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RESEARCH ARTICLE

FINANCIAL PERFORMANCE UNDER MGNREGA IN PUNJAB.

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Manuscript Info

Abstract

Manuscript History

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Introduction:-

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is an Indian job guarantee scheme, enacted by legislation on August 25, 2005. The scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage of 123 per day. The Central government outlay for scheme is Rs.40,000 crore in Financial Year 2010-11. This act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or un-skilled work to people living in rural India, whether or not they are below the poverty line. Around one-third of the stipulated work force is women. The law was initially called the National Rural Employment Guarantee Act (NREGA) but was renamed on 2 October 2009 as Mahatma Gandhi National Rural Employment Guarantee Act. .

During Phase I, this act was notified in 200 districts (most backward) of 27 States with effect from February 6, 2006 and then extended to additional 130 districts in the financial year 2007-08 under Phase-II. The remaining 274 rural districts have been notified under the NREGA with effect from April 1, 2008 under Phase III. In February 2006 under Phase-I this scheme was started in most literate district of Punjab, i.e., Hoshiarpur. In the year 2007, under Phase-II three more districts, Amritsar, Jalandhar and Nawanshehar, were also covered under this scheme. In fact, Punjab state did not have any earlier experience of implementation of employment generation programme. In many districts, the administration was finding it difficult to implement this programme. The administration has involved such agencies or themselves prepared district MGNREGA plans. The concerned agencies have constituted expert teams which interact with the concerned officials, assessed physical and financial achievements, problems, prospects and challenges associated with the task. This task involves estimation of number of job seekers village-wise, type of work to be done, work sites, facilities to be created at work sites, conversion of physical targets into monetary targets and other associated requirements. The activities identified in Punjab are like digging of ponds, de-silting of ponds, afforestation on common and waste land, land development of common and waste land, drainage of water from water logged/flood affected areas, rural connectivity, strengthening of road berms, minor irrigation works, provision of irrigation of land owned by SCs, beneficiaries of Indira Awas Yojana, etc. It is obvious that although the state as a whole has been covered under NREGA. Other features, At least 50% of works will be allotted to Gram Panchayats for execution, A 60:40 wage and material ratio has to be maintained/no contractors and machinery is allowed. The Central Government 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, Social Audit has to be done by the Gram Sabha, Grievance redressal mechanisms have to put in place for ensuring a responsive implementation process, all accounts and records relating to the Scheme should be available for public scrutiny.

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By analyzing the figure of employment generation in all districts of Punjab it becomes clear that Roop Nagar has provided approximately 36 person days at an average to each person and provided employment, which is the highest in the state. In Roop Nagar 31350 people from 21226 households registered for the scheme and 21134 job cards were issued out of this 4622 people demanded employment and 4602 of them were provided with 165807 person days of work. In this district 163 families completed 100 days of employment during whole phase. Ferozpur lies at the bottom of the pool with a figure of approximately 13 days of work per person was provided. A sum total of 170951 people from 94957 households got registered for the scheme during the period 2006-2011 which is much greater than 31350 people registered at Roop Nagar, 94928 of them, which is almost every household was issued a job card but the number of people who demanded employment was much more less at 22059. A total of 21950 of these people were provided with 295528 person days of work and 45 families completed the 100 days of employment in this district.

Funding of MGNREGA:-

The funding of MGNREGS will be shared between both the central and state governments. The Central Government established Mahatma Gandhi National Rural Employment Guarantee Act at the central level and meet the cost of components such as, (i) 100 per cent wage expenditure of unskilled manual work, (ii) 75 per cent material cost and payments made to semi skilled workers, (iii) administrative expenses. The state meet the cost of (i) Unemployment allowances, (ii) 25 per cent of expenditure on material and payment made to the skilled and semi-skilled workers, (iii) administrative expenses.

Section 16 explains the role of the Gram Panchayat and mandates that atleast 50 per cent of the work in terms of cost has to be implemented through the Gram Panchayat. Thus the MGNREGA assigns a wide ranging role to PRIs right from registering of workers up to monitoring and social audit and responsibility for transparency and accountability on them, especially on the Gram Panchayat. The potential of MGNREGA to strengthen good governance at the local level mainly through its consistent information and accountability systems and transparent and participatory processes realized right in the beginning and acted on. The Gram Panchayat is assigned the major responsibilities of awareness building and environment creation to spread the message of NREGA, mobilizing and registering the job seekers, issue of job cards, preparation of projects and their approval, ensuring facilities to workers, making payments through banks and maintaining records.

The data on NREGA show that between February 02, 2006 and September 30, 2009, a sum of Rs. 192.25 crore was released against the total allocation of Rs. 850 crore. This comes out to be only 22.62 percent of the total allocation. When this scheme was extended from one district to four districts in 2007-08, the allocation was raised from Rs. 50 crore to Rs. 300 crore, but the released funds were raised from Rs. 30.81 crore to just 37.08 crore. Similarly, when the scheme was extended to all the districts in 2008-09, no increase in allocation of funds was made. The release of funds was not equivalent with increase in number of districts covered under the scheme. This amount was increased from 37.08 crore in 2007-08 to Rs. 73.16 crore in 2008-09, whereas the number of districts covered increased from 04 to 20 in 2008-09.

