

Chapter - 1

An overview

1.1 Introduction

Employment generation programmes had always been important Government interventions for reducing poverty and a staple of the planning initiative. The expansion in both the size and number of such programmes ultimately culminated in the National Rural Employment Guarantee Act (NREGA), which was notified on 7 September 2005.

The objective of NREGA was enhancement of livelihood security of households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteered for unskilled manual work. Creation of durable assets and strengthening the livelihood resource base of the rural poor were other important objectives of the Scheme. The name of NREGA was changed to Mahatma Gandhi National Rural Employment Guarantee Act (the Act) in October 2009.

The principal implementing agencies under the Act were the Gram Panchayats (GPs). The Act also emphasised community participation in planning, implementation, Social Audit and transparency. Another important feature of the Act was that it placed a complete ban on the use of contractors. It also laid emphasis on labour-intensive works for water conservation, drought and flood-proofing as priority works under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

1.2 Coverage of MGNREGS

Starting with five districts¹ across the State in Phase-I during 2006-07, MGNREGS was extended to six additional districts² in Phase-II during 2007-08. The remaining districts were notified with effect from 1 April 2008.

As a district was notified under the Act (*i.e.*, it was covered under MGNREGS), two existing schemes, namely, Sampoorna Grameen Rozgar Yojana (SGRY) and the National Food for Work Programme (NFFWP) were automatically merged in MGNREGS. Hence, SGRY and NFFWP fully ceased to exist with effect from 1 April 2008, after MGNREGS covered all the districts.

1.3 Funding pattern

The bulk of the expenditure for implementation of the Scheme was borne by Central Government in the form of grants-in-aid. The funding pattern of the Scheme is depicted in **Table 1**:

¹ Bidar, Chitradurga, Davanagere, Gulbarga and Raichur

² Belgaum, Bellary, Chickmagalur, Hassan, Kodagu and Shimoga

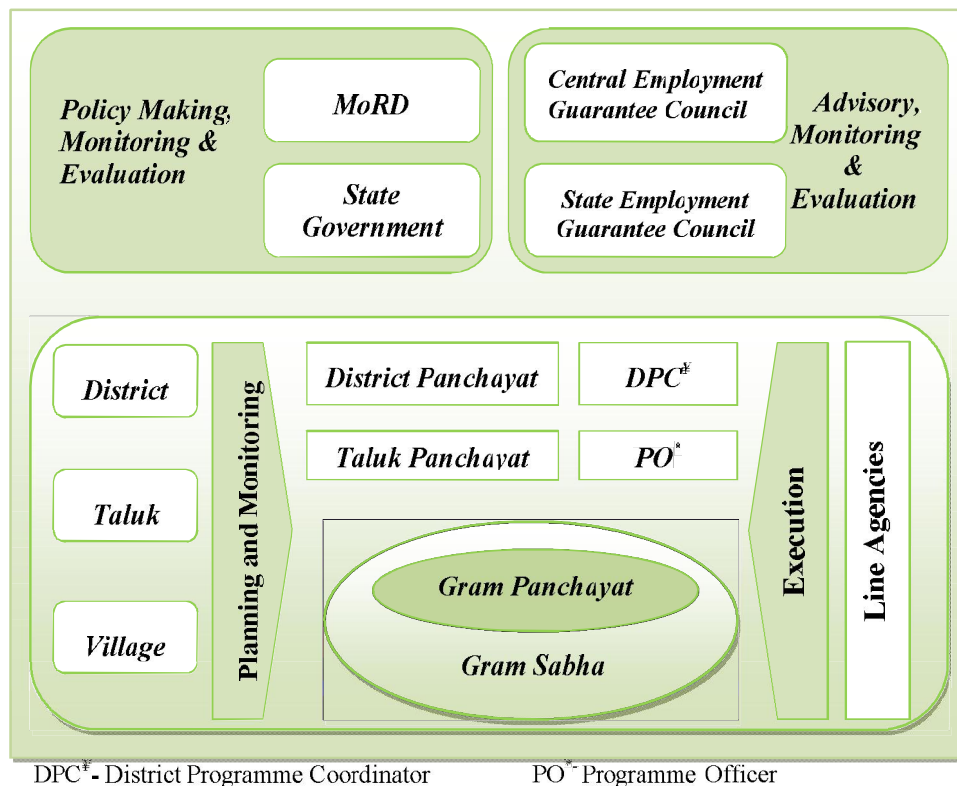
Table 1: Funding pattern

Component	Central share	State share
Wages for unskilled labour	100 per cent	-
Wages for skilled and semi-skilled labour and cost of material	75 per cent	25 per cent
Other components	Administrative expenses as may be determined by the Central Government	Unemployment allowance payable in case wage employment was not provided within 15 days of application
Employment Guarantee Council	Administrative expenses of the Central Employment Guarantee Council	Administrative expenses of the State Employment Guarantee Council

1.4 Organisational structure

The nodal Ministry in the Government of India (GoI) for MGNREGS was the Ministry of Rural Development (MoRD) and nodal department in Karnataka was Rural Development and Panchayat Raj (RDPR) department. **Chart 1** depicts the role of the various authorities at the Central and State level in planning, execution and monitoring of the Scheme.

