



Research Paper

## Has the Welfare Policy delivered? A study of MGNREGA in Maharashtra and West Bengal

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*According to the administrator of United Nations Development Programme, India lifted 271 million people out of extreme poverty in a span of a decade from 2006 to 2016 (Forbes 2019). It is also the decade that witnessed the execution of the world's largest workfare program, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The Act mandates 100 days of employment in a financial year to adult members of every rural household who volunteer to take up low skilled manual labour (Gazette of India 2005). It also aims to build sustainable assets, strengthen the Panchayati Raj Institutions and ensure social inclusion. This study is a secondary review of literature. The sources evaluated include the Gazette of India, NITI Aayog reports, government websites, academic journals etc. This paper aims to analyse the implementation of MGNREGA and its impact on the rural poor in states of Maharashtra and West Bengal. Both of these states are chosen due to differences in economic development, geography and pre-existing state level policy.*

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### I. Introduction

The government interventions of providing employment has slowly become a crucial part of labour market policies in several countries. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is one such initiative taken up by Government of India in 2005. The scheme is significant as it provides a legal guarantee of employment, recognizes the right to receive compensation in case of delay in receiving work and wages.

The genuine intention of the act to assist the rural poor however is eclipsed by the growing discontent over issues with payment of wages. Several reports highlight the huge sum of pending MGNREGA wages, that amounts to Rs. 6,157 crores in which West Bengal alone is yet to receive Rs. 2,700 crores from the centre (The Hindu 2023). It is within this context that the present paper has been articulated. Additionally, there is an attempt to understand beneficiaries' perception of the scheme, this is placed within the current context of dwindling budgetary allocation for the scheme. Is the demand for employment under MGNREGA reducing or are the rural poor losing faith in the scheme?

#### Issues related to Employment and wages

A study conducted in Bardhaman district of West Bengal (Abraham 2013), analysed the scheme and highlighted issues at the management level. Two main difficulties were identified in the implementation of the scheme. First, fiscal challenges which include cash transfers and determination of the wages and second, management problems like misappropriation of funds leading to payment through banks and post offices.

The days of work lies much below the mandated 100 days in most districts of Maharashtra with exceptions like Thane and Nandurbar. The highest employment generation was recorded in the year 2008-09, when a total of 40-50 days of employment per household was recorded in most backward districts. However, implementation in better off districts were not as prominent (Shah 2012).

In Kalchini Gram Panchayat of Alipurduar district in West Bengal, 93.50% of the respondents confirmed that there was an indefinite delay in payment of wages (Lama 2019). Several studies analysing the performance of MGNREGA in West Bengal have all reiterated similar points.

The issues with low wage, delayed payments, non-payment of compensation wage and unemployment wage combined with issues regarding number of days of work compel workers to take up migration as an alternative livelihood strategy. According to Sarkar (2018), MGNREGA has failed to generate enough employment. The ground reality indicates that the scheme has not had enough impact on socio-economic aspects of the beneficiaries as envisaged (Sarkar 2018).

One reason for non-payment of wages could be attributed to the power allocated to the Programme Officer to reject compensation. The transactions entitled for delay compensation are to be verified by the Programme Officer (PO) at the block level. The power to reject or accept the payable compensations rests with the Programme Officer. A reason has to be stated for rejection like “Insufficient Fund”, “Compensation not due”, “Natural Calamities and Other”, these reasons are ambiguous and there is no method of challenging the decision of rejection. In some cases, the delay compensation is deducted from block official’s salary therefore making it counter-intuitive to make the Programme Officer the determining agent. (Narayanan 2019). However, one of the positives of the scheme is reflected in the increased feminisation of work in both the states. A positive correlation was observed between women and GDP generated in districts of West Bengal (Nagaraj 2016, Dey 2016).

#### Faulty Payment Mechanism

According to Narayanan (2019), massive delay in payment of wages has become a regular practice and the modus operandi of calculation of delay compensation is inaccurate resulting in enormous undercalculation of the payable compensation. This flawed system of calculation occurs because there are 2 stages of the payment process and the Management and Information System (MIS) only calculates stage 1 delays. 2 stages of the payment procedure are:

Stage 1: The amount of time taken by the state governments to generate an electronic pay order and digitally dispatch it to the centre.

