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## RURAL ECONOMY TRANSFORMING IN NREGA- A STUDY

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### Abstract

NREGA essentially guarantees employment for the unemployed in rural areas for 100 days in a year, through work such as building roads, improving water supply and works that are necessary to improve the village infrastructure. The uniqueness of this act is in the fact that it carries emphasis on issues like equality of wages for men and women, elimination of work contracting/middlemen, payment of wages only through bank and post office accounts to prevent corruption, creating transparency in workers muster rolls etc. Any individual, irrespective of his socio- economic status can ask for employment (either in writing or verbally) with the Gram Panchayat. The act guarantees that if work is not provided within a 15-day time frame (including the eligibility verification and issuing of the job cards) then the applicant is eligible for unemployment allowance. Work to be done is decided by the Gram Panchayat. Emphasis is given to unskilled manual labor focusing on building roads and other public village infrastructural facilities, water conservation, afforestation, land development & drought proofing. All adults in a house hold are eligible to work. If the work site is not within 5 kilometers from the applicant's residence, then the applicant is eligible for an additional 10% of the wage. This law can be a big boost for nomadic tribal communities since locally domiciled but migrant population is also eligible for employment.

**Keywords:** NREGS, Women Empowerment, Social Audit, Transforming Economy, Unskilled Labor, Infrastructural Facilities, Labor Manuel

### Introduction

#### Statement of the Problem

*"Poverty is not just a lack of money; it is not having the capability to realize one's full potential as a human being"*

**Amartya Sen**

**Famous Economist & Noble Laureate**

A healthy economy requires a strong rural base. The primary objective of National Rural Employment Guarantee Act, which has been under implementation since August 25, 2005, is to augment wage employment besides strengthening the natural resource management through works that address causes of chronic poverty including drought, deforestation and soil erosion and to encourage sustainable development NREGA is the first ever law internationally, that guarantees wage employment at an unprecedented scale.

National Rural Employment Guarantee Act (NREGA), with its rights-based framework, is a paradigm shift from all other development programs that were traditionally supply led. NREGA is one of the largest single rights-based social protection initiatives in the world. NREGA is the first ever law internationally, that guarantees wage employment at an unprecedented scale. The potential of NREGA spans a range of possibilities. The primary objective of the Act is augmenting wage employment. 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.

#### Scheme of NREGA

NREGA essentially guarantees employment for the unemployed in rural areas for 100 days in a year, through work such as building roads, improving water supply and works that are necessary to improve the village infrastructure. The uniqueness of this act is in the fact that it carries emphasis on issues like equality of wages for men and women, elimination of work contracting/middlemen, payment of wages only through bank and post office accounts to prevent corruption, creating transparency in workers muster rolls etc. Any individual, irrespective of his socio- economic status can ask for employment (either in writing or verbally) with the Gram Panchayat. The act guarantees that if work is not provided within a 15-day time frame (including the eligibility verification and issuing of the job cards) then the applicant is eligible for unemployment allowance. Work to be done is decided by the Gram Panchayat. Emphasis is given to unskilled manual labor focusing on building roads and other public village infrastructural facilities, water conservation, afforestation, land development & drought proofing. All adults in a house hold are eligible to work. If the work site is not within 5 kilometers from the applicant's residence, then the applicant is eligible for an additional 10% of the wage. This law can be a big boost for nomadic tribal communities since locally domiciled but migrant population is also eligible for employment.



## Wages in NREGA

As successive social audits of the NREGA have revealed, there are standout success stories. Wages are rising, migration is slowing down, productive assets are being created and the power equations are changing too. In Rajasthan, where public awareness of the programme is high, 77 days of employment per rural household were provided in 2006-2007. In Tamil Nadu, the participation of women was as high as 81 per cent. In both States, social audits in different districts have shown that embezzlement of funds, irregularities in the muster rolls, and other types of corruption have declined substantially. In Uttar Pradesh and Jharkhand, the NREGA has created positive changes in the implementation of public works programmes, minimum wages are being paid, delays in wage payments have been sharply reduced, and the exploitative practices of private contractors are a thing of the past.

## The Potentialities & Possibilities

**Strengthening Democracy:** NREGA visualizes the involvement of local people in every decision-- whether it be the selection of works and work-sites, the implementation of projects or their social audit. It strengthens the democratic decentralization processes at the grass root level by incorporating Gram Sabha in the entire planning and decision-making process. It also infuses transparency and accountability in grass root democratic processes through social audits.

## Encouraging Natural Resource Management

Focusing on strengthening natural resource management such as afforestation, drought proofing, flood proofing, water conservation - the Act has become a significant vehicle for regeneration of India's depleting natural resource base. And it seems that in the long term, NR net through NREGSEGA might have a huge impact on our countries environment and gross agricultural output as it emphasizes on works that target water conservation, afforestation and drought proofing.

**Preventing Migration** By securing livelihood and creating employment opportunities at the village level itself - NREGA mitigates seasonal/distress migration which has been a significant source of employment and income for a large proportion of rural population.

