

## An Analytical Study on MGNREGS and DAY-NRLM/*Aajeevika*

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### Abstract:

*This article based on secondary data on Deendayal Antyaodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM)/Aajeevika which is in implementation in the country has been written to throw the light about the recent progress of DAY-NRLM. Similarly the progress of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and as Scheme known as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). It is pertinent to mention that as the Ministry of Rural development's Annual Report (14-15) MGNREGA has created an immense research interest, as it is the largest workforce Yojana/Scheme in the world. Further, it has been mentioned in the UNDP's Global HDR Report, 2015 as one of the milestones in social security programmes in the world.*

**Key Words:** DAY-NRLM/*Aajeevika*, District, Employment, MGNREGS and SHG.

### Background:

For eradication of poverty from rural India, after independence time to time many employment programmes were launched in the country in the form of self-employment and wage employment. One important self-employment programme which presently is in implementation in India is *Deendayal Antyaodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM) or Aajeevika*. This programme after restructuring *Swarnajayanti Gram Swarajgar Yojana (SGSY)* has been launched in the country in all the 29 States from April 1, 2013, *albeit* it was initially launched on 3 June 2011 in *Banswara* district of Rajasthan. Before launching DAY-NRLM /*Aajeevika*, a committee under the leadership of Prof. R. *Radhakrishna* was set

up by the Government of India for carrying out in depth analysis on 'Credit Related Issues related to SGSY', and subsequently SGSY has been restructured as National Rural Livelihoods Mission (NRLM) /*Aajeevika*. In fact, SGSY was initiated from 1 April 1999 by merging then six self-employment programmes viz. Integrated Rural Development Programme (IRDP), Development of Women and Children in Rural Areas (DWCRA), Training of Rural Youth for Self-Employment (TRYSEM), Supply of Improved Toolkits for Rural Artisans (SITRA), Million Wells Scheme (MWS) and Ganga *Kalyan* Yojana (GKY) (Annual Report, 11-12). It is pertinent to mention that initially the name was National Rural Livelihoods Mission (NRLM)/*Aajeevika* but on 26 February 2016, Ministry of Rural Development, Government of India through a notification has added *Deendayal Antyaodaya Yojana* so presently it is known as *Deendayal Antyaodaya Yojana*-National Rural Livelihoods Mission (DAY-NRLM). On the other hand, time-to-time different wage employment programmes were introduced in the country. These, *inter alia*, include Rural Manpower Programme (RMP), Crash Scheme for Rural Employment (CSRE), Pilot Intensive Rural

Employment Programme (PIREP), and Food for Work Programme (FWP), National Rural Employment Programme (NREP), Rural Landless Employment Guarantee Programme (RLEGP), *Jawahar Rozgar* Yojana (JRY), *Jawahar Gram Samridhi* Yojana (JGSY), Employment Assurance Scheme (EAS) and *Sampoorna Grameen Rozgar Yojana*, (SGRY). With the launching of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and as Scheme known as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) SGRY was merged with MGNREGS.

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) was notified on September 7, 2005. Its mandate is to provide 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. The goals are i) Social protection for the most vulnerable people living in rural India by providing employment opportunities ii) Livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity iii)

Drought-proofing and flood management in rural India iv) Empowerment of the socially disadvantaged, especially women, Scheduled Castes (SCs) and Schedules Tribes (STs), through the processes of a rights-based legislation v) Strengthening decentralized, participatory planning through convergence of various anti-poverty and livelihoods initiatives vi) Deepening democracy at the grass-roots by strengthening Panchayati Raj Institutions vii) 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. The MGNREGA covers all the rural districts of the country. The important characteristics of the Act are i) It provides a legal guarantee for wage employment. ii) It is a demand-driven programme where provision of work is triggered by the demand for work by wage-seekers. iii) There are legal provisions for allowances and compensation both in cases of failure to provide work on demand and delays in payment of iv) The MGNREGA 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. v) The Act incentivizes States to provide employment, as 100 per cent of the unskilled labour cost and 75 per cent of the materials cost of the Scheme is borne by the Centre.

In this section progress of DAY- NRLM and MGNREGS are discussed with facts and figures collecting from secondary sources.

**Progress of DAY- NRLM:** As DAY-NRLM / *Aajeevika* is a new programme initiated by the Ministry of Rural Development, Government of India, so in this part important features of DAY-NRLM / *Aajeevika* are presented. The points have been collected from the Reserve Bank of India's (RBI which is Central Bank of India) circular "Priority Sector Lending-Restructuring of SGSY as National Rural Livelihood Mission (NRLM) – *Aajeevika*" dated 27 June 2013.