Chart 1: Organisational structure of MGNREGS



DPC* - District Programme Coordinator

PO* - Programme Officer

1.5 Financial outlay and physical performance

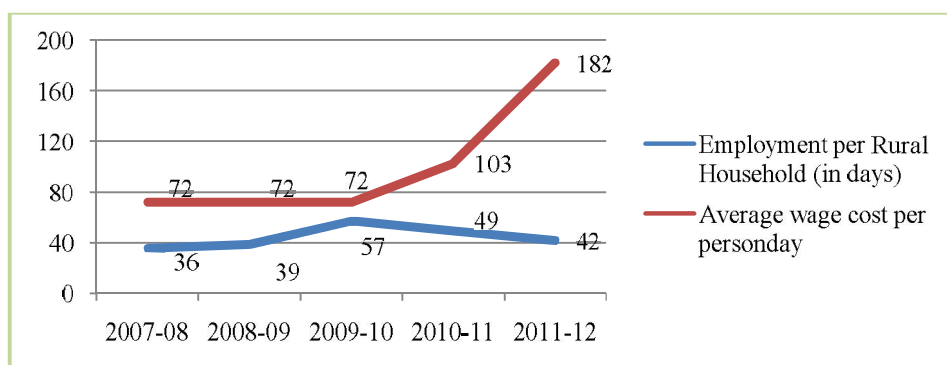
A summary of expenditure reported on MGNREGS along with some performance parameters during the period 2007-08 to 2011-12 is given below:

Table 2: Performance parameters of MGNREGS

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Total expenditure (₹ in crore)	236.51	373.61	2216.93	1,860.47	1,640.99
Persondays of employment generated (Number in crore)	1.98	2.75	20.04	10.98	7.00
Average expenditure per personday	119	136	111	169	234
Average wage cost per personday	72	72	72	103	182
Employment generated per household (in days)	36	39	57	49	42

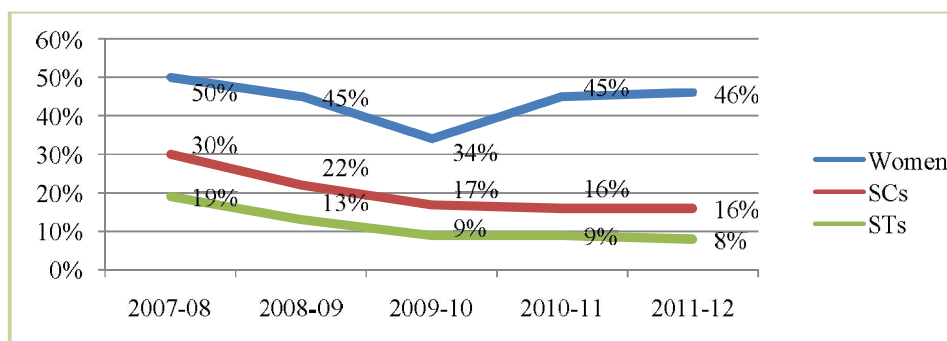
Source: Information furnished by the RDPR department

The above table shows that expenditure on the Scheme had increased significantly during the year 2009-10 and declined during 2010-12. **Chart 2** below also indicates that even though the average wage cost or wages paid was rising, the benefits to a rural household were negated by the decline in employment provided per household.

Chart 2: Average wages (in ₹) and employment per household

Source: Information furnished by the RDPR department

The **Chart 3** shows the share of Scheduled Castes (SCs), Scheduled Tribes (STs) and women in the employment provided under the Scheme. As per the data, women were fairly represented at around 45 *per cent* during the last two years. However, the share of both SCs and STs showed a declining trend, with the share of STs declining from 19 to 8 *per cent* and that of SCs from 30 to 16 *per cent* during the period from 2007-08 to 2011-12.

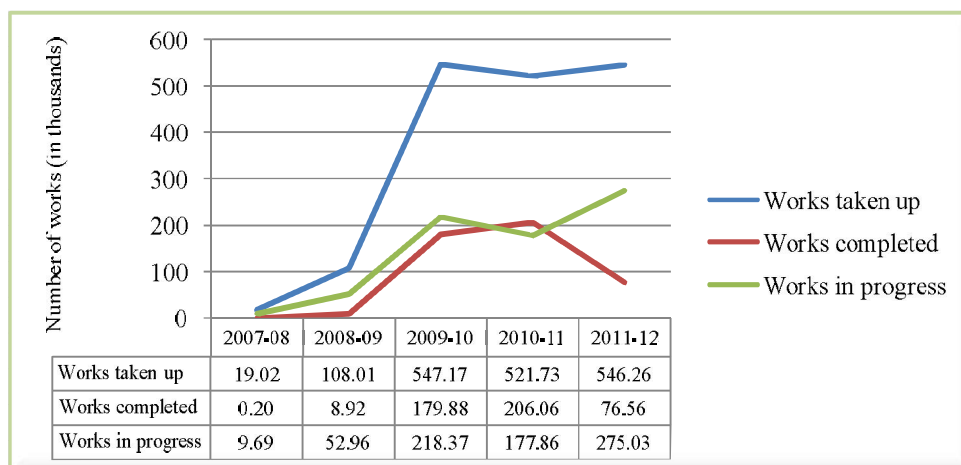
Chart 3: Share of SC, ST and Women in Employment Generation

Source: Information furnished by the RDPR department

An analysis of the works taken up under the Scheme showed that while the number of works taken up increased year after year (with the exception of 2010-11), the number of works completed declined by 63 per cent in 2011-12 with reference to the previous year and stood at 14 per cent of the total works undertaken in 2011-12 (depicted in **Chart 4**). Evidently the focus was on taking up more works rather than completing works already taken up.

The decline in household employment generation and in the completion of work indicated inadequacies in achieving the primary objective of the Scheme *i.e.*, providing livelihood security and creation of assets.

Chart 4: Works taken up under MGNREGS



Source: Information furnished by the RDPR department