



# Mahatma Gandhi National Rural Employment Guarantee Act, 2005 : Need of Rurals, Brought to Plurals

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## Abstract:

The article presents the philosophy and history of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 and its schemes coverage and implementation status in the current India. It dimensionalizes the scope of its works in agriculture and allied activities, articulates the salient features of the Acts in Bihar and how its funding works. The article lays focus on its works in the state of Bihar and women's participation. The present article also analyses in brief whether India needs an urban replica of MGNREGA.

## Introduction to the Philosophy & History of Mahatma Gandhi National Rural Employment Guarantee Act, 2005

**National Rural Employment Guarantee Act 2005** or NREGA (Act [No. 42](#) of 2005), later renamed as the **Mahatma Gandhi National Rural Employment Guarantee Act** or MGNREGA (hereinafter called as MGNREGA) enacted in 2005 (56<sup>th</sup> year of the Republic of India), is an [Indian labour legislation](#) and [social security](#) measure that provides for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto.

The concept of implementation of MGNREGA is basically a result of long thought process. The seed of this process was in the Satyagrah Programme of Mahatma Gandhi. In the movement of Independence, our Rashtrapita Hon'ble Mahatma Gandhi had created series of teams whose members are called as Satyagrahi. After independence, the role of Satyagrahi ended and they had put a question to Rashtrapita as to what to do now. It was suggested by our Rashtrapita to go to village and develop a self-sufficient village in the form of an independent unit of India where people are self-dependent. It is well known that India is an agricultural country, where its economy is mostly based on agriculture. About 70-80% of the manpower is based on the Agricultural work but the unfortunate part is that it was an unorganised sector and there was neither any statute nor any scheme for the welfare of the people at large who are fully dependent on the agricultural work as they were engaged and employed only in agricultural season and thereafter, they had no resourceful work. In this regard,

the research on Agricultural sector shows that there are at least 100-120 days every year when the agricultural labourers have no work and living their life without any resourceful work resulted into distress and poverty.

Since 2000 India experienced rapid economic growth and a sharp decline in poverty. But employment grew more slowly. And although agriculture contributes 18 per cent to the Indian economy, it continues to employ 47 per cent of the workers. The difference between 47 per cent of workers in agriculture and their contribution is only 18 per cent to the Indian economy reflect disguised unemployment (i.e., crowding of workers in agriculture sectors) in agriculture particularly women. During 2005, Indian economy was growing at the rate of 7 – 8 per cent but income disparity was widening. Labour class were not getting the benefit of market reforms, growth and globalisation. In this context, government intervention was required. Thus, with a view to improve their employment, the Indian Parliament had proposed a law with preamble that provides for “the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto.” This programme is designed to provide income protection against poverty in rural area.

An extreme precaution has been made by virtue of Sec 26 of the MGNREGA enabling the power to delegate that every State Government shall propose its own Scheme, refer this to the Central Govt. and the allocation of fund shall be done by Central Govt. and it shall be implemented and supervised through Panchayati Raj Scheme.

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was passed on 23 August 2005 under the [UPA government](#) of Prime Minister [Manmohan Singh](#) following the tabling of the bill in parliament by the Minister for Rural Development [Raghuvansh Prasad Singh](#).

The significance of MGNREGA lies in the fact that it creates a right based framework for wage employment programmes and makes the Government legally accountable for providing employment to those who ask for it. In this way, the legislation goes beyond providing a social safety net towards guaranteeing the right to employment.