The most notable point in *Aajeevika* is that concept of 'capital subsidy' has been abolished for the self-help groups (SHGs), otherwise we find in almost all the poverty eradication programmes it was a major bonus for the beneficiaries. Another important point is that *Aajeevika* has deviated from 'allocation based' strategy to a 'demand

driven' strategy and the States have the liberty to develop their own plans.

The DAY-NRLM's focus is that all the poor in a village are covered and a woman from each poor family is motivated to join the SHG meaning male SHGs are not allowed except persons with disability where male and/or mixed (male and female) SHG may be formed. The SHGs in a village subsequently should form a federation at the village level and in the next stages federation will be formed e.g. Gram Panchayat, Block level etc. Under DAY-NRLM there is a provision for Revolving Fund (RF) to SHGs who are in existence for a minimum period of 3 months and adhere the norms of '*Panchasutras*' (five principles) i.e. regular meetings, regular savings, regular internal lending, regular recoveries and maintenance of proper books of accounts. The SHGs that have not received any Revolving Fund (RF) earlier will be provided with RF as corpus, with a minimum of Rs. 10,000 and a maximum of Rs. 15,000 per SHG. The purpose of RF is to strengthen their institutional and financial management capacity and build a good credit history within the group. In addition to RF, there is a provision of Community Investment support Fund (CIF). The CIF is provided to the SHGs in the intensive blocks (blocks selected for

full development of SHGs), routed through the Village level/ Cluster level Federations. The CIF will be used by the Federations to advance loans to the SHGs and/or to undertake the common/collective socio-economic activities. As mentioned already, there is no provision for Capital Subsidy in DAY-NRLM but concept of 'Interest subsidy' under the banner of 'Interest subvention' has been introduced. Each SHG for a maximum of Rs. 3,00,000.00 can avail Interest subvention by paying only 7 percent interest and rest will be borne by NRLM.

Few important points for DAY-NRLM/*Aajeevika* are presented here which have been collected from RBI Circular "Priority Sector Lending- Restructuring of SGSY as National Rural Livelihood Mission (NRLM) – *Aajeevika*" dated 27 June 2013 are presented in detail. It is pertinent to mention that in the RBI guidelines DAY-NRLM was not used so here DAY has been omitted i.e. not used.

a) NRLM is promoting a major shift from purely 'allocation based' strategy to a 'demand driven' strategy wherein states have the flexibility to develop their own plans for capacity building of women SHGs and Federations, infrastructure and marketing,

and policy for financial assistance for the SHGs.

b) NRLM will identify the target group of poor through a 'participatory identification of the poor' process instead of using the BPL list as was done in SGSY. This will ensure that the voiceless, poorest of poor are not ignored. In fact under NRLM, the first preference is given to the poorest of poor households.

c) NRLM will promote the formation of women SHGs on the basis of affinity and not on the basis of a common activity, as it used to be under SGSY. It is definitely possible that members who come together on the basis of affinity could be having a common activity.

d) Unlike SGSY, the NRLM has taken a saturation approach and will ensure all the poor in a village are covered and a woman from each poor family is motivated to join the SHG.

e) SHG Federations: All SHGs in a village come together to form a federation at the village level. The village federation is a very important support structure for the members and their SHGs. The cluster federation is the next level of federation. A

cluster consists of a group of villages within a block. The exact configuration will vary from State to State, but typically a cluster consists of 25 - 40 villages. The Village federations and the Cluster federations are the two critical support structures for the SHG s and their members in their long journey out of poverty.

f) NRLM will provide continuous hand-holding support to SHGs, and their federations. This was missing in SGSY. Under NRLM this support will be provided to a great extent by capacitating the SHG federations and by building a cadre of community professionals from among the poor women. The federations and the community professionals will be imparted the necessary skills by the mission.

g) The objective of NRLM is to ensure that SHG s are enabled to access repeat finance from Banks, till they attain sustainable livelihoods and decent living standards. This was missing in SGSY, where the emphasis was on one time support.

The progress of DAY-NRLM may be seen from the table -1 which has been collected from Ministry of Rural Development, Government of India.

