



# The Development and Effectiveness of MGNREGS: A case Study in Kadapa District of Andhra Pradesh

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## Abstract

Growing the aim of the wage employment programme to more effectively fight poverty, the Central Government formulated the National Rural Employment Guarantee Act (MGNREGA) in 2005. With its legal framework and rights-based approach, MGNREGA provides employment to those who demand it and is a paradigm shift from earlier Programmes. Notified on September 7, 2005, MGNREGA aims at enhancing livelihood security by providing at least one hundred days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do un-skilled manual work. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) reduced poverty by up to a third and gave a large number of rural People their first opportunity to earn cash income. The district's shelves of works to provide employment are to be selected from the list of permissible works. Central Government 100 per cent of wages for un-skilled manual work, 75 per cent of material cost of the schemes including payment of wages to skilled and semi-skilled workers. State Government- 25 per cent of material including payment of wages to skilled and semi-skilled workers cost. 100 per cent of unemployment allowance by state government. In terms of the physical and financial achievements of NSAP, it has performed the best in Financial Year 2022-23. During Financial Year 2022-23, the highest-ever release of funds to the States/UTs to the tune of Rs.9652 crores was made, and the maximum number of beneficiaries (301 lakh) ever was covered. To foster transparency and swiftness in transactions, NSAP pension schemes were included under Direct Benefit Transfer (DBT) schemes in December 2014. At present, almost all States/ UTs are DBT compliant except Andhra Pradesh and Nagaland. The number of digital transactions for NSAP increased from 1.73 crores in 2014-15 to 21.52 crores in 2022-23. At present, data of all NSAP pension beneficiaries have been digitized, and the pension schemes have already achieved 100% saturation in all States/ UTs in Sept 2022. During 2020-21, in addition to the regular funds released to the States/UTs, funds to the tune of Rs.2814.50 crores were also released to the States/ UTs.

## Introduction

India has five decades of experience in implementing wage employment programmes. The concept of creating wage employment in public work is not new. Among other programmes MGNREGA, the recent initiative which providing 100 days employment to the rural people in a year. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims at enhancing the livelihood security of people in rural areas by guaranteeing hundred days of wage-employment in a financial year to a rural household whose members volunteer to do unskilled manual work. The objectives of the livelihood resource base of the rural poor. The choice of works suggested in the Act addresses causes of chronic poverty like drought, deforestation and soil erosion, so that the process of employment generation is maintained on a sustainable basis.

The Rights-based design of MGNREGA has a genesis in the preceding wage employment programmes. Almost all the rights related features of MGNREGA are inherited from previous wage employment programme. The rights based frame work was inherited from Maharashtra Employment Guarantee Act 1977. Under MGNREGA, apart from guaranteeing 100 days of wage employment, the Panchayat Raj Institutions have been vested with the responsibility of planning, implementation and monitoring of activities taken up under the scheme. MGNREGA made the demand factor a conscious strategy as a Right to obtain employment. Financial obligations both of the Centre and the State are part of the legal framework. The MGNREGA guidelines also detail operational and administrative modalities of implementation seeking to address the limitations of the earlier wage employment programmes, placing greater emphasis, for example on planning processes, and MIS for improving data management.

However, since the conditions for implementing the Rights-based processes of the Act were not necessarily universally or equally present, the implementation of the schemes under the Act, immediately with its notification, became the testing and training ground. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) with its legal framework and rights-based approach was notified on September 5, 2005. It aims at enhancing livelihood security by providing at least one hundred days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. The Act covered 200 districts in its first phase, on February 2, 2006, and was extended to all the rural districts of the country in phases.

The Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA) aims at enhancing the livelihood security of households in rural areas of the country by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. In case employment is not provided within 15 days from the date of registration of the demand for work or the date from which work has been demanded in case of advance applications, whichever is later, the worker is entitled to a daily unemployment allowance. 6.108 A total of 5.6 crores households availed employment and a total of 225.8 crores person-days employment has been generated under the Scheme.