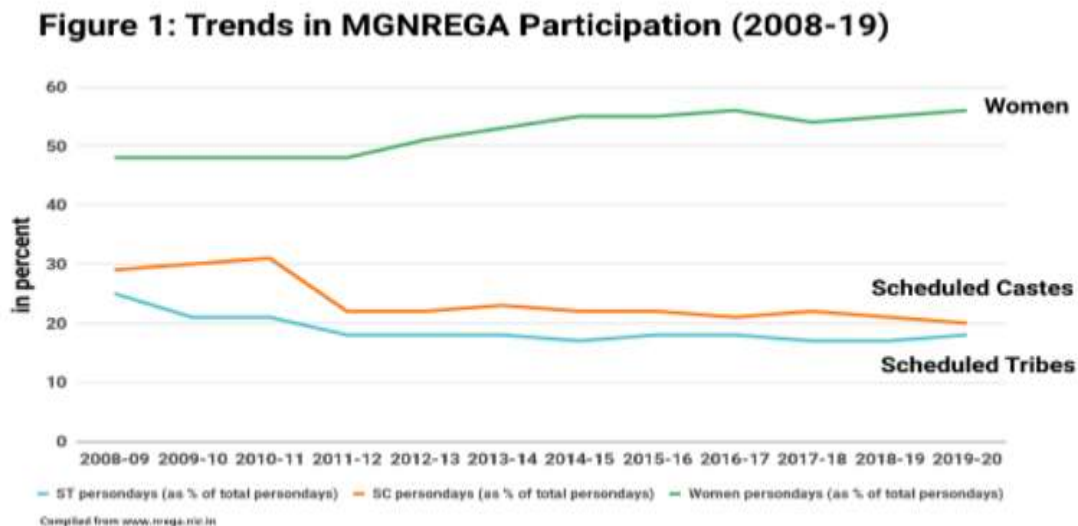
Where it aims to enhance livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to at least one member of every household whose adult members volunteer to do unskilled manual work, Women are guaranteed one third of the jobs made available under the MGNREGA. Another aim of MGNREGA is to create durable assets (such as roads, canals, ponds and wells). Employment is to be provided within 5 km of an applicant's residence, and minimum wages are to be paid. If work is not provided within 15 days of applying, applicants are entitled to an unemployment allowance. That is, if the government fails to provide employment, it has to provide certain unemployment allowances to those people. Thus, employment under MGNREGA is a legal entitlement. Apart from providing economic security and creating rural assets, other things said to promote NREGA are that it can help in [protecting the environment](#), [empowering rural women](#), reducing [rural-urban migration](#) and fostering [social equity](#), among others.

MGNREGA is the first ever law internationally that guarantees wage employment at an unprecedented scale. In its World Development Report 2014, the [World Bank](#) termed it as a "stellar example of rural development".

## Coverage & Implementation Status

The Act came into force on February 2, 2006 and was implemented in a phased manner. In Phase I it was introduced in 200 of the most backward districts of the country. It was implemented in an additional 130 districts in Phase II 2007-2008. After its final acceptance in the Parliament, the Act was notified in the remaining rural districts of India from April 1, 2008 in Phase III and commenced implementation in [625 districts of India](#).

As per different reports, there has been significant change in livelihood of rural poor for whom the scheme has been designed. The share of SC/ST families in the work provided under MGNREGA has been 55 per cent and 45 per cent of workers are women. Average wages of workers have gone up by 54 per cent over the last five years and wages have now been so indexed that workers will be protected from the ravages of inflation. Nearly 10 crore bank/post office accounts of the poorest people have been opened and around 80 per cent of MGNREGA payments are made through this route, an unprecedented step in the direction of financial inclusion.



According to the official records as available on the official site of MGNREGA by the Ministry of Rural Development, Government of India, it has 14.84 Cr. Active Workers in the year 2022-23 with 1.03 Cr. Households benefitted in the same year and a total of 6.3 Cr. Assets created till date. The Scheme provides employment to around 5 crore households, on an average, every year. This is almost one-fourth of the total rural households in the country.

In accordance with the latest records about MGNREGA pertaining to Bihar Ministry of Rural Development, Government of India, total number of districts covered is 38 (534 blocks and 8,528 GPs) while the total number of job cards issued is 240.39 lakhs with 327.26 active workers for the current 2022-23 year.

## Objectives

MGNREGA is a powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment. The specific objectives are;

- Social protection for the most vulnerable people living in rural India by providing employment opportunities
- Livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity
- Empowerment of the socially disadvantaged, especially women, Scheduled Castes (SCs) and Schedules Tribes (STs), through the processes of a rights-based legislation
- Strengthening decentralised, participatory planning through convergence of various anti-poverty and livelihoods initiatives
- Deepening democracy at the grass-roots by strengthening Panchayati Raj Institutions
- Effecting greater transparency and accountability in governance

