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- \* **CHALLENGES FOR INDIAN ECONOMY**
- \* **GANDHIAN CONCEPT OF VILLAGE DEVELOPMENT**
- \* **CHALLENGES ENCOUNTERED BY THE SERICULTURISTS**
- \* **THE GREAT FALL OF THE INDIAN ECONOMY**
- \* **ECONOMIC AND FINANCIAL DATA**

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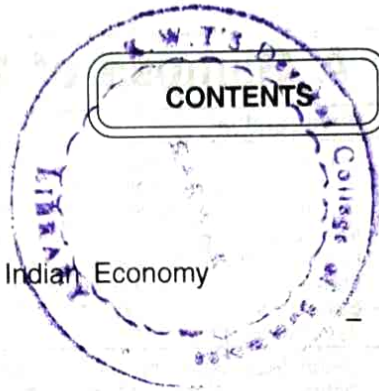
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# Mahatma Gandhi National Rural Employment Guarantee Act Implementation and Impact – An Overview

By Keshava K.G.\*

*Mahatma Gandhi National Rural Employment Guarantee Act is the world's largest guaranteed programme to fight poverty and generate employment. The programme has the power to change the complexion of rural India. MGNREGA programme has emerged as a lifeline for the rural poor. The programme has a cascading effect raising wage levels even in private sector. However, the biggest threat to the job guarantee programmes was always the control of funds by a corrupt elite. The present study has discussed the major provisions of the MGNREGA relating to employment guarantee in rural areas and its policy implications.*

*Mahatma Gandhi National Rural Employment Guarantee Act – Introduction in 2005.*

**N**ational Rural Employment Guarantee Act (NREGA) 2005 was enacted by the Government of India. It was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on 2 October 2009. It came into effect on a pilot basis in February 2006 in 200 economically most disadvantaged districts of the country and later on the Act has covered all the districts in India. MGNREGA scheme is a law whereby any adult willing to do unskilled manual labour at a statutory minimum wage is entitled to being employed on public works within 15 days of applying for work in rural areas. Each rural household is eligible for upto 100 days of employment in a financial year.

## Implementation and Impact of MGNREGA

The MGNREGA Act is a legally enforceable right. Employment has been made a legal right. The Act has tremendous potential for providing

food security. MGNREGA is the largest ever public employment programme visualized in human history.

This rural employment scheme has the potential for creating durable community assets for sustainable development of rural areas. Thus it is considered as the "right based Job oriented way to growth and development rather than being a resource – based employment". The rural work force is deemed to be productive partners in the country's economic growth process.

## Policy Implications of MGNREGA

The schemes under this rural employment programme have some policy implications on the rural economy in the country.

1. The schemes under the MGNREGA have been putting cash in the pockets of the rural poor in exchange for the unskilled manual labour. This reiterates the continued violability of Keynesian "Stimuli of effective demand.

2. The schemes under this programme boosts effective demand in rural India which is home to an

estimated 13 percent of the country's officially computed poor.

3. MGNREGA scheme has the long term effect of pushing up of rural wages.

4. The then Finance Minister Pranab Mukharjee made a commitment to provision of a "real wage" of Rs. 100 a day under the scheme if implement will substantially improve the lot of rural wage earners who face wage inequalities and have no social security support.

## Performance of Programmes under MGNREGA

**An Assessment of Sameeksha – (2006-2012):** Sameeksha is an anthology of independent research studies and analysis on MGNREGA from 2006-2012 published in academic journals. The major observations relate to the following;

i. Studies on asset creation under the MGNREGA show that sustainable assets have been created. Water harvesting assets in Bihar, Gujarat, Rajasthan and Kerala show the potential of these works. A majority of the assets had a return on

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investment of well over 100 percent. The N S S based surveys in these states showed that majority of assets were being used and people found them useful.

ii. MGNREGA has shown that it has provided livelihood and income security, decreased the incidence of poverty, increased food intake, reduced mental depression, positively affected health outcomes and has been successful as a self targeting scheme as the poorest and most marginalized communities have sought work.