Stage 2: The amount of time taken by the central government to process these pay orders and transfer wages to workers accounts.

The delay compensation is calculated after the 16th day of closure of muster rolls till the wages reach the beneficiary’s account. According to the guidelines provided by Government of India, 2014, the delay compensation amount is calculated at a rate of 0.05% of unpaid wages per day. Therefore, the calculation should be:

No. of days of delay × total wages earned × 0.05/100 = Total compensation amount.

According to Report 14.1 on MIS (2016), Stage 2 delays are not calculated. This breaches Section 3 of the Act which states that delay compensation should include both Stage 1 and Stage 2 delays. Therefore, the beneficiaries of the scheme although entitled to delay compensation are not receiving the amount due to inaccurate calculations by the MIS. This calls for redesigning the MIS system in order to safeguard the interest of the beneficiaries.

The Department of Expenditure, Ministry of Finance (2017) issued a memorandum titled “Note on Delay in Payments in MGNREGA” and admitted that present rules do not compute the delay in payment after FTO is generated and that causes of delay include infrastructural bottlenecks, lack of administrative compliance and unavailability of funds. The lack of funds is an unacceptable reason for delay in compensation as it transforms the very core nature of MGNREGA from a demand driven programme to a supply driven programme (Narayanan 2019).

#### Lack of Human Resource

On analysis, most studies revealed that MGNREGA has not been effective at the ground level due to poor implementation. There is lack of human resource in MGNREGA work. Instances of only one Programme Officer (PO) allotted for an entire block consisting of 50-60 villages have been reported. For instance, in Shivpur village in Maharashtra, the demand for work is quite high but due delayed worksite approval in Panchayat Samiti Office, delayed payments and other hinderances people have lost faith in the programme (Maske 2015). This could be one of the reasons why the majority of the beneficiaries (59.16%) had a moderate attitude towards the scheme. (Mangesh A 2019).

A focus group discussion conducted by Maske (2015), with the beneficiaries in Bhilkheda village, Maharashtra revealed the following:

- The beneficiaries are unaware about their entitlements and rights under the Act.
- Even though the act mandates issuing job cards within 15 days of making application, several people in the village do not have job cards even after completion of works.
- All job cards are retained by the Gram Sevak.
- The muster rolls have benami names (fake names).

Most of the above-mentioned observations directly breach the mandates of the Act and leave the rural poor vulnerable in the hands of government officials. Illegal retention of job cards by Gram Sevaks is a common occurring in both the states. A study conducted by Maske (2015), revealed that even though the Act mentions setting up of drinking water facility, crèches, emergency first aid facility etc, these facilities were not provided in work sites. Therefore, state governments should aid village officials to take up the initiative to spread awareness amongst the beneficiaries about their entitlements under the scheme.

#### Lack of Social Audit

The article 17 (A) of the act institutionalises the system of social audit. It is an extremely crucial component of the act as it ensures transparency and accountability within the system. The onus of preparing social audit reports falls on the implementing functionaries. The Gram Sevak considers MGNREGA work to be a burden due to multiple technical procedures that they are not familiar with, thereby resulting in failure of conducting social audits in three years (Maske 2015). Introduction of citizen's charters on MGNREGA should be binding, failure to adhere to the norms should be followed by strict action against the Panchayat.

## II. Conclusion

There are several violations which take place within the Act, that requires immediate policy attention. The major issue which needs to be addressed at the earliest is the faulty system of calculating wages. The baton of responsibility keeps getting passed on from one bureaucratic setup to the other without paying heed to the needs of the impoverished. People's confidence in the scheme can be restored by addressing the issues of dearth of human resources in Panchayat office and absence of sound technical knowledge amongst Gram Sevaks. The power to reject compensation should be revoked from Programme officer (PO) as there is no mechanism in place to challenge his decision. A Grievance Redressal Mechanism should be set up in order to ensure smooth communication between all relevant stakeholders.

If the lacunae in smooth implementation of the Act is taken into cognizance and are addressed promptly, then MGNREGA would not only be able to satisfy its basic tenet of providing 100 days of employment but also ensure better livelihoods for the rural poor.

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