### Scope of MGNREGA Works (Linked To Agriculture and Allied Activities)

CATEGORY OF AS PER SCHEDULE-1, MGNREGA,	AS PER SCHEDULE-1, MGNREGA, WORKS PERMITTED UNDER MGNREGA
<b>I. Category, A:PUBLIC WORKS RELATING TO NATURAL RESOURCES MANAGEMENT</b>	<ul style="list-style-type: none"> <li>• Water conservation and water harvesting structures to augment and improve groundwater like underground dykes, earthen dams, stop dams, check dams with special focus on recharging ground water including drinking water sources</li> <li>• Watershed management works such as contour trenches, terracing, contour bunds, boulder checks, gabion structures and spring shed development resulting in a comprehensive treatment of a watershed;</li> <li>• Micro and minor irrigation works and creation, renovation and maintenance of irrigation canals and drains;</li> <li>• Renovation of traditional water bodies including desilting of irrigation tanks and other water bodies; (s) Afforestation, tree plantation and horticulture in common and forest lands, road margins, canal bunds, tank foreshores and coastal belts duly providing right to usufruct to the households covered in Paragraph 5; and</li> <li>• Land development works in common land.</li> </ul>
<b>II.Category, B:COMMUNITY ASSETS OR INDIVIDUAL ASSETS</b>	<ul style="list-style-type: none"> <li>• Improving productivity of lands of households specified in Paragraph 5 through land development and by providing suitable infrastructure for irrigation including dug wells, farm ponds and other water harvesting structures;</li> <li>• Improving livelihoods through horticulture, sericulture, plantation, and farm forestry,</li> <li>• Development of fallow or waste lands of households to bring it under cultivation;</li> <li>• Creating infrastructure for promotion of livestock such as, poultry shelter, goat shelter, piggery shelter, cattle shelter and fodder troughs for cattle; and</li> <li>• Creating infrastructure for promotion of fisheries such as, fish drying yards, storage facilities, and promotion of fisheries in seasonal water bodies on public land;</li> </ul>

<b>III. Category, C: COMMON INFRASTRUCTURE INCLUDING FOR NRLM COMPLIANT SELF HELP GROUPS</b>	(I) Works for promoting agricultural productivity by creating durable infrastructure required for bio-fertilizers and post-harvest facilities including pucca storage facilities for agricultural produce;
	(vi) Construction of Food Grain Storage Structures for implementing the provisions of The National Food Security Act 2013 (20 of 2013)

## Salient Features of the Act

### 2.1. Registration & Job Card (Section 5 & Schedule II of MGNREGA)

- The unit for registration is a household.
- The adult members of every household who-

(I) reside in any rural areas; and

(ii) are willing to do unskilled manual work,

may submit their **names, age and the address of the household** for registration of their household for issuance of a job card **to their Gram Panchayat at the village level**, which in turn, after such enquiry as it deems fit, will issue a job card containing such details of adult members of the household affixing their photographs, as may be specified by the State Government in the Scheme.

- The **registration** shall be for, in any case, **not less than five years**, and may be renewed from time to time.
- Every adult member of a registered household whose name appears in the job card shall be entitled to apply for unskilled manual work under the Scheme, for as many days as each applicant may request, subject to a **maximum of one hundred days** per household in a given financial year.
- A Job Card is to be **issued within 15 days of registration**. Job Card forms the basis of identification for demanding employment.

### 2.3. Application for Work (Section 5 & Schedule II of MGNREGA)

- A written application seeking work is to be made to the GP or Block Office, stating the time and duration for which work is sought.
- The GP will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates.

### 2.4. Unemployment allowance: (Section 7 (6) and Section 32(2)(b))

- In case employment is not provided within 15 days, the state (as per the Act) will pay an unemployment allowance to the beneficiary.



## 2.5. Provision and Execution of Work (Schedule II Rule 6 Proviso and chapter IV Sec 10(d) proviso)

- Work is provided **within 5 kilometres** (kms) radius of the village
- In case, work is provided **beyond 5 kms, extra wages of 10 per cent** are payable to meet additional transportation and living expenses.
- **Priority** is awarded **to women**, such that at least one-third of the beneficiaries and non- official authorities under the Scheme are women.
- **Priority is given to Schedule Castes, Scheduled Tribes, Other Backward Classes and Minorities** such that they are at least one-third of the beneficiaries and non- official authorities under the Scheme
- At least 50 per cent of works, in terms of cost, are to be executed by the GPs.
- The **cost of material component** of projects including the wages of the skilled and semi-skilled workers taken up under the Scheme **shall not exceed 40 percent** of the total project costs.
- **Contractors and use of labour** displacing machinery **are prohibited**.
- **Work site facilities** such as crèche, drinking water, shade have to be provided. (**Section 22 (1)(c) proviso**)

## 2.6. Wages (Chapter III Section 6 & Section 7)

- Wages are to be paid as per the State-wise Government of India (GoI) notified MGNREGA wages.
- Wages are also to be paid according to piece rate, as per the Schedule of Rates (SoRs).
- Payment of wages has to be done on a weekly basis and not beyond a fortnight in any case.
- Payment of wages is mandatorily done through bank/post office beneficiary accounts.