iii. It is found that in many states it has decreased gender differences in wages increased real wages accompanied by an increase in agricultural productivity and growth.

iv. The studies have not borne out the assertion that MGNREGA has caused a shortage of farm labour.

v. Some studies have indicated that there is a significant multiplier effect on the rural economy.

vi. The sameeksha report has shown that there is poor implementation in many places. Average wages paid are lower than minimum wages and there is much delay in the payment of wages payment of unemployment allowance is found a rarity. The report has also referred to instances of irregular flow of funds. Noncompliance with proactive disclosure provisions such as muster rills being available at worksites are a problem in some States leading to leakages and corrupt practices.

#### Statutory Social Audit of the MGNREGA Schemes in Bhilwara in Rajasthan – Findings.

The audit was conducted by the Civil Society and the Rajasthan Government. It has revealed some irregularities in the implementation of the schemes.

“The audit teams which examined bills and vouchers relating to material purchases in 11 of Rajasthan’s over 9000 gram Panchayats conservatively estimated diversion of NREGS funds in the inspected village Panchayats at Rs. 1.5 crore (about 12 lakh per gram Panchyat). The sample size may have been too small to allow extrapolation for the more than 9000 gram panchyat, but it never he less gave a fair picture of the overall volumes of potential corruption under NREGS – anything between Rs. 800 crore and Rs. 1000 crore a year. The author further observes that he plain meaning of this was that roughly a third of the fund allocated for mate real purchases was being used to line the pockets of a long chain of people from sarpanchs, gram sevaks and sachivs (Secretaries) at the lowest rung through civil engineers accountants, contractors, dealers and suppliers to BDOs.....”

#### Conclusion

Mahatma Gandhi Rural Employment Scheme is considered as the world’s largest guaranteed programme to generate employment and fight poverty. The focus of the scheme is providing 100 days of guaranteed unskilled manual work to the rural

poor. The scheme aims at creating durable assets like water shed development minor irrigation etc. and make a real dent on massive rural poverty. The programme boosts effective demand in rural India. The long term consequence of the MGNREGA schemes is the stepping up of rural wages. The implementation of the MGNREGA schemes is found poor in some areas. Average wages paid are lower than minimum wages and delay in payment of wages are mentioned in some places. There are instances of irregular flow of funds. Leakages and corrupt practices continue to exist. However the Statutory Social Audit has been radical and innovative feature of the Act. It has introduced the concept of vigilance to opaque and non accountable system.

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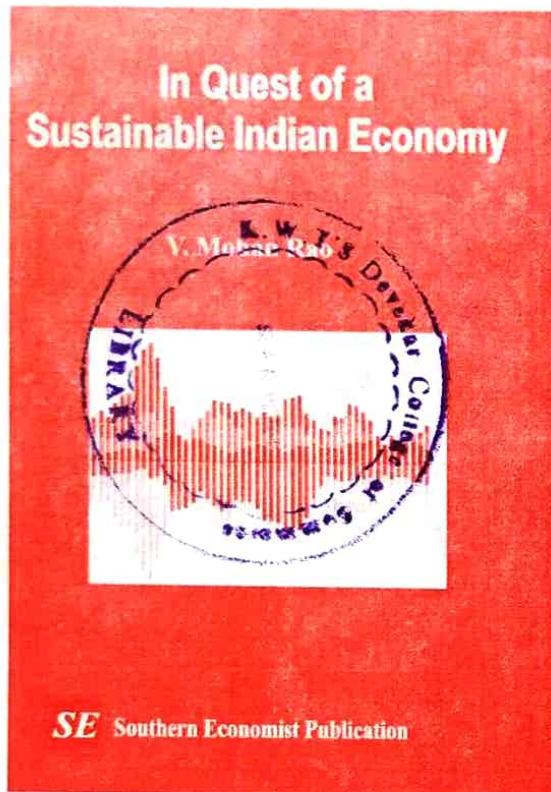
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