**Controlling Spread of HIV/AIDS** NREGA also has the potential to address other major sociological issues like the spread of AIDS, stop farmers suicides etc. since migration of rural population is one of the leading causes for the spread of AIDS.

**Transforming rural economic and social relations:** It is also increasingly recognized that the NREGA has the potential to transform rural economic and social relations at many levels. The legislation is having a positive impact on the socio-economic empowerment of women (as the Act mandates at least 33 percent participation for women). where the NREGA has led to a significant increase in women's paid work, there are likely to be substantial social changes as well. These would be in addition to other changes such as the decline in distress migration and the improvement in food consumption among certain families. Not only does the NREGA provide money incomes directly to those women participating in it, in many states the wage delivery mechanism is linked to the opening of post office or bank accounts. This involves the access of a much greater number of women in institutional finance from which they have been largely excluded. Intra-household gender relations are also likely to be affected, but these changes will occur over a longer time and would require more extensive sociological study to identify. Nonetheless, this greater participation of women in the NREGA, particularly in some states, is clearly a positive indicator that shows the inclusive potential of the program in unanticipated ways.

## Women at work under NREGA

**Potentiality to improve Health status:** The village health status of the village is likely to improve through proper implementation of NREGA due to (1) regular availability of clean potable drinking water, (2) construction of drainage that will improve the cleanliness in the village, and thereby reduce the chances of occurrence of diseases, (3) construction of toilets will also improve the level of cleanliness in the village and public health status, (4) reduction in unpaid drudgery of women will reduce their time stress and provide them more time to relax or to work and (5) construction on child care center will improve general health of children who will receive nutritious food and clean environment. This will reduce their expenditure on health (which is usually private expenditure) and improve their productivity at work. Considering the fact that ill health is one of the major risks that throws people in poverty, the improved status of health will go a long way in reducing vulnerability and poverty of people.

## Budget Allocation

The pioneering programme saw its budget outlay increase to Rs 30,100 crore in the interim budget for 2009-10. In the last fiscal, the same stood at Rs 16,000 crore. The NREGS aimed at generating jobs in the rural areas, provided employment to over 4.47 crore households in the previous fiscal. During the first year of implementation (FY 2006-07) in 200 districts, more than 2.10 crore households were employed and 90.5 crore person days were employed. In 2008-2009 3.39 crore households were provided employment and 143.59 crore person. Days were generated in 330 districts. In 2010-2011, 4.5 crore households have been provided



employment and 215.63 crore person days have been generated across the country. NREGS has already created half-a-million assets and provided jobs to around 3% of India's population. About 4.5 crore households in the country benefited from the pioneering National Rural Employment Guarantee Scheme in the financial year 2010-2011 an increase of 32 per cent over the previous year. This is a significant jump over the 3.39 crore households covered under the scheme during 2011-2012. At the National Level, average wage paid under NREGA has increased from RS.65 in 2010-2011 to RS.84 in 2010-2011 (provisional). The enhanced wage earnings have led to a strengthening of the livelihood resource base of the rural poor in India. In 2007&2008, more than 68% of funds utilized (Rs.10,738.47 crore as wage expenditure) were in the form of wages paid to the labourers. In 2008-2009, 67% of the funds have been utilized in the form of wages (Rs.18146.63 crore as wage expenditure in 2008-09). The Central Government has been encouraging the state governments to make wage payment through bank and post office accounts of wage seekers and over 7 crore accounts have been opened in banks and post offices throughout the country to disburse the wages.

### Complaints

The Ministry of Rural Development has received 674 complaints regarding the implementation of NREGS till date since its launch in 2006. The maximum numbers of complaints have been registered from Uttar Pradesh at 204 while Madhya Pradesh comes next with 128 complaints. Implementation of NREGS is done by the State Governments in accordance with the Employment Guarantee Scheme formulated by each State. Therefore, all complaints received in the Ministry are sent to the concerned State Government for taking appropriate action in accordance with the provisions of the Act. The Ministry has an independent Monitoring mechanism through National Level Monitors (NLMs). These NLMs visit various districts to assess the implementation of the Act. In cases of complaints of serious nature, the NLMs are deputed to enquire into the matter. A grievance redressal mechanism has been set up. National toll free telephone Helpline under NREGA has been established which receives complaints and queries relating to NREGS. State Governments have also been requested to set up similar helplines at the State and district levels. Helplines have been set up in Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Orissa, Uttar Pradesh, Uttarakhand, West Bengal, Goa and A&N islands.

NREGS has been the most successful in Rajasthan. The state created 77 person-days of work per household, with women doing 68 % of the work. The Act has also been a success in the states of Assam and Madhya Pradesh. The ostensible objectives of the NREGA Act were to create rural employment, build rural infrastructure and check migration to urban areas from drought affected districts.