## 2.7. Planning (Chapter IV, MGNREGA Act)

- Plans and decisions regarding the nature and choice of works to be undertake in a FY along with the order in which each work is to be taken up, site selection, etc. are all to be made in the Gram Sabha (GS) and ratified by the GP.

## 2.8. Social Audits (Chapter IV – Section 17 & Chapter V Section 24)

- Social Audit has to be done by the Gram Sabha at least once in every six months.
- In exercise of the powers conferred by sub-section (1) of section 24 of the MGNREGA 2005, the Central Government, in consultation with the Comptroller and Auditor General of India, has made Rules in June 2011 called Mahatma Gandhi National Rural Employment Guarantee Audit of Schemes Rules 2011. As per the provisions of the Rules, all State Government shall identify or establish an independent organization to facilitate conduct of social audit by Gram Sabhas.

## 2.9. Grievance Redressal (Chapter IV Section 19)

- Grievance redressal mechanisms have to be put in place for ensuring a responsive implementation process, methods of which are renewed on time-to-time basis by notification from the Govt.

## 2.10. Public Disclosure (Chapter V Section 23)

- All accounts and records relating to the Scheme are to be made available for public scrutiny and to any person desirous of obtaining a copy of such records, on demand and after paying a specified fee.

### Funding

#### (Chapter V Establishment of National and State Employment Guarantee Funds & Audits)

The Central Government bears the costs on the following items:

- The entire cost of wages of unskilled manual workers.
- 75% of the cost of material, wages of skilled and semi-skilled workers.
- Administrative expenses as may be determined by the Central Government, which will include, inter alia, the salary and the allowances of the Programme Officer and his supporting staff and work site facilities.
- Expenses of the Central Employment Guarantee Council.

The State Government bears the costs on the following items:

- 25% of the cost of material, wages of skilled and semi-skilled workers.
- Unemployment allowance payable in case the State Government cannot provide wage employment on time.
- Administrative expenses of the State Employment Guarantee Council.

### Transparency

#### (Chapter V Section 23 r/w Schedule II)

In order to ensure greater transparency and fair play, it has been ordered to disburse the wages to the workers in the presence of at least four members of the following committee:

- a) President of the Village Panchayat.
- b) Vice-President of the Village Panchayat
- c) Ward Member of the area where the work is executed
- d) An SC/ST Ward Member, if none of the persons in Sl. Nos. 1, 2 and 3 belongs to SC/ST Community.
- e) Two animators of graded Self-Help Groups.
- f) A representative of the Panchayat Level federation.

### Performance of the Acts in Bihar

The MGNREGS was initially implemented in twenty-three districts in Bihar from 2006 onwards in the second phase from April 2007, the scheme was rolled out across the state with central funding. In accordance with the MoRD 2022-23, the average wage rate per person has increased from Rs.176.96 in the FY2018-19 to Rs. 209.85/- in the FY 2022-23 while the total households worked (48.22 Lac in 2021-22 to 10.59 Lac in 2022-23) and total individuals worked (54.65 Lac in 2021-22 to 11.65 Lac in 2022-23) which was on a record considering increase since FY 2018-19, has decreased dramatically from the previous financial years to FY 2022-23, which might be construed as a drastic after-effect of COVID-19 pandemic.

Bihar government had directed that all migrant workers returning to the state amid the second wave of Covid-19 infections are given job passes and work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) among other central schemes.

Taking into account the field conditions in Bihar, the works ongoing, completed and taken-up, all have seen a major downfall implicated by COVID-19 pandemic,

Works (in lakhs)	2022-23	2021-2022	2020-2021
Works Taken-up	12.16	24.04	30.75
Works ongoing	11.65	11.18	20.89
Works Completed	50,919	12,85,898	9,86,575

Following works are being taken up in Bihar in priority:<sup>1</sup>

- Construction of approach roads and connecting bridges.
- Farm Pond-15000
- Vermi Compost- 32358 & NADEP Compost Tank- 7642
- Roadside plantations – 20000

Though the performance of Bihar, a majorly agricultural rural state plays a significant role in the overall performance of MGNREGA in India, the Semi Feudal Attitude, Improper land holding patterns, the influence of land distribution on selection of NREGs and the always-in-conflict socio economic and political situation becomes some of the biggest fallacies in the Bihar's path to its becoming the best pick of the bunch.

