

Performance of MGNREGA in Lohardaga district after Implementation of eFMS

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Received: September 17, 2018

Accepted: November 02, 2018

ABSTRACT: *The present article seeks to analyse the physical and financial progress of the MGNREGA programme in Jharkhand state in general and Lohardaga district in particular with the help of secondary data collected since the inception of the programme. Analysis revealed that the total expenditure and per-capita household expenditure incurred under the programme has increased substantially over the period both in Jharkhand and Lohardaga district. The highest proportion of works created under MGNREGA are across water conservation and harvesting, land development and individual land works. The proposed system would benefit all the stakeholders and would improve the overall efficiency of implementation. The workers would be assured of payment of wages on the 2nd day of the pay order generation. The Gram Panchayats would be empowered to take up work as per the agreed Labour Budget without struggling for release of funds. The State Governments would be able to spend more time in planning and improving the process efficiency without the botheration of trying to manage funds for implementation. The Central Government would gain by releasing what is actually expended. There will be greater transparency in movement of funds and lesser levels of corruption. Due to the release of funds as per actual expenditure, there will be savings on account of the interest rate on elimination of the parked/surplus funds. e-FMS solution will automate all processes involved in crediting the accounts of the beneficiaries*

Key Words: *households demanded employment, productive opportunities, livelihood security, MGNREGA, eFMS*

1. Introduction

The Indian Constitution and Five Year Plans adopted various development strategies so as to improve the economic and social position of the rural areas. It aimed at removing poverty, inequalities in income, wealth and opportunity. At the onset of the five year plans, the government's development approach was to increase economic growth by rapid industrialization. But this attempt did not succeed due to rapid growth of population. During Third five year plan, there was shift in development approach through employment generation programmes aiming at alleviation of poverty. Since then many programmes have been initiated and implemented with the help of which the income and employment of the rural people is increasing. There were many wage employment and self employment programmes such as Swarnajayanti Grama Swarozgar Yojana (SGSY), Pradhan Mantri Rozgar Yojana (PMRY), National Food for Work Programme (NFWP), Sampoorna Grameena Rozgar Yojana (SGRY) etc. All these programmes created employment opportunities in the rural areas by supplementing their income and improved their socio-economic conditions. Later in August 2005, the Parliament passed the National Rural Employment Guarantee Act. It was one of the major flagship programme of UPA Government in the context of rural employment generation. MGNREGA Launched on 2nd February 2006 as a momentous initiative towards pro-poor growth. For the first time, rural communities have been given not just a development programme but also a regime of rights. The National Rural Employment Guarantee Act, 2005 (NREGA) guarantees 100 days of employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. This work guarantee also serve other objectives: generating productive assets and skills thereby boosting the rural economy, protecting the environment, empowering rural women, reducing rural urban migration and fostering social equity, among others. The Act offers an opportunity to strengthen our democratic processes by entrusting principle role to Panchayats at all levels in its implementation and promises transparency through involvement of community at planning and monitoring stages.

The system and protocol to be followed under National e-FMS (Ne-FMS) for direct release of wages under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in accordance with the protocol finalised under the Direct Benefit Transfers (i.e. "Notionally" travel through SEGF (State Employment Guarantee Fund) to the workers account, based on a Fund Transfer order to be generated by

States' implementing agencies) while continuing with the current system for release of the material and administrative component.

Literature review and objective : since the implementation of MGNREGA in 2005, lot of empirical studies has been carried out. The subject matter of the academicians has varied from various themes. Initially research was carried on analyzing the performance of the programme across various states of the country on a macro level. They also tried to assess the issues pertaining to implementation of the programme. In this context lot of evaluation studies on both macro and micro level were conducted. These studies not only evaluated the financial and physical progress of the programme but also made dire and critical attempt on issues related to implementation, access, accountability, transparency, corruption, social audit, institutional arrangements and community awareness of the programme.