## Impact of MGNREGA

In the rural context where the economy is largely dependent on agriculture, a large proportion of the rural population is dependent on the wages which they earn through unskilled manual labour in agriculture and otherwise. The workers in MGNREGS are largely casual workers who are in the vulnerable and suffer from chronic poverty when there is inadequate labour demand or when there are some calamities like natural disasters or personal crisis like ill-health or indebtedness. In this context programme like MGNREGS are extremely important as they provide the community with income during critical times especially during lean agricultural seasons. MGNREGS is being projected as the largest social security scheme in the world. Huge sums of money are being spent at the village level to ensure that the poorest and the needy household get a guaranteed employment for at least 100 days in the village.

## Goals

- Strong social safety net for the vulnerable groups by providing a fall-back employment source, when other employment alternatives are scarce or inadequate.
- Growth engine for sustainable development of an agricultural economy. Through the process of providing employment on works that address causes of chronic poverty such as drought, deforestation and soil erosion, the Act seeks to strengthen the natural resource base of rural areas. Effectively implemented, NREGS has the potential to transform the geography of poverty.
- Empowerment of rural poor through the processes of a rights-based law.
- New ways of doing business, as a model of government reform anchored on the principles of transparency and grassroots democracy.

## The Objectives of NREGP Were

- Providing wage employment opportunities.
- Creating sustainable livelihood through regeneration of the natural resource base i.e. augmenting productivity and supporting creation of durable assets.
- Strengthening governance through decentralization and process of transparency.

## Payment through Banks and Post Offices and Financial Inclusion

To ensure transparency in wage payments and prevent misappropriations, the Government of India mandated that all Mahatma Gandhi NREGS wage payments should be made through banks/ post office accounts opened in the name of the worker unless exempted by the Ministry of Rural Development. As a result, nearly 9.3 crore bank/post office accounts of rural people have been opened under Mahatma Gandhi NREGS and around 80 per cent of Mahatma Gandhi NREGS payments are made through this route. The opening of accounts has brought the poor into the

organized sector and in some cases provided them with better access to credit, an unprecedented financial inclusion initiative.

### **Natural Resource Regeneration and Sustainable Development**

The works undertaken through Mahatma Gandhi NREGS give priority to activities related to water harvesting, groundwater recharge, drought-proofing, and flood protection. Its focus on eco-restoration and sustainable livelihoods has led over time, to an increase in land productivity and aided the workers in moving from wage employment to sustainable employment. With almost 53 per cent works relating to soil and water conservation, Mahatma Gandhi NREGS works focus on regenerating the rural ecosystem and creating rural infrastructure that supports sustainable livelihoods. A study conducted by Indian Institute of Science, Bangalore during 2022-23 has indicated that such works taken up under Mahatma Gandhi NREGS have contributed to improved ground water levels, increased water availability for irrigation, increased area irrigated by ground and surface water sources and improved drinking water availability for humans and livestock.

### **Impact on Agricultural Productivity**

Provision of water is vital for agriculture and ensuring food and water security in rural India. Research suggests that water-related assets created under Mahatma Gandhi NREGS have increased the number of days in a year water is available and also the quantity of water available for irrigation. The increased availability of water has also led to changes in crop patterns and increased area under cultivation according to some studies. To further strengthen the Scheme's synergy with agriculture and sustainable livelihoods, the list of permissible works under Mahatma Gandhi NREGS has been expanded. The expansion of works is likely to improve the socio-economic conditions of marginalized sections of the society i.e., SC/ST/ Small and Marginal farmers/IAY beneficiaries/Forest Rights Act beneficiaries, etc. since many of the new works are allowed on the land or homestead of these sections.

### **The Basic Features of the Scheme Embrace**

- The scheme has certain inbuilt safeguard to ensure that the money is spent on labor equivalent works and it reaches the targeted beneficiaries.
- Contractors are banned in the implementation of the programs.
- It is mandatory to spend at least hundred percentages of the funds for the payment to the laborers.
- Priority is given to laborer intensive projects like watershed development, social forestry, and wasteland reclamation.
- Payment of wages to workers is to be made through accounts opened in the name of laborer so as to cultivate saving habit in people.

## Changed to MGNREGS

Three years of the programme have indicated a need to evolve the design and lend support to the programme to more effectively address implementation challenges. Thus, a Professional Institutional Network (PIN) has been constituted for steady, sustainable interventions that enhance the quality of the programme. The network will undertake an impact assessment to identify within districts and across states, efficient management practices, procedures, processes, factors that have contributed to good performance and the positive outcome and impact generated. The institution will also indicate interventions and strategies for dissemination of these practices and factors that have or will limit the optimal performance of the scheme. The main focus will be on strengthening the capacity of the district to implement the programme and create positive impact.