### **Women participation** (Section 10(3)(d) proviso, Section 28, Schedule II)

The share of women in the MGNREGA workforce in Bihar remained high (around 80 per cent) in the beginning years and remained average in the country. Today Bihar has been able to engage about 55.48 (MoRD Report 2022-23 per cent women in MGNREGA which has remained relatively same in the last five financial years. Women are also employed in sizeable numbers as NREGA staff at the GP and Block level as worksite supervisors, data entry operators and so on.

Various provisions under the Act and its Guidelines, aim to ensure that women have equitable and easy access to work, decent working conditions, equal payment of wages and representation on decision-making bodies. From FY 2006–07 up to FY 2012–13, around Rs 62,000 crore have been spent on wages for women. Women participation rate has ranged between 40-48 per cent of the total person-days generated, much above the statutory minimum requirement of 33 per cent. With an increased rate of participation and large amounts being spent on wages for women, studies and field evidence suggest a positive impact of the Scheme on the economic well-being of women. The Scheme has also led to gender parity in wages. The NSSO 66th Round indicated that MGNREGA has reduced traditional wage discrimination in public works. Access to economic resources has also had a favourable impact on the social status of women, for example women have a greater say in the way the money is spent in households. A large percentage of these women spend their money to avoid hunger, repay small debts, paying their child's schooling etc. (MoRD Report 2012).

<sup>1</sup> [https://mnregaweb4.nic.in/netnrega/work\\_target\\_report.aspx?fin\\_year=2022-2023&source=national&Digest=tcKvOx2xp47V1TJeb2KhXQ](https://mnregaweb4.nic.in/netnrega/work_target_report.aspx?fin_year=2022-2023&source=national&Digest=tcKvOx2xp47V1TJeb2KhXQ)



**Table 3: Status of women's participation of women in 16 major states of India in 2010-11.**

States	Percentage participation of women
Kerala	90
Tamil Nadu	83
Rajasthan	68
Andhra Pradesh	57
Karnataka	46
Maharashtra	46
Gujarat	44
Madhya Pradesh	44
Tripura	39
Orissa	39
Haryana	36
West Bengal	34
Jharkhand	33
Bihar	28
Assam	27
Uttar Pradesh	21
National average	51

Source: [www.nrega.nic.in](http://www.nrega.nic.in)

The table depicts that participation of women in sixteen major states in 2010-11. The data says that participation of women in southern states are high even though the program overall is not performing among the best in the country. On the contrary in the states like Tripura, Orissa, Madhya Pradesh and Uttar Pradesh the overall performance of the program is better than the participation of women in the program in these states.

## Role of PRIs

The involvement of Gram Panchayats (GPs) in the implementation of NREGA is also noteworthy. The GP plays an active role in selecting MGNREGA works, monitoring implementation, and so on. GPs are meant to be well-equipped (with proper buildings, furniture, computers, stationery, staff), but variety of reasons as commission from the funds, corruption in the staff, and lack of technical awareness becomes a hurdle for the people who have to perform these roles. Well timed meetings and courage to carry responsibilities need to be brought out in the people for the aimed functioning of the MGNREGA. Even here, participation of women is needs to be improved beyond the effects the colonial social stigmas.

## Role of Gram Sabha (Section 17)

- It lists down the works priority-wise w.r.t the potential of the local area
- It monitors the work executed within the Gram Panchayat
- It acts as the primary forum for the social audits
- It also works as a platform to resolve all workers' queries related to any MGNREGA work.

## Role of Gram Panchayat (Section 13 &16)

- It is authorized with the role to receive the job applications
- After receiving the applications, it is responsible to verify them
- All household are registered by the Gram Panchayat
- The MGNREGS job cards are issued by the Gram Panchayat
- It is responsible to allot work within 15 days from the application submission
- It prepares an annual report that covers the achievement of the scheme
- It holds Rozgar Diwas at every ward once a month

## Role of State Governments in MGNREGS (Section 18)

The important roles of the state government in executing the MGNREGA scheme are:

- It frames rules charting out state's responsibility under the act.
- It sets up the State Employment Guarantee Council.
- State Employment Guarantee Fund (SEGF) is established by state governments.
- It makes sure to dedicate Employment Guarantee Assistant (Gram Rozgar Sahayak), the PO and the staff at State, district, cluster and Gram Panchayat level; for the execution of the scheme.