Provisions Under MGNREGA:

- Adult members of a rural household, willing to do unskilled manual work, are required to make registration in writing or orally to the local Gram Panchayat.
- The Gram Panchayat after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA and is free of cost.
- The Job Card should be issued within 15 days of application.
- The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates.
- Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid liability of payment of unemployment allowance is of the States.
- Work should ordinarily be provided within 5 km radius of the village. In case work is provided beyond 5 km, extra wages of 10% are payable to meet additional transportation and living expenses.
- Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labourers in the State, unless the Centre notices a wage rate which will not be less than 60 per day. Equal wages will be provided to both men and women.
- Wages are to be paid according to piece rate or daily rate. Disbursement of wages has to be done on weekly basis and not beyond a fortnight in any case.
- At least one-third beneficiaries shall be women who have registered and requested work under the scheme.
- The shelf of project for a village will be recommended by the gram sabha and approved by the zilla panchayat.
- At least 50% of works will be allotted to Gram Panchayats for execution.
- Permissible works predominantly include water and soil conservation, afforestation and land development works.
- A 60:40 wage and material ratio has to be maintained. No contractors and machinery is allowed.
- The Central Govt. bears the 100 percent wage cost of unskilled manual labour and 75 percent of the material cost including the wages of skilled and semi skilled workers.
- All accounts and records relating to the Scheme should be available for public scrutiny.

2. Performance of MGNREGA : Lohardaga district in Jharkhand state are among the 200 backward districts in which this programme was implemented in III phase. Agriculture is predominant sector in the district economy with 65% of population employed in agriculture. But the district is a drought prone area. Therefore people suffer from both in security of income and employed. Therefore, a programme like MGNREGA was a dire need of the people of this region. This programme has been considered as the largest ever public employment programme carried in the country. It grants legal guarantee for the enhancement of livelihood security for at least 100 days of employment in a financial year to a rural household whose adult members volunteer to do unskilled manual labour.

The objectives of the programme are:-

- a. To ensure social protection for the most vulnerable people of rural India through employment opportunities.
- b. To ensure livelihood security for the poor.
- c. To strengthen drought-proofing and flood management.
- d. To empower marginalized communities especially women, SCs and STs through the processes of rightsbased legislation.

e. To strengthen decentralized and participatory planning through convergence of various anti-poverty and livelihood initiatives.

f. To deepen democracy at the grass-root level by strengthening Panchayat Raj Institutions (PRIs)

g. To ensure greater transparency and accountability in governance.

3. e-FMS Project Objectives: The specific objectives of the Phase-I i.e. e-FMS are as under:

- e-FMS solution will automate all processes involved in crediting the accounts of the beneficiaries.
- Reduction in the turn-around time required for wage processing and payments
- Automation of processes will eventually lead to real-time availability of data at all levels of governance for strategic decision making.
- e-FMS will act as seamless payment mechanism which will automatically ensure fund transfer and crediting of beneficiaries accounts leveraging the Core Banking infrastructure (NEFT/RTGS) of banks.
- The system ensure right amount in right accounts in time.
- Successful implementation of the project across the country would do away with large number of bank accounts that are currently being operated by the Gram Panchayats and other Implementing Agencies all over the country as payments would be credited to the accounts of beneficiaries from an e-FMS Account.
- This would also take care of the problem of large unspent opening balances.
- This would help streamline the fund flow process.
- Reduction of workload at Block Program Office (BPO) / Gram Panchayat (GP)

Figure 3-1: Proposed Activity Flow

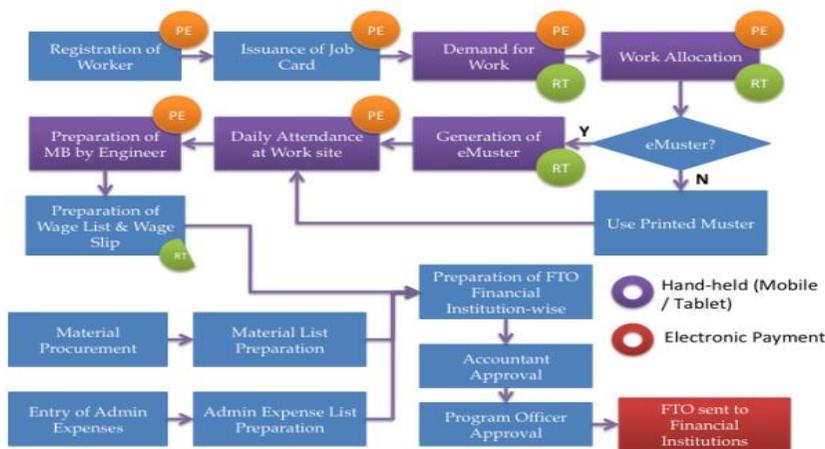
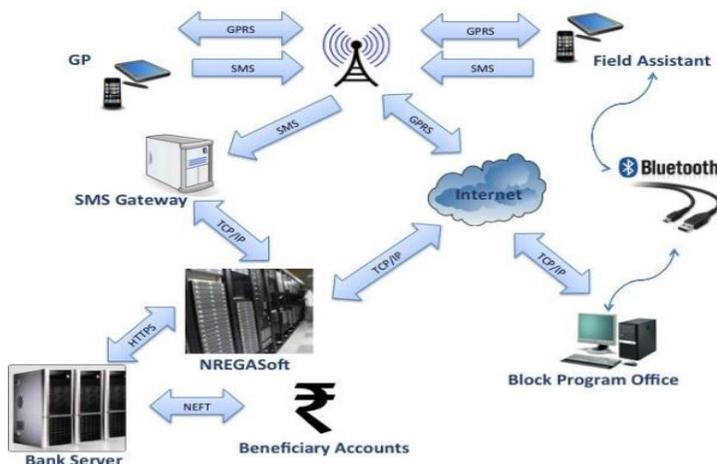