## Geo-tagging of the Assets

Geo MGNREGA Phase-I was rolled out on 1 September 2016 for geo-tagging of all completed works which started before 1 November 2017, under the scheme. Geo MGNREGA Phase-II was rolled out on 1 November 2017 and under this phase, the geo-tagging of assets is carried out in three stages viz., before initiation of work, during the work, and after completion of work. More than 5.2 crores assets have been geo-tagged (as of 6 January 2023) and made available in the public domain.

## Mandatory expenditure on agriculture and allied activities

As per the provision of the Act, the District Programmes Coordinator is required to ensure that at least 60 per cent of the works to be taken up in a district in terms of cost shall be for the creation of productive assets directly linked to agriculture and allied activities through development of land, water, and trees. The expenditure on agriculture and allied activities is 68.5 per cent in Financial Year 23 (as of 6 January 2023).

## e-Payments

e-payments are done under MGNREGA using National Electronic Fund Management System (Ne-FMS)/ Electronic Fund Management System (e-FMS) for the payment of wages of workers directly to their bank/post office accounts. So far, total expenditure through NeFMS/e-FMS is 99.7 per cent. DBT: Under the scheme, 99 per cent of wage seekers are receiving their wages directly into their bank accounts. It is a big step towards transparency.

## Aadhaar-based payment

14.0 crore Aadhaar have been seeded in Management Information System (MIS) which is 92.0 per cent of total active workers (15.3 crores). A total of 7.9 crore workers have been linked to Aadhaar Based Payment System. Some of the Good Governance initiatives under the Scheme are:

The Job Cards (JC) need to be verified and updated from time to time to weed out the bogus JCs, duplicates, and for reasons like migration and death.

The states/ UTs have taken up this exercise to verify/ update the JCs. (b) As a good governance initiative, the number of Registers (average 22 Registers in a Gram Panchayat) being maintained at every Gram Panchayat has been brought down to seven Registers. (c) Cases of violation of Guidelines and Schedules are being followed up regularly. The Interstate Standard Operating Procedures (SoP) for visits were developed to improve the quality of the social audit process for all the states/UTs. This SoP will ensure all the Social Audit compliance as per Audit Standard Rule, 2011 which includes the establishment of an independent social audit unit, independent social audit director, and complete human resources to be trained as Village Resource Persons (VRPs), timely calendar upload on MIS, timely conduct of the regular audit and uploading the issues on MIS within the stipulated timeline. (d) MGNREGA workers are being trained under recent initiatives like Bare Foot Technicians (BFT) to move them up the skilling ladder. So far, 8,394 BFTs have been trained in 20 States. (e) The project “UNNATI” intends to upgrade the skill base of the MGNREGS workers, and thereby improve their livelihoods so that they can move from their current partial employment to full employment. This project was launched in the FY20 and aims to enhance the skill base of 2 lakh MGNREGA beneficiaries in three years i.e., Financial Year 20, Financial Year 21, and Financial Year 22. So far, about 27,383 candidates have been trained. UNNATI skilling project is meant to provide training to one adult member (of age 18-45 years) of a household who has completed 100 days of work under MGNREGA in the financial year from Financial Year 19. Full expenditures towards a stipend, against wage loss compensation, are entirely borne by the Central Government. A total of 2 lakh beneficiaries are to be imparted training in 26 States and 2 UTs. (f) Around 5.5 crores households fall under the category of landless households dependent on manual casual labour for livelihood as per the 2011. The Government is making all efforts to get these households, not having JCs, to obtain employment under MGNREGA. Around 4.6 crores such households have been surveyed. (g) Area Officer Monitoring App was launched in May 2021, in a bid to facilitate the authorities to record their findings online. It will also help in recording time-stamped and geo-coordinate tagged photographs for all the schemes of the Department of Rural Development. It facilitates analysis of findings which in turn help in the implementation of the programme in a better manner. (h) National Mobile Monitoring Software (NMMS) App was launched in May 2021 which permits taking real-time attendance of workers at MGNREGA worksites along with a geo-tagged photograph. This app is a big step towards bringing transparency and proper monitoring of the schemes and will help in increasing citizen oversight of the programme.

