A multi-programme and multi-agency approach was followed to provide assistance to the poor due to their vast number in our country. Too many programmes and lack of adequate co-ordination among various implementing agencies resulted in duplication of efforts and wastage of resources to a considerable extent. Thus, The Parliament passed the MNREGA in the monsoon season on August 23, 2005. The Act received the assent of President on September 5, 2005 and was notified on September 7, 2005. MNREGA with its legal framework and rights-based approach, it provides employment to those who demand it and is a paradigm shift from earlier programmes.

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is the first tangible commitment to the poor. The scheme aims at providing employment as a source of income by ensuring their dignity. Thus it was considered a unique scheme, which provides them Right to Work, enshrined in the Constitution under directive principles of state policy (Part IV, Article 39 (a) and Article 41, Constitution of India). In this sense the scheme was supposed to be the most unique scheme after independence as it provides them statutory right to employment. And the government has a statutory obligation to provide employment to every rural household in a financial year.

Need for MNREGA

More than 70% Indian population lives in rural areas and the unemployment rate is also higher in rural areas (because of the dependence on agriculture and its declining growth rate). India’s labour force is growing at a rate of 2.5 percent annually but employment, in both, organized and unorganized sectors is growing at only 2.3 percent annually. And this employment rate is miserably low. Thus the country is facing the challenge of not only absorbing new entrants (estimated 7 million people every year) to the job market but also clearing the backlog (M.L.Dhar, 2008; 38).

Bhaduri (2005) revealed that the number of unemployed persons registered with employment exchanges in India was 36.7 million in 1994 which rose to 40.8 million in 1999 and to 42.0 million in 2001. An average yearly job-seekers registration is 55 lakh to 60 lakh per year and more than 70 percent of Indian population live in rural areas spread over 589626 villages and the people of rural areas are very poor and depend on agriculture for their livelihood (Dev and Ravi, 2007; 509). The share of employment in agriculture declined from 61% in 1993-94 to 52.1% in 2004-05 and rural India is become more poor and unemployed. In this reference the scheme like MGNREGA is very beneficial for the people in dispersed areas which provide gainful employment in lean agriculture season (Ruddar Datt, 2008; 9).

The first survey on employment and unemployment (GoI, 2010) estimated unemployment in the economy as a whole at 9.4 percent in 2009-10 with 7.3 percent in urban areas and a staggering 10.1 percent in rural areas.
During the Eleventh Five Year Plan (2007-12) the rate of unemployment has increased from 6.1% in 1993-94 to 7.3 percent in 1999-2000 and further 8.3 percent in 2004-05. Unemployment among agricultural labour households has risen sharply from 9.5 percent in 1993-94 to 15.3 percent in 2004-05. (Eleventh Five Year Plan, Vol.3) So keeping in mind the problems of rural areas the Government of India decided to launch the "Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)" which provides a legal guarantee of 100 days work in a financial year to every rural household whose adult members are willing to do unskilled manual work at a minimum wage rate.

**Mandate**

MGNREGA aims at enhancing livelihood security by providing at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work at a statutory minimum wage rate.

**Objectives of MGNREGA**

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

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

**Coverage of MGNREGA**

The Act was notified in 200 districts in the first phase with effect from February 2nd 2006 and then extended to an additional 130 districts in the financial year 2007-2008 (113 districts were notified with effect from April 1st 2007, and 17 districts in Uttar Pradesh (UP) were notified with effect from May 15th 2007). The remaining districts have been notified under MGNREGA with effect from April 1, 2008. Thus, the MGNREGA covers the entire country with the exception of districts that have a hundred percent urban population.
Salient Features of the Act

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a holistic measure aimed at fulfilling one of the most important human rights that is Right to Employment, at least to one member of the family.

1. **Guaranteed employment for one hundred days**: The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a big opportunity for rural areas of India. This act has a provision of guaranteed employment for one hundred days in every financial year to rural households with unemployed adult members prepared to do unskilled manual work at a statutory minimum wage rate. As per the provision of this act, a person who needs employment is to get his/her family registered with Gram Panchayat.

2. **The benefits** are reflected in greater economic security, higher farm wages, lower migration and building of infrastructure.

3. **The scheme has been universalized** for all persons living in rural areas whether they are Below Poverty Line (BPL) or Above Poverty Line (APL).

4. **A minimum of 33% reservation** to be made for women, where the numbers of applicants are too large.

5. As far as practicable, a task funded under MNREGA shall be performed by using manual labour and not machines.

6. Every scheme will have adequate provisions for ensuring transparency and accountability at all levels.

7. The Act says that at least 50 percent of the works in terms of costs will be allotted to the gram panchayats for execution. The act defines panchayats as the prime authorities in management of the MGNREGA. Panchayats are to finalize, approve, implement and monitor the projects. The scheme will not permit engaging any contractor for implementation of the projects.

8. If injury is caused to any person employed under MGNREGA, he/she will be entitled to free of charge medical treatment.

9. If a person employed under the scheme, dies or become permanently disabled by an accident arising out or in the course of employment he/she will be paid by the implementing agency as ex-gratia payment at the rate of twenty-five thousand rupees.