**Table -1: DAY-NRLM Progress at a Glance as on 15 September 2016**

Sl. No.	Indicators	Achievement
<b>I. Geographical coverage under DAY-NRLM</b>		
1.	Number of States/UTs transited to DAY-NRLM	30
2.	Number of districts with intensive blocks in DAY-NRLM states	493
3.	Number of Blocks identified for intensive approach in NRLM States	3246
4.	Number of Blocks where intensive implementation has commenced	3217
5.	Number of Gram panchayat in which intensive implementation has started	71020
6.	Number of villages in which intensive implementation has started	192949
<b>II. Progress in Intensive Blocks (includes NRLM-EAP/State Projects)</b>		
7.	Number of households mobilized into SHGs (in Lakh)	305.4
8.	Number of SHGs promoted (in Lakh)	26.3
9.	Number of Village Organizations promoted	137060
10.	Number of SHGs provided Revolving Fund	629686
11.	Amount of Revolving Fund disbursed to SHGs (in Lakh)	85,646.80
12.	Number of SHGs provided Community Investment Fund (CIF)	432733
13.	Number of Community Resource Persons developed	445343
14.	Number of Community Resource Persons developed	445343
15.	Amount of credit mobilized through banks (in Rs. Lakh)	56,197.80

**Source: Ministry of Rural Development, Govt. Of India ([www.nrlm.gov.in](http://www.nrlm.gov.in))**

Although the points in the table are self-explanatory, however, few important issues pertaining the table are presented below:

a) Out of 687 districts of the country, DAY-NRLM is in operation in 493 districts (72%). It is pertinent to mention that as in October, 2016 there are 661 rural districts in the country where Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) ([www.nrega.nic.in](http://www.nrega.nic.in)) is in operation so considering the total rural districts in the country 168 districts are yet to get intensive status under DAY-NRLM.

b) Again out of 6860 blocks in the country, intensive approach has been adopted in 3246 blocks indicating around 3614 blocks have to be covered in future. Further, only in 71020 Gram Panchayats, intensive implementation has been launched. In India, we are having around 2.5 lakh gram panchayats so long way we have to go to cover all the Gram Panchayats.

c) As per the data mentioned in the table, 26.3 lakh SHGs were formed and for initial activities of SHGs, Revolving Fund is extended. The data evince that little more than 6 lakh SHGs were provided with Revolving Fund. Same is the case with Community Investment Fund (CIF) which is one time grant to the SHG/Federation. Out

of 26.3 lakh SHGs, 4.33 lakh SHGs were extended CIF indicating the same was much less than the SHGs formed.

Further apropos to website, [community.data.gov.in/as-on-31-07-2015](http://community.data.gov.in/as-on-31-07-2015), the total number of Self Help Groups (SHGs) promoted under DAY- NRLM was 1864742 as on 31.03.2014. Their number increased to 2305513 as on 31.07.2015, recording a growth of 440771 with 23.64 percent increase. In case of SC households, the same was 285580 as on 31.03.2014 which was increased to 394041 as on 31.07.2015, recording a growth of 108461 with 37.98 percent rise.

For ST Self Help Groups (SHGs) the number was 128885 as on 31.03.2014 which scaled up to 195820 as on 31.07.2015, recording a growth of 66935 SHGs (51.93%). On the other hand, the number of Minority Self Help Groups (SHGs) was 81900 as on 31.03.2014. Their number increased to 117177 as on 31.07.2015, with the increase of 43.07 percent. The SHGs with the persons with disability *i.e.* the number was 19900 as on 31.03.2014 which was enhanced to 26764 as on 31.07.2015, recording an increase of 34.49 percent.

### **Progress of MGNREGS:**

As mentioned already MGNREGA is an Indian labour law that aims to guarantee the 'right to work' by providing at least 100 days of wage employment in a financial year to every household whose adult members

volunteer to do unskilled manual work but only condition is that each household should have job card. Its progress from 2012-2013 to 2016-17 may be seen from the following table.

**Table:2 MGNREGS Data pertaining to all India**

<b>Particulars</b>	<b>Figures</b>
1.Total No. of Districts (Up to December 2016)	682
2.Total No. of Blocks (Up to December 2016)	6,860
3.Total No. of GPs (Up to December 2016)	2,62,259
4.Total No. of Job Cards issued[In Cr] (Up to December 2016)	12.48
5.Total No. of Workers[In Cr] (Up to December 2016)	25.39
6.Total No. of Active Job Cards[In Cr] (Up to December 2016)	7.22
7.Total No. of Active Workers[In Cr] (Up to December 2016)	10.86

