

A Study on Mahatma Gandhi National Rural Employment Guarantee Act Opportunity and the Corruption (MGNREGA)

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Abstract— The Government of India has introduced many employment generation programmes to eradicate poverty and unemployment, since in 1980. Many of the employment programmes failed due to the common problems of ineffective targeting, leakages and poor quality asset creation, etc. Hence, while developing rules and guidelines for implementation of the MGNREG Act 2005, more attention should be paid to the lessons we have learnt from past experiences. Because this act has the potential not only to strengthen social security in India, this programme will generate work for the poorest; it is also an opportunity to increase the stranded of living, but also there is corruption in the MGNREGA, no question about that. But simple indices that claim to measure corruption and make an assessment of interstate levels of corruption can end up offering us a wrong understanding.

Keywords— *MGNREGA, corruption index, wage, allowance, opportunity, non Congress, overwhelming, Bhalla's claims*

1. Introduction

The Government of India has introduced many employment generation programmes to eradicate poverty and unemployment, since in 1980. All these programmes were inadequate and piecemeal in their approach. Therefore, the programmes failed to make any major dent on the problems of poverty and unemployment.

With globalization and liberation of the economy, it is always feared that the incidence of poverty and unemployment will increase substantially. In this context, the implementation of National Rural Employment Guarantee Act by UPA government is the most appropriate course of action. This flagship programme of UPA government is revolutionary in its promise of inclusive growth and Right to work. The act was passed in September 2005 and was implemented in 200 most backward districts of the country since February 2006.

2. Significance of the MNREGA

The best way of undertaking the necessary public investment is by enshrining it as a constitutional right. This employment programme cannot be allowed to remain dependent on the moody munificence of a vacillating

welfare state. It has to be seen as a national imperative and as an inalienable right to be exercised by the people as and when they require to. The MNREGA that aims to cover all of rural India within five years is an attempt in this direction. It is an act with a potential socio-political significance for the rural poor that are matched only by the 73rd Amendment. One version of the proposed MNREGA bill seeks to provide “at least one hundred days of guaranteed employment at the statutory minimum wage” to adult members of every rural household who volunteer to do casual manual work. For this a dedicated National Employment Guarantee Fund is to be set up that will be expended exclusively for implementation of the act. It is disappointing that the right has been restricted to households, rather than opening it up to each individual in need, especially in view of intra-household gender discrimination. Kahn, R (1931)The household condition also opens up a minefield of recording problems, since there is a great fluidity in the way members of the same household typically report to work in rural employment programmes in India. The restriction to only 100 days also does not make sense. The right to work is to be exercised by people in need. (Mihir Shah,2004)

These needs will vary depending on the vagaries of nature. They could be for more or less than 100 days. In years and areas of severe drought the requirement could be greater. In other seasons and places, the demand for work will be less. Is the government saying that it will not respect this right when people need it the most? An act is different from a government scheme. The financial allocations for schemes can vary from year to year. If the necessity for it declines over time, as it should if implemented properly in the right direction, the allocations can be reduced. But the whole point of an employment guarantee act must surely be to provide work to people as a matter of right when their need is the greatest. The saving grace is that the act leaves it opens to the central and state governments “to raise the household entitlement beyond 100 days, or extend it to every adult, in some or all areas of India, through suitable provisions made in the rules”.

Indeed, the act has many remarkable provisions. Wages are to be paid every week and in any event not later than a fortnight. In case of any delay in the payment of wages, labourers will be entitled to compensation as per the Payment of Wages Act. It is also provided that under no circumstances “shall there be any discrimination on the basis of gender in the provision of employment or the

payment of wages, as per the provisions of the Equal Remuneration Act 1976". There are provisions for compensation and treatment in case of injury and for on-site safe drinking water, care of small children, periods of rest and a first-aid box. The act also forbids the use of contractors and labour displacing machines. At least 60 per cent of the expenditure under any project has to be on wages. These are all provisions so commonly violated in many parts of rural India that their significance cannot be sufficiently underscored.

At least 50 per cent of the projects, in terms of value, are to be implemented through the gram panchayats. Each gram panchayat is to prepare a development plan and maintain a shelf of possible works to be taken up under the programme as and when demand for work arises, taking into account the recommendations of the gram sabha (and, if applicable, ward sabha). Proposals for these projects, including an order of priority between different works, will be sent to the programme officer for scrutiny and preliminary approval. The programme officer will be responsible for the implementation of the employment guarantee programme in the block.

Adult members of every rural household who are willing to do casual manual work at the statutory minimum wage will apply to the gram panchayat for registration. The gram panchayat will register the household, after making necessary enquiries and issue a job card containing details of its adult members along with their photographs. The registration will be for a period not less than five years, and may be renewed from time to time. Employment will be provided to every registered person within 15 days of receipt of an application. Applications must be for at least 14 days of continuous work. The gram panchayat is bound to accept valid applications and to issue a dated receipt to the applicant. Group applications may also be submitted. Applicants who are provided with work will be notified in writing, by means of a letter sent to the address given in the job card and by a public notice displayed at the gram panchayat office. As far as possible, employment will be provided within a radius of 5 km. Even if work is provided beyond 5 km, it will be provided within the block, and the labourers paid 10 per cent of the daily minimum wages extra, to meet additional transportation and living expenses.