10. **Job Card**: Job Card is a legal document of right to work. In a job card the information about the applicants, like his/her name, age, sex, name of the head of the family, number of adult members of the family willing to work etc. is given. This job card is valid for a period of 5 years. And the main purpose of this job card is to enable MGNREGA workers to verify their own employment and wage details. After registration and getting job card a person has to apply for work for a definite period of his own choice. Applications can also be given orally to the gram panchayat.
11. **Muster Roll:** Muster Roll is a list of the names of the workers working under MGNREGA. So at every worksite there is a muster roll containing the names of workers. This is a kind of attendance register. Muster Roll is also a unique feature of MGNREGA.

12. **Worksite Facilities:** The facilities of safe drinking water, rest shed, creche for children below 6 years of female workers and first-aid box with adequate material for emergency treatment for minor injuries and other health hazards connected with the work being performed will be provided at the worksites.

13. **Work Location:** There is also a provision that employment has to be given within a circle of 5 km radius and if it is beyond 5 km, there is also a provision for payment of additional transportation and living expenses at 10 percent of extra wages.

14. **Wage Rates:** Under MGNREGA Wages will be paid at the rate of agricultural minimum wages as notified by the state government from time to time. Section 6(1) of MGNREGA states that notwithstanding anything contained in the Minimum Wages Act 1948, the central Government may by notification specify the wage rate for the purposes of the Act.

15. **Wage Payments:** Payment of wages to the workers is to be given every week or within 14 days in any circumstances. If a worker does not receive his/her wages on time, he/she is liable to get compensation under the Wage Payment Act, 1972.

16. **Mode of Wage Payments:** Under MNREGA the payments of wages through banks or post offices are benefited the MNREGA workers. Many observers have advocated that the payment of wages through bank/ post office is the right step under MNREGA to prevent the corruption. The main advantage of this approach is that it reduces the likelihood of any fudging of the muster rolls on the part of the implementing agency (i.e., gram panchayats). Since the actual wage payments were beyond their reach it is a safeguard against the embezzlement of MNREGA wages.

17. **Social Audit:** Social Audit is a dynamic tool by which people are able to make officials accountability for their performance in the delivery of legally enshrined rights. Social Audit is a participatory process in which both the local people and government officials verify the outcomes under MGNREGA. So that they help at every stage to built up the transparency and responsibility under MGNREGA. Social Audit is a process for evaluating, reporting and improving the performance and behaviour of local people and government officials. So this is also a unique feature of MGNREGA.

18. **Unemployment Allowance:** Unemployment Allowance is the most attractive as well as encouraging feature of MGNREGA. Under MGNREGA if an applicant is not provided employment within 15 days of receipt of his/her application, there is a provision of daily unemployment allowance. This unemployment allowance is one-fourth of the prescribed wages for first 30 days and after that it is half of the prescribed wages. And this Unemployment Allowance will be paid by the concerned state government and officials responsible for implementing the scheme are accountable for it.
But a person will not get any unemployment allowance in certain conditions, those are as follow:

a) If a person has completed 100 days employment in a financial year.
b) If he/she refuses to do work.
c) If he/she takes a continuous leave for 7 or more than 7 days from work without any prior information will not get any unemployment allowance for a period of three months. But he/she will be eligible to seek employment under the scheme at any time.

19. **Reduction in Migration:** The lack of work was the main reason for migration in most districts and states. The MGNREGA is expected to reduce migration through three main effects:

a) Employment security during lean seasons.
b) Earnings and savings effects and
c) Social (happiness) effects.

20. **Insurance:** In case of any accident, there is a provision for insurance for workers under MGNREGA.

21. National Helpline set up for receipt of complaints. The Ministry of Rural Development (MoRD) has set up a toll free National Helpline (1800110707) to enable the submission of complaints and queries for the protection works entitlements and rights under the Act.

22. Employment guarantee day (Rozgar Diwas): Every Gram Panchayat should organise a Rozgar Diwas at least once every month. At this event the Gram Panchayat should pro-actively invite applications for work from potential workers for the current as well as subsequent quarters. Dated receipts will be issued to the applicants at this event. The „Employment Guarantee Day” should be earmarked for processing work applications and related activities such as disclosure of information, allocation of work, payment of wages and payment of unemployment allowances.