## BACKDRAWS & NEGATIVE ASPECTS:

- 1) **Corruption, commission & proxies** - A perpetual practise in prevalence is in occasion where the jobcard holders and official in charge have a percentage commission fixing in the amount of wage to the jobcard holder, where the proxy attendance is done by the official and the money provided as wage is shared.
- 2) **Increasing tendency of earning money without work in the youth population:** Government has implemented MGNREGA for providing work to labours at least for 100 days. In agricultural sector, in addition to money they are getting food grains as earning, Government is providing food grains at subsidy rates. Due to excessive food grains, they are selling their food grains in the open market at a higher price which they are receiving from the government as a grant.
- 3) **Ridiculously low wage rate:** Currently, MGNREGA wage rates of 17 states are less than the corresponding state minimum wages. Various judgements have upheld that the MGNREGA wage rate cannot be less than the minimum agricultural wage rate of the state. The ridiculously low wage rates have resulted in lack of interest among workers in working for MGNREGA schemes, making way for contractors and middle men to take control, locally. During Covid-19 breakout, the condition worsened because of necessitated lockdown leading to lack of work and a sharp fall in economy, thus the wages decreased.
- 4) **Insufficient budget allocation:** MGNREGA's success at the ground level is subject to proper and uninterrupted fund flow to the states. Almost every year, more than 80 per cent of funds get exhausted within the first six months. Thus, the government's claim of "record allocation" does not hold true in real

terms. It has rather decreased as pending liabilities of the last year are also included in the current budget. Moreover, the fund allocation is insufficient to ensure proper implementation on the ground.

**Regular payment delays & Workers penalised for administrative lapses:** The Union Ministry of Rural Development considers wages paid once the FTO (Fund Transfer Order) is signed by the second signatory. However, delays take place even in the processing of signed FTOs, for which the Management Information System (MIS) does not calculate compensation. Despite the order of the Supreme Court and initiatives and GO (Government Order) by the Union Ministry of Finance, no provision has yet been worked out in the MIS for calculation of full wage delays and payment of compensation for the same. The ministry withholds wage payments for workers of states that do not meet administrative requirements within the stipulated time period (for instance, submission of the previous financial year's audited fund statements, utilisation certificates, bank reconciliation certificates etc). There is no logical or legal explanation to this bizarre arrangement. It is beyond any logic as to why workers would be penalised for administrative lapses. Hence, the government's claims of 92 per cent on-time payments generation are misguided. Even a hasty survey on ground will show that payments are regularly delayed and thus the main aim of MGNREGA lapses.

- 5) **The banking puzzle:** The rural banks are highly de-capacitated in terms of staff and infrastructure and thus always remain hugely crowded. The workers normally have to visit the banks more than once to withdraw their wages. Due to great rush and poor infrastructure, the bank passbooks are not updated in many cases. Often, the workers do not get their wages during times of need due to the hassle and the cost involved in getting wages from the bank.
- 6) **Faulty MIS data:** The increase in corruption and weakening accountability has roots in the excessive dependence of implementation of MGNREGA on technology (real-time MIS being one of them). There is a growing pile of evidence on how real-time MIS has made MGNREGA less transparent for workers, reduced accountability of frontline functionaries and aided in centralisation of the programme. It has also painted a picture that is far from the truth on the ground. One needs to think about delinking the implementation of MGNREGA from real-time MIS. The data can be uploaded in the MIS post-implementation. It can still be a transaction-based MIS.
- 7) **Genuine job cards being deleted to meet 100% DBT targets:** Genuine job cards are being randomly deleted as there is a huge administrative pressure to meet 100 per cent Direct Benefit Transfer (DBT) implementation targets in MGNREGA. There are multiple examples where the districts had later requested to resume job cards after civil society interventions into the matter. A huge number of genuine job cards and ration cards are getting deleted and genuine people have been deprived of their due entitlements which might be because of lacking record maintenance technicalities in either mode or a precursor to the corruption chakravyuh .
- 8) **Too much centralisation weakening local governance:** A real-time MIS-based implementation and a centralised payment system has further left the representatives of the Panchayati Raj Institutions with literally no role in implementation, monitoring and grievance redress of MGNREGA schemes. It has become a burden as they hardly have any power to resolve issues or make payments. The over-centralisation

of the scheme has completely depoliticised the implementation of MGNREGA and local accountabilities have been completely diminished.