In Andhra Pradesh 64 % of the works done were water related. States like Tamil Nadu and Kerala had a very high involvement of women, 81 and 86 % respectively. These are states known for their greater empowerment of women. In a state like Rajasthan, where women are still not empowered, the scheme seems to have provided a stage for women to come forward and assert themselves. So, large interventions from a state that is theoretically pro-women can become a means for women's rights groups, NGOs and individual women to initiate change. Unfortunately, by failing to realise the potential of the NREGS, advanced states like Gujarat, Punjab and Maharashtra are missing out on substantial social gains.

### Social Audit under NREGS

The basic objective of social audit is to ensure public accountability the implementation of projects, laws and policies. It is a process in which details of the resources, both financial and non-financial, used by public agencies for development initiatives are shared with the people, often through a public platform such as the gram sabha in rural India. Social Audits allow people to enforce accountability and transparency, providing the ultimate users an opportunity to scrutinize development initiatives. The process of Social Audit involves the following components:

- Availability of information/details of the resource, financial and non-financial, used by public agencies for development initiatives
- Organizing the ultimate users/beneficiaries/ people and
- Scrutiny of the information by the end users

Social Audit is equally necessary for the effective implementation of NREGS. Social audits are a process where teams visit NREGS work sites in every gram panchayat and physically cross check the work done with the records. Each team is led by district resource person and consists of 4-5 people drawn from civil society organisations. The point of an audit is that it should be conducted by people from outside the Government. Social auditing involves consolidating the muster roll - the register that records the amount of work done by each person and feeding it into software that verifies it with the pay order to detect discrepancies. The social auditing process has brought down fraud at the muster roll level and ensured that the rural poor receive money for work done.



**Convergence of the Scheme**

NREGS projects included digging ponds and building, but does now include asset building schemes like constructing schools and hospitals. The NREGS will no longer be a simple job guarantee scheme but would now encompass building rural hospitals, schools in villages and canals for irrigation projects. This would not only give employment to the poor villagers but also help in building assets. The draft policy looks for dovetailing of funds and convergence of schemes run by different ministries like health, education and water resources as the budget for this scheme has been increased by over 144 per cent. The new scheme will have twin benefits by building hospitals it will help the National Rural Health Mission but also save money on wages. This could be true for the education, forest and fisheries departments.

- The transition to a rights-based framework has led to a major decline in labour exploitation on rural public works.
- Wages are higher than they used to be.
- Delays in wage payments are shorter.
- Productivity norms more reasonable.
- Complaints of worksite harassment rare.
- NREGS is a valuable and valued opportunity for the rural poor, and particularly for women, to earn a living wage in a dignified manner.
- Finance Minister has promised in his budget speech that the real wage rate paid under NREGS will be Rs 100 per day.
- Transparency and accountability to the poorest and the weakest is in fact the biggest Potential contribution of the NREGS to "the entire governance system.
- NREGA is also an outstanding example of how the RTI Act can be woven into the fabric of the delivery system and the whole legal and governance paradigm.
- NREGS has found enthusiastic supporters in the rural areas and has been responsible for better wages for the poor in general.
- NREGS places a ban on contractors and their machines. It mandates payment of statutory minimum wages and provides various legal entitlements to workers. It visualizes the involvement of local people in every decision whether it be the selection of works and worksites, the implementation of projects or their social audit.
- In recent Budget an allocation of Rs 39,100 crore (Rs. 391 billion) for NREGA for 2009-10 was made, which is an increase of 144 per cent over 2008-09.

**Budget allocation for NREGS**

Year	Amount (In Crores)	Growth %
2017-18	22000	-
2018-19	32000	13 (over previous year)
2019-20	75100	144(over previous year)

Source: Indian Export Import Portal

Budget also proposed convergence of NREGS with other schemes relating to agriculture, forest, water resources, land resources and rural roads. The N REGA stresses transparency, through Social Audits and integration with the RTI act. Thus, the act provides a platform for grass-root activists, NGOs and individuals to take on India's people unfriendly bureaucracy. Several initiatives taken by the Rural Development ministry like taking cooperation of IITs, IIMs and Universities in the process of creating awareness as well as the efforts of legal fraternity in the country for the cause of empowering the rural people in getting their legal rights so far reaping the benefits of NREGS are concerned.

**Summing up**

According to a comprehensive new report by the Centre for Science and Environment, the National Rural Employment Guarantee Scheme must be strengthened and revamped to provide not just wages for work done but work that will make ecological regeneration possible. It further says that the scheme has huge potential for regenerating the village economy in India, but only if its focus remains on the creation of productive assets and focus on the following: Not just the wage provided but also the asset created and its effectiveness. This will make village development, through productive asset creation, the primary objective. Make wage payment people and development-friendly; provide a premium wage for development programmes that will ensure that the work done is completed and is useful. Continue emphasizing water conservation works under the NREGS by providing additional incentives.

- Make the completion and maintenance of works under the NREGA mandatory.
- Give importance to forestation under the NREGA by linking it to other forestry programmes.
- Do more to strengthen village-level planning and decision-making by revamping current operational structures.
- Equip Panchayats with the necessary personnel and funds for effective implementation of the scheme.



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