**Implementation of MNREGA**

Implementation of the Mahatma Gandhi NREGA (MGNREGA) involves roles and responsibilities of a large number of stakeholders from the village to the national level. The key stakeholders are:

1. Wage seekers
2. Gram Sabha (GS)
3. Three-tier Panchayati Raj Institutions (PRIs), especially the Gram Panchayat (GP)
4. Programme Officer at the Block level
5. District Programme Coordinator (DPC)
6. State Government
7. Ministry of Rural Development (MoRD)
8. Civil Society
9. Other stakeholders [viz. line departments, convergence departments, Self-Help Groups (SHGs), etc.]
Works under MNREGA

As per Schedule I of the Act, the focus of the Mahatma Gandhi NREGA shall be on the following categories of works:

i) water conservation and water harvesting;

ii) drought proofing, including afforestation and tree plantation;

iii) irrigation canals, including micro and minor irrigation works;

iv) provision of irrigation facility, horticulture plantation and land development facilities to land owned by households belonging to the Scheduled Castes and Scheduled Tribes or below poverty line families or to beneficiaries of land reforms or to the beneficiaries under the Indira Awas Yojana of Government of India or that of the small farmers or marginal farmers as defined in the Agriculture Debt Waiver and Debt Relief Scheme, 2008 or to the beneficiaries under the Scheduled Tribes and Other Traditional Forest dwellers(Recognition of Forest Rights) Act, 2006.

v) renovation of traditional water bodies, including de-silting of tanks;

vi) land development & soil conservation works.

vii) flood-control and protection works, including drainage in waterlogged areas;

viii) rural connectivity to provide all-weather access. The construction of roads may include culverts where necessary, and within the village area may be taken up along with drains;

ix) construction of Bharat Nirman Rajiv Gandhi Sewa Kendra as Village Knowledge Resource Centre and Gram Panchayat Bhawan at Gram Panchayat level.

x) any other work that may be notified by the Central Government in consultation with the State Government.

A Paradigm Shift

1. The MNREGA has given rise to the largest employment programme in human history and is unlike any other wage employment programme in its scale, architecture and thrust. Its bottom-up, people-centred, demand-driven, self-selecting, rights-based design is distinct and unprecedented.

2. The MNREGA provides a legal guarantee for wage employment.

3. It is a demand-driven programme where provision of work is triggered by the demand for work by wage-seekers.

4. There are legal provisions for allowances and compensation both in cases of failure to provide work on demand and delays in payment of wages for work undertaken.

5. The MNREGA overcomes problems of targeting through its self-targeting mechanism of beneficiary selection, that is, a large percentage of poorest of the poor and marginalized seek employment under the Scheme.

6. The Act incentivises States to provide employment, as 100 per cent of the unskilled labour cost and 75% of the material cost of the programme is borne by the Centre.
7. Unlike the earlier wage employment programmes that were allocation-based, MNREGA is demand-driven and resource transfer from Centre to States is based on the demand for employment in each State. This provides an additional incentive for States to leverage the Act to meet the employment needs of the poor.

8. There is also a concomitant disincentive for failing to provide work on time, as the States then bear the cost of the unemployment allowance.

9. Gram Panchayats (GPs) are to implement at least 50 per cent of the works in terms of cost. This order of devolution of financial resources to GPs is unprecedented.

10. Plans and decisions regarding the nature and choice of works to be undertaken, the order in which each work is to be triggered, site selection etc. are all to be made in open assemblies of the Gram Sabha (GS) and ratified by the GP. Works that are inserted at Intermediate Panchayat (IP) and District Panchayat (DP) level have to be approved and assigned a priority by the GS before administrative approval can be given. The GS may accept, amend or reject them.

11. These decisions cannot be overturned by higher authorities, except to the extent of ensuring conformity with the provisions of the Act and its Operational Guidelines.

12. This bottom-up, people-centred, demand-driven architecture also means that a great share of the responsibility for the success of the MNREGA lies with wage-seekers, GSs and GPs.

13. MNREGA also marks a break from the relief programmes of the past towards an integrated natural resource management and livelihoods generation perspective.

14. Social audit is a new feature that is an integral part of MNREGA. Potentially, this creates unprecedented accountability of performance, especially towards immediate stakeholders.

15. An Annual Report prepared by the Central Employment Guarantee Council (CEGC), on the outcomes of MNREGA is required to be presented annually by the Central Government to Parliament. Likewise, the annual reports prepared by State Employment Guarantee Councils (SEGC) are to be presented to State Legislatures by the State Governments, facilitating oversight by elected representatives.

**Funding**

A. **The Central Government bears the costs on the following items:**
1. The entire cost (100 percent) of wages of unskilled manual workers.
2. 75 percent of the cost of material, wages of skilled and semi-skilled workers.
3. 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.

B. **The State Government bears the costs on the following items:**
1. 25 percent of the cost of material, wages of skilled and semi-skilled workers.
2. Unemployment allowance payable in case the State Government cannot provide wage employment on time.

3. Administrative expenses of the State Employment Guarantee Council.

4. Districts have dedicated accounts for Mahatma Gandhi NREGA funds. Proposals are submitted based on clearly delineated guidelines so that funds may be distributed efficiently at each level, and adequate funds may be available to respond to demand. Under Mahatma Gandhi NREGA, fund releases are based on an appraisal of both financial and physical indicators of outcomes.

C. Labour Budget:

The District Programme Coordinator prepares the Labour Budget in the month of December every year for the next financial year containing the details of anticipated demand for unskilled manual work under the scheme and submits it to the District Panchayat. The Ministry of Rural Development estimates the requirement of funds on the basis of projections made in the Labour Budget. Central funds are sanctioned after the examination of Labour Budgets and taking into account utilization of funds previously released.