- 9) **Administration not honouring local priorities:** MGNREGA could be a tool to establish decentralised governance. But, with the administration almost dictating its implementation, it is literally a burden now for the people and especially for the local elected representatives. The governments always use the bottom-up people's planning strategy to gain political mileage but never honour local priorities while implementing the schemes. Further linking MGNREGA to construction of Pradhan Mantri Awas Yojana (PMAY), individual household toilets, anganwadi centres and rural 'haats' have been destroying the spirit of the programme and gram sabhas and gram panchayats' plans are never honoured. This is a blatant violation of the Act as well.

### **India Needs an Urban Replica of MGNREGA**

With laudable measures like the increased allocation in Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the Pradhan Mantri Garib Kalyan Yojana in several districts, rural economy has congruently depicted a sharp revival in employment numbers. Centre for Monitoring Indian Economy (CMIE) data shows that after easing of lockdown and gradual resumption of economic activities in states albeit in a phased manner starting 1 June, rural unemployment scenario has fared better than its urban counterpart.

Quite evidently, this has been a result of government's immediate response to address the mounting rural distress as it began to emerge as a humanitarian crisis when lakhs of interstate migrant workers were forced to go back to their homes in the rural pockets of several states. In the middle of all this, what went unattended was a slowly paralyzing urban India as the majority of people working in urban areas had been informally employed. Just like those several thousand migrant workers, these non-migrant urban resident workers also fell through the cracks when their incomes began to dry up and none had a social safety net to fall back on. This was not just the phenomenon in informal nets, but the formally employed suffered a similar plight too as they faced salary cuts and layoffs. This was an expected outcome as the cash flows of job providers spread across several sectors and throughout the value chain were affected, not to forget the growth backbone Micro, Small and Medium Enterprises (MSMEs) too. More so because they were already trying their best to stay afloat amid the slowdown before the covid outbreak. With unlocking, however, several sectors like manufacturing and services have started opening up and their revival now is clearly dependent on what new forms demand will take post covid times. For example, FMCG sales picking up indicate an increased demand for essentials, discretionary spending remains muted as people turn cautious, and hospitality and travel would take a long time to revive, among others.

The grim urban unemployment scenario, as explained above, coupled with increasing petrol prices and struggles with Chinese imports could further brew trouble for urban India. Additionally, inflationary pressures could mount due to the Centre's fresh call for an Atmanirbhar Bharat, embodying the idea of import substitution, as industries will face higher input costs domestically. There is fear that we may enter stagflation if supply side disruptions continue and a vaccine isn't launched in time. As a result, most of these unemployed people are now forced to take rather odd jobs which shall further magnify the problem of informality and reverse the growth outcomes achieved so far. As a part of the relief measures, while the Public Distribution System (PDS) system could reach a vast majority of people both in rural and iurban areas, the system has failed to identify the affected informally employed labour force in largely urban areas. This makes a case for introducing an urban replica of MGNREGA as an urban employment guarantee scheme.

Under the scheme, states should be empowered to take more capital focused expenditure that has a large multiplier effect with encouragement on creation of more public goods like roads, bridges, schools and hospitals. Surprisingly so, government seems to be moving in this direction. As the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) completed its five years since the inception, the government has agreed for the next phase of it with an impressive vision focused on digitization, entrepreneurship and skill mapping based database creation. This Artificial Intelligence (AI) based Atmanirbhar Skilled Employee Employer Mapping (ASEEM) portal can be a game changer in rapid development and could also serve useful for an urban employment guarantee scheme during distress. For the formally employed, government can think of some sort of wage subsidy as a short run strategy like several developed countries have, so that people possess purchasing power to keep consumption demand afloat.

Now, several other policies in pipeline like the urban health scheme with focus on Resident Welfare Associations (RWAs) empowerment, Affordable Rental Housing Complexes (ARHCs) scheme to make urban housing available at affordable rent close to places of work, are all steps in the right direction. What would be needed is a greater emphasis on the credibility of states and a rethinking of local government in the implementation of these policies. They are the most crucial components in developing a quick recovery response in times of crises presently being the health one. A focus on urban development integrated with infrastructure development is vital for a demographically young India, as urban areas spur productivity to the rest of the country thereby encouraging upward social mobility and better human development outcomes.

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