3. Daily Unemployment Allowance

If the applicants are not provided with work as described above, they will be entitled to a daily unemployment allowance after 15 days from the date of application. The unemployment allowance will be at least one-fourth of the prevailing statutory minimum wage for the first 30 days and not less than half of the minimum wage for the subsequent days. Of course, there is a provision that applicants who do not accept the employment provided and/or do not report for work within 15 days of being notified or remain continuously absent

from work, without a valid exemption, for more than one week, will be debarred from claiming unemployment allowance for a period of three months. There is a whole section in the act dealing with transparency, accountability and audit.

The gram sabha is to monitor the work of the gram panchayat through regular social audits where all relevant documents, including muster rolls, bills, vouchers, measurement books, copies of sanctions, etc, will be made public. Completion and utilisation certificates of works are to be issued by the gram sabha. There is also provision for penalty: "whoever fails to carry out his/her obligations under this act, without any reasonable cause, shall be liable upon summary conviction to a fine of not less than Rs 1,000". However, just as with the 73rd Amendment empowering panchayats, the real significance of all these provisions will be directly proportionate to the extent and manner in which they are creatively pushed to their limits by the very same forces of change at the grass roots who played a critical role in their being included in the act in the first place. In a society beset with deep social and economic inequities, any such act can only create an additional space for change.

The MNREGA can become a major new instrument for galvanizing panchayat raj institutions in India. But how far this actually happens will depend a great deal on the mobilization of the disadvantaged in society – women, dalits, and the poor. In most parts of India, these sections have virtually no voice in the gram sabhas, which have been reduced to a farce. Without their mobilisation and empowerment, the full socio-political potential of the act will not be realised. The role of grass roots civil society institutions will be crucial here.

4. Corruption in the MGNREGA

Corruption is hardly unique to this scheme. However, the fact that MGNREGA is intended to fight poverty adds to the indignation about corruption. The relative performance of India's states in terms of corruption on the scheme is naturally of much interest. Surjit Bhalla (2012) has created an index of state level corruption on MGNREGA. He claims an "overwhelming presence of non-Congress ruled states in the top half of performance" (i.e., the states with less corruption). He points specifically to two Congress led states,

To those who have studied MGNREGS Bhalla's claims are surprising at first glance. To most observers (the author included, based on my fieldwork since 2005), the administrative processes in AP and Rajasthan have appeared to be quite good. So too have related performance measures. The gaps between survey based estimates of participation in MGNREGA and the numbers recorded in the official administrative data are much lower for these states than for India as a whole suggestive of lower leakage although some non-Congress states also do well by

this measure, such as Tamil Nadu (Imbert and Papp 2011) The ability to meet the demand for work also appears to be well above average in AP and Rajasthan, though there are non-Congress states that also do well (again, Tamil Nadu is an example) (Dutta et al 2012).

We need to take a closer look at Bhalla's "corruption index" to see why it is higher in some states than others. His index is the sum of (i) the participation rate for the "non-poor" less that for the "poor", and (ii) the share of wage expenditure on the scheme going to the non-poor less that going to the poor. So we can write the Bhalla index for state i as:

$$C_i^{\text{Bhalla}} = (P_i^{\text{Non-poor}} - P_i^{\text{poor}}) + (S_i^{\text{Non-poor}} - S_i^{\text{poor}})$$

Component (i) Component (ii)

Here $P_i^{\text{Non-poor}}$ is the participation rate in MGNREGA for the "non-poor" (the proportion of the non-poor who participate) P_i^{poor} is that for the "poor", while $S_i^{\text{Non-poor}}$ and S_i^{poor} are the shares of wage expenditures going to the non-poor and poor in state i respectively. The "poor" are defined by Bhalla as those households with consumption per person (as measured in the National Sample Survey for 2009-10) below the Tendulkar poverty lines produced by the Planning Commission, up dated for inflation by Bhalla to 2009-10. (Martin Ravallion 2012)

MGNREGA had the same performance attributes as the all India parameter values reported by Bhalla. Then the only reason for differences in the index is the poverty rate, and the index declines smoothly with the latter. By comparing this version of the Bhalla index with his original we see something new: the scheme is actually working to bring down his index in poorer states, relative to what one would expect if the scheme worked exactly the same way everywhere. (Martin Ravallion 2012).

Now comes the news that the draft of the MGNREGA approved by the ministry of rural development (referred to in this paper) is being sought to be badly diluted prior to its being placed before parliament. The right to work is sought to be restricted to 'poor' households, the extension of the act to the entire country within five years has been put on hold and the payment of minimum wages is sought to be

made 'non-obligatory'. These changes are a major setback in the movement towards a genuine right to work.

5. Conclusion

In a society beset with deep social and economic inequities, any such act can only create an additional space for change. The NREGA can become a major new instrument for galvanizing panchayat raj institutions in India. But how far this actually happens will depend a great deal on the mobilisation of the disadvantaged in society – women, dalits, adivasis and the poor. In most parts of India, these sections have virtually no voice in the gram sabhas, which have been reduced to a farce. Without their mobilisation and empowerment, the full socio-political potential of the act will not be realised. But there is clearly corruption in MGNREGA, as in many public programmes, and in countries at all stages of development. So we will eradicate the corruption in our country in our country become a very big developed country in the world.

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