Figure 3-2: Technical Architecture



To make the system depicted above operational it is required to develop the following software.

3.1 Job card status under MGNREGA : The rural applicants who are interested to work under MGNREGA should apply at the local Gram Panchayat office. Their name will be registered with them. After the process of verification, they will be given job cards within 15 days of the application. After this, job-card holders who are interested to perform unskilled manual labour at the statutory minimum wage must re-apply for work. Then the Gram Panchayat is committed to allot work within 15 days. If not, then the jobcard holders are automatically entitled to the unemployment allowances to be provided by the State. Table 1 presents the status of job-cards issued to the members of the rural households under MGNREGA in Jharkhand and in Lohardaga district.

3.2 Employment Status under MGNREGA: MGNREGA is quite different from the other wage employment programmes because it is demand-driven. Rural households who need jobs can demand them and the government is legally bound to provide it. Table 1 provides the share of employment provided to the employment demanded under MGNREGA It reveals that the growth in number of households demanding employment under MGNREGA has steadily increased across Jharkhand, where as there is decline in Lohardaga district in this regard.

S No.	Blocks	Employment demanded		Employment offered		Employment Provided			No. of Families Completed 100 days
		Household	Persons	Household	Persons	Household	Persons	Person days	
1	2	3	4	5	6	7	8	9	10
1	BHANDRA	3716	5110	3716	5110	3220	4269	110060	67
2	KAIRO	2760	4758	2762	4764	2509	3940	102311	58
3	KISKQ	3738	5591	3738	5591	3276	4573	117436	76
4	KURU	4897	7935	4897	7935	4293	6293	143720	79
5	Lohardaga	3656	6059	3656	6059	3101	4570	118267	69
6	PESHRRAR	2586	3746	2586	3747	2363	3257	80814	59
7	SENHA	4532	6754	4532	6754	4103	5832	153940	82
Total		25885	39953	25887	39960	22865	32734	826548	490

3.3 Works under MGNREGA MGNREGA: lays emphasis on creation of productive assets and properties to facilitate rural development and social welfare of the rural people. It also seeks to enhance people's livelihoods on a sustained basis by providing them various types of works under the programme. Those works include water conservation and harvesting, drought proofing, micro irrigation works, renovation of traditional water bodies, land development works, flood control and protection works, rural connectivity, rural infrastructural works and any other works that may be notified by the Central Government in consultation with the state government.

3.4 Financial progress under MGNREGA : MGNREGA is funded partly by the Central government and the State government. The Central Government covers 100 per cent of the wage expenses and $\frac{3}{4}$ of the material cost, while the State government pays the remaining $\frac{1}{4}$. The wage costs compared to material cost should be 60:40, and the use of contractors and machinery is prohibited.

4. Concluding Remarks From the above discussion, it seems that MGNREGA is playing major role in augmenting wage employment opportunities by providing employment on demand and by creating productive assets to address the issue of rural development. Analysis reveals that The highest proportion of works created under MGNREGA in Jharkhand and Lohardaga district are across water conservation and harvesting, land development and individual land works. The total expenditure and per-capita household expenditure incurred under the programme has increased substantially over the period both in Jharkhand and Lohardaga district. It is pertinent to suggest that the share of 490 number of households completing 100 days of employment to the total households provided with employment should increase in a drastic manner. This would help the poor rural households to enhance their income levels and will improve their socioeconomic development. Adequate productive opportunities should be provided in this regard by the concerned government officials so as to realize the objective of social protection and livelihood security. e-FMS will act as seamless payment mechanism which will automatically ensure fund transfer and crediting of beneficiaries accounts leveraging the Core Banking infrastructure (NEFT/RTGS) of banks.

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