## **Rural Development**

The concept of development has a special importance in the economy like India, because its majority of the population (70 per cent) stays in the rural areas. Therefore, an attempt to materialize and speed up socio-economic development of the areas will enable in achieving the goal of development.

## MGNREGS in Andhra Pradesh

### Objectives

1. To study the socio-economic conditions of the sample households
2. To study the income and employment generation through MGNREGA

### Sample Design

This study is based on the Primary as well as secondary data was used in the present study. The primary data was collected through interview Schedule. The study in the Atlur mandal of YSR Kadapa district. The sample was down random sampling technique and for analyzing the data we have been used percentages only. One pragmatic study is presented to personal profile of sample respondent and for in depth analysis. Thus the study covers 180 sample respondents.

The above Table-1 Age, Education, Caste, Housing, Marital status etc. are some of the important variables shows that their socio-economic living of the respondents. Most of the surveyed respondents were belonging to age group of 41-55 years (44.45 Per cent) and 26-40 years (22.22 per cent). Thus, making a majority of middle age group. Most of the respondents were found poor in terms of education and literacy development. Even 38.89 per cent respondents were reported to be illiterate. Important educated respondents were reported 30.56 per cent did their primary education.

The Caste of respondents are shown in the table-1 that the majority 70 (38.89 per cent) are belongs to Backward caste and followed by 50 (27.78 per cent) are Scheduled Caste, 40 (22.22 per cent) are forwarded Caste respondents and remaining 20 (11.11 per cent) are Schedule Tribes. However, the housing Conditions are good and the majority 80 (44.44 per cent) are RCC houses, 60 (33.33 per cent) are hut houses 40 (22.23 per cent) are tiled roof houses and majority constructed their houses under the Indira Awas Yojana Scheme. The majority of the households do not have access to sanitary latrines. The table-1 we also assed the marital status of the heads at the respondents households and the available option included single, Married, Separated and widow results indicate that most of the households were married, about 50 (27.78 per cent) of them noted that they were single and 20 (11.11 per cent) were found as widow.

**Table-1**  
**Socio-Economic Conditions of the Sample Respondents in the study Area**

<b>Age</b>			
<b>S. No.</b>	<b>Variables</b>	<b>Frequency</b>	<b>Percentages to total</b>
1	Below -25	40	22.22
2	26-40	40	22.22
3	41-55	80	44.45
4	56 And above Years	20	11.11
<b>Total</b>		<b>180</b>	<b>100.00</b>
<b>Education</b>			
<b>1</b>	Illiterate	70	38.89
<b>2</b>	Primary	40	22.22
<b>3</b>	Secondary	55	30.56
<b>4</b>	Inter and Above	15	8.33
<b>Total</b>		<b>180</b>	<b>100.00</b>
<b>Caste</b>			
1	OC	40	22.22
2	BC	70	38.89
3	SC	50	27.78
4	ST	20	11.11
<b>Total</b>		<b>180</b>	<b>100.00</b>
<b>House</b>			
1	Hut	60	33.33
2	RCC	80	44.44
3	Tiled Roof	40	22.23
<b>Total</b>		<b>180</b>	<b>100.00</b>
<b>Marital Status</b>			
1	Married	110	61.11
2	Un-Married	50	27.78
3	Widow	20	11.11
<b>Total</b>		<b>180</b>	<b>100.00</b>

Source: Primary Data

## Occupation

Occupation is the predominant determining factor behind the membership. In MGNREGS, Respondents is a source of improving or supplementing the income from main occupational source. The labour engaged in low average income occupations tends to join the MGNREGS in order to enhance their income or to ensure against the income fluctuations due to seasonal occupational variations or low income levels. Occupational classifications of MGNREGS Respondents of the presented study are shown in the table-2



**Table-2**  
**Occupation of the Sample Respondents**

S. No.	Occupational Background	Frequency	Percentage to total
1	Agricultural	44	24.44
2	Construction Labour	10	5.55
3	Agricultural Labour	63	35.00
4	Rural artisans	5	2.78
5	Business	49	27.22
6	Non-agriculture	9	5.00
<b>Total</b>		<b>180</b>	<b>100.00</b>

**Source:** Primary data

In the Mandal of Atlur, agricultural Labour is the main source for the major groups (35.00 per cent), followed by those with agricultural (24.44 per cent) and the remaining (5.55 per cent) and 49 (27.22. per cent) and 5(2.78 per cent) and 9(5.00 per cent) of the beneficiaries belongs to construction labour, Business, rural artisans and non-agricultural respectively. It is concluded that highest number of respondents i.e., 63 respondents (35.00 per cent) are Agricultural Labour and lowest number of respondents, i.e., 05 respondents (2.78 per cent) are Rural artisans.