8.(i)SC worker against active workers[%] (Up to December 2016)	20.68				
9.(ii)ST worker against active workers[%] (Up to December 2016)	16.16				
<b>Progress and achievement in different sectors</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>	<b>2013-2014</b>	<b>2012-2013</b>
10.Approved Labour Budget (LB) [In Cr]	220.9274	239.112	220.67	258.57	278.71
11.Persondays Generated so far[In Cr]	166.0641	235.1495	166.21	220.37	230.46
12.% of Total LB	75.17	98.34	75.32	85.23	82.69
13.% as per Proportionate LB	93.82	0	0	0	0
14.SC person-days % as of total person-days	21.86	22.29	22.4	22.81	22.22
15.ST person-days % as of total person-days	16.95	17.79	16.97	17.52	17.79
16. Women Person-days out of Total (%)	56.29	55.26	54.88	52.82	51.3
17.Average days of employment provided per Household	37.61	48.85	40.17	45.97	46.2
18.Average Wage rate per day per person(Rs.)	161.11	154.08	143.92	132.7	121.41

19.Total No of HHs completed 100 Days of Wage Employment	11,10,538	48,48,172	24,92,654	46,59,347	51,73,487
20.Total Households Worked[In Cr]	4.4154	4.8134	4.14	4.79	4.99
21.Total Individuals Worked[In Cr]	6.4788	7.2262	6.22	7.39	7.97
22.Differently abled persons worked	3,98,513	4,59,528	4,13,316	4,86,495	4,55,307
23.Number of GPs with NIL expenditure	22,982	39,494	39,531	27,154	25,152
24.Total No. of Works Taken up (New +Spill Over)[In Lakh]	133.12	125.16	97.65	93.52	104.62
25.Number of Ongoing Works[In Lakh]	85.84	89.16	68.21	66.1	79.09
26.Number of Completed Works[In Lakh]	47.28	36	29.44	27.42	25.53
27.% of NRM Works(Public + Individual)	46.72	46.27	25.6	26.4	33.2
28.% of Category B Works	31.62	31.83	21.4	17.6	18.6
29.% of Expenditure on Agriculture & Agriculture Allied Works	68.82	62.91	52.81	48.7	56.1
<b>Financial Progress</b>					
30. Total centre release (Rs. In Cr.)	40,531.52	35,974.64	32,139.1	32,746.2675	29,908.681
31. Total Availability (Rs. In Cr.)	47,748.16	43,380.11	37,588.03	42,103.8825	46,463.7895

32. Total Exp [Rs. In Cr]	44,526.35	43,913.79	36,025.04	38,552.62	39,778.27
33. Percentage Utilization	93.25	101.23	95.84	91.56	85.61
34. Wages [In Cr]	32,320.08	30,885.94	24,187.26	26,491.21	27,153.52
35. Material and skilled Wages [In Cr]	10,447.69	10,746.29	9,421.11	9,693.72	10,429.97
36. Material (%)	24.43	25.81	28.03	26.79	27.75
37. Average Cost Per Day Per Person (In Rs.)	225.07	197.51	206.13	183.47	170.34

Source: <http://mnregaweb4.nic.in/netnrega/> dt 11/1/2017

Although table is self-explanatory and from academic as well as research point of view but one important point is that average cost per day per person has been increasing indicating the wage/labour cost was not stagnant. Another important point is that the Scheme had high work participation from marginalized groups like SC/ST and women.

The consequence of MGNREGS during 2015-16 (till 31.12.2015) which have been collected from Annual Report 2015-16, Ministry of Rural Development, Government of India evinces that in 2015-16, 102.32 lakh works were undertaken (spill over + new works), of which 32% for water conservation, 28.33% for the provision of irrigation facility on land owned by

SC/ST/BPL and IAY beneficiaries, 12.56% for rural connectivity and 6.47% for land development. Further it reveals that MGNREGA has created an immense research interest, as it is the largest workforce Scheme in the world. It has been mentioned in the UNDP's Global HDR Report, 2015 as one of the milestones in social security programs in the world.

**Conclusion:**

The study reveals that *albeit* huge number of SHGs were promoted under DAY-NRLM, but it is yet to start with full swing so that all the below poverty line households in rural areas are benefitted. In view of this, it is suggested that steps may be taken with full

vigour so that by 2020 the SHGs may be formed across rural India with all below poverty line (BPL) households and at least each SHG may be provided with Revolving Fund, if not CIF. Regarding the MGNREGS, the authors have observed that it has brought new hope of life for crores of rural workers in across India as there were more than 12 crore job- holders spread over to 2,62,259 number of Gram Panchayats, 6,860 blocks of 682 districts in the country with total available fund hovering around Rs.42,000 crore annually. Further, the Scheme has facilitated to create substantial assets for individual as well as for the community.

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