, but if compared with the budget allocation of 2006-07, it is almost three times of it.
3. During research period total actual expenditure average rate was 75% of total available fund. It suggests that one-fourth share of total available budget lapsed during this period.
4. The average rate of amount spent on unskilled labour wages including administrative expenditure during the study period was 69% against total actual expenditure and the remaining amount was spent on the material.
5. The average percentage share of provided person days during study period for SCs/STs, women (included in each category) and others was 50.58, 46.73 and 49.42 respectively.

6. There is a continual decrease in the rate of work completion. It decreased upto 31.94% in the year 2012-13 as compared to the year 2006-07.
7. There has been a time to time increment in wage rate per person per day. The overall increase in average wage rate is 201% in 2012-13 as compared to the average wage rate of 2006-07.

## **Steps To Ensure Better Implementation of MNREGA Programme**

### **1. Implementation related to job cards**

To ensure that rural families likely to seek unskilled manual labour are identified & verify against reasonably reliable local data base so thatr nondomiciled contractor's workers are not used on MNREGA works. What is done for this problem? Job card verification is done on the spot against an existing data base and reducing the time lag between application and issue of job cards to eliminate the possibility of rent seeking, and creating greater transparency etc. Besides ensuring that Job Cards are issued on work sites which could subvert the aims of MNREGA.

### **2. Implementation related to applications**

To ascertain choices and perceptions of households regarding lean season employment to ensure exercise of the right to employment within the time specified of fifteen days to ensure that works are started where and when there is demand for labour, not demand for works the process of issuing a dated acknowledgement for the application for employment needs to be scrupulously observed. In its absence, the guarantee can not be exercised in its true spirit.

### **3. Implementation related to selection of works**

Selection of works by gram sabha in villages and display after approval of shelf of projects, to ensure public choice, transparency and accountability and prevent material intensive, contractor based works and concocted works records.

### **4. Implementation related to execution of works**

At least half the works should be run by gram panchayats. Maintenance of muster roll by executing agency- numbered muster rolls which only show job card holders must be found at each work-to prevent contractor led works.

### **5. Implementation related to measurement of work done**

Regular measurement of work done according to a schedule of rural rate sensitive supervision of works by qualified technical personnel on time. Reading out muster rolls on work site during regular measurement- to prevent bogus records and payment of wages below prescribed levels.

### **6. Implementation related to payments**

Payment of wages through banks and post office- to close avenues for use of contractors, short payment and corruption.

## 7. Audit

Provision of adequate quality of work site facilities for women and men labourers creation and maintenance of durable adequate audit and evaluation mechanism widespread institution of social audit and use of findings.

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