## Gender

Gender classification of the respondents has been presented in the Table-3.

**Table-3**  
**Sex- wise classification of the sample respondents**

S. No.	Gender	Frequency	Percentage to total
1	Male	110	61.11
2	Female	70	38.89
<b>Total</b>		<b>180</b>	<b>100.00</b>

**Source:** Primary data

According to the table-3, the percentage of male respondents is more than 60 and the percentage of, the female respondents is 38 per cent, owing to the nature of work undertaken in MGNREGS.

## Evaluation of Mgnregs

The performance of MGNREGS has been evaluated basing on the variables such as number of days worked, annual income satisfaction over MGNREGS and change of life style of the respondents.

### Number of Days Worked Under MGNREGS

Work is workers and work days income. The details of number of days worked by the respondents under MGNREGS are presented in the Table-4.

**Table-4**  
**Employment details of the sample respondents**

S. No.	No. of days	Frequency	Percentage to Total
1	Below 75	40	22.22
2	76-125	60	33.34
3	126-175	35	19.44
4	176-225	30	16.67
5	226 and above days	15	8.33
<b>Total</b>		<b>180</b>	<b>100.00</b>

**Source:** Primary data

It is observed from the table that out of 180 respondents from, 40 (22.22 per cent) of the respondents worked below for 75 days, 60(33.34 per cent) for 76 to 125 days, 35(19.44 per cent) for 126 to 175 days, 30(16.67 per cent) for 176 to 225 days and 15 (8.33 per cent) for 226 and above days during the year 2013-14. It is concluded that the majority of the respondents are getting an employment of 76-125 days 60(33.34 per cent).

### **Annual Income**

The details of total wages received by the respondents as annual income are presented in the Table-5.

Total wages received under MGNREGS works during 2021-2022 in the study area show that out of 180 respondents, 63(35 per cent) received an amount of below Rs.10000, 52(28.89 per cent) received between Rs.10001 and 20000, 38(21.11 per cent) received between Rs.20001 and 30000 and only 27(15 per cent) received above Rs.30001. It is concluded that majority of the respondents are getting an annual income of less than Rs.10000.

**Table-5**  
**Annual income of the sample respondents in the study area**

S. No	Income levels(Rs.)	Frequency	Percentage to total
1	Below 10000	63	35.00
2	10001 to20000	52	28.89
3	20001 to 30000	38	21.11
4	30001 and above	27	15.00
<b>Total</b>		<b>180</b>	<b>100.00</b>

**Source:** Primary data

### **Conclusion**

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims at enhancing the livelihood security of people in rural areas by guaranteeing hundred days of wage-employment in a financial year to a rural household whose members volunteer to do unskilled manual work. The objectives of the livelihood resource base

of the rural poor. Under MGNREGA, apart from guaranteeing 100 days of wage employment, the Panchayat Raj Institutions have been vested with the responsibility of planning, implementation and monitoring of activities taken up under the scheme. MGNREGA made the demand factor a conscious strategy as a Right to obtain employment. Financial obligations both of the Centre and the State are part of the legal framework. Provision of water is vital for agriculture and ensuring food and water security in rural India. Research suggests that water-related assets created under Mahatma Gandhi NREGA have increased the number of days in a year water is available and also the quantity of water available for irrigation. The women workforce participation under the Scheme has surpassed the statutory minimum requirement of 33 per cent and the trends indicate an increase in the participation rate at the national level. The majority of the respondents are getting an employment of 76-125 days 60(33.34 per cent). Moreover the majority of the respondents are getting an annual income of less than Rs.10000. But yet A number of man days and annual income of the respondents have to be increased in order to increase the performance of MGNREGS.

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