The lack of proper planning, low performance in employment generation, slow issue of job cards, identification and execution of works have led to low utilization of funds available under this programme. For instance, in the year 2008-09, the total availability of funds in Punjab under this programme stood at Rs. 114.85 crore, but the utilization level stood at 63 percent. The districts of Hoshiarpur, Amritsar, Nawanshehar, Bathinda, Muktsar and Gurdaspur spent a major share as well as a high proportion of available funds. But, the districts of Jalandhar, Ferozepur, Ludhiana and Patiala spent less than 30 percent of the available funds (Table:1). In year 2009-10, the financial performance deteriorated as the proportion of funds available and used fell from 56.30 percent compared to 63.0 percent in 2008-09. The districts of Jalandhar, SAS Nagar (Mohali) and Tarn Taran continue to show very low utilization of available funds even below 25 percent (Table: 2). It is also true that the proportion of spending on the wages fell from above 40 percent in 2008-09 to below 33 percent of the funds available in 2009-10. This again reflects poor picture on the functioning of NREGA programme in the state. Moreover, there are a lot of variations across the districts; some showing very high percentage of spending on the wages and others showing very low percentage of spending on the wages. This shows a tendency among powerful implementing personnel to divert funds for material costs where high scale pilferages are possible.

NREGA has been extremely useful from the social and economic perspectives. In fact, the largest part of possible benefits, especially in terms of the employment share, has gone to the weaker sections of society. In the year 2010-

11, the total availability of funds under this programme stood at Rs.226.91crore, but the utilization level increased to 73.08 per cent, which is more as compared to the last two years. Hoshiarpur, Amritsar, Bathinda, Muktsar and Gurdaspur spent a major share as well as a high proportion of available funds. But, the districts Nawanshahar, Kapurthala, SAS Nagar Mohali, Roop nagar spent less than 60 per cent of the available fund. It is interesting to note that in utilization of fund, situation of district Nawanshahar has deteriorated and of SAS Nagar Mohali utilization of fund improved surprisingly from 19.18 per cent to 55.89 per cent (Table:3).. The expenditure incurred under this programme is highly productive in nature. It is leading to creation of productive assets both through the labour and material costs. This Act has transforming the rural lives by improving living conditions, increasing sustainable agrarian activities and reduces distress migration. NREGA is also an opportunity to redefine the rural Indian women's identity in various ways; decision making, spending their wages independently or on their children's education and clearing debts, alleviate poverty and provide a social floor. These are going to increase both directly and indirectly the productivity of tangible and non-tangible assets in the rural areas and Optimum utilization of the human and economic resources of the villages.

Table:1:- Financial Performance under NREGA in Punjab, 2008-09.

District	O.B. as on 1st April of the year	Release during Current Year or of Last Year Received during Current Year		Misc.	Total Availability	Cumulative Expenditure (Percentage)					
		Centre Share	State Share			On Wages	On semi-skilled and skilled wages	On Material	Administrative Expenses		Total
									Recurring	Non Recurring	
Phase I											
Hoshiarpur	508.66	1862.53	143.41	55.12	2569.72	48.69	3.69	26.30	1.54	0.00	80.21
Sub Total	508.66	1862.53	143.41	55.12	2569.72	48.69	3.69	26.30	1.54	0.00	80.21
Phase II											
Amritsar	380.09	630.94	70.1	84.18	1165.31	62.42	6.62	23.49	4.43	0.24	97.20
Jalandhar	1015.75	0	0	0	1015.75	12.01	0.01	5.18	1.86	0.00	19.07
Nawanshahar	318.59	0	0	0	318.59	49.22	1.07	21.10	4.53	3.25	79.18
Sub Total	1714.43	630.94	70.1	84.18	2499.65	40.25	3.23	15.74	3.40	0.53	63.15
Phase III											
Barnala	81.42	279.24	31.03	3.99	395.68	35.49	0.00	27.79	1.68	5.59	70.55
Bathinda	176.07	325.53	36.17	1.28	539.05	58.88	0.00	25.01	2.42	0.00	86.31
Faridkot	23.01	93.25	0	1.95	118.21	30.83	0.00	8.23	0.00	0.00	39.07
Fatehgarh Sahib	107	89.58	9.95	4.48	211.01	41.42	0.64	22.34	3.33	0.00	67.72
Ferozepur	51	349	57.2	0	457.2	20.63	0.00	7.12	1.45	0.00	29.19
Gurdaspur	146.72	268.87	29.88	54.5	499.97	49.13	0.28	26.55	1.19	0.00	77.15
Kapurthala	8.82	95.89	0	0	104.71	40.01	6.55	17.48	2.09	0.00	66.13
Ludhiana	231.24	170.83	0	0	402.07	13.70	0.00	2.84	0.00	8.53	25.07
Mansa	19.14	403.93	22.66	0	445.73	26.11	4.22	13.19	0.58	0.00	44.10
Moga	0.91	92.95	10.33	0	104.19	54.06	0.00	35.89	0.14	0.00	90.09

Mukatsar	52.79	233.98	9.66	104.01	400.44	50.57	0.00	5.18	2.75	1.66	60.16
Patiala	96.21	480.48	53.39	8.94	639.02	30.29	1.74	9.58	1.48	1.49	44.57
Rupnagar	165.1	242.52	26.95	0	434.57	11.20	0.49	6.11	2.87	7.89	28.56
Sangrur	16.2	1058.64	136.3	71.09	1282.23	29.54	4.92	14.77	2.84	3.11	55.18
SAS Nagar	0	134.36	14.93	81.5	230.79	54.14	5.84	30.43	0.28	9.31	100.00
Tarn Taran	0.05	134.36	14.93	1.48	150.82	37.97	0.00	24.06	0.69	0.00	62.72
Sub Total	1175.68	4453.41	453.38	333.22	6415.69	34.24	1.84	15.54	1.80	2.62	56.05
Total	3398.77	6946.88	666.89	472.52	11485.06	38.78	2.56	17.99	2.09	1.58	63.00

Source: www.nrega.nic.in

Table: 2:- Financial Performance under NREGA in Punjab, 2009-10

District	Actual O.B as on Ist April of the Year	Release during Current Year or of Last Year Received during Current Year		Misc .	Total Availability	Cumulative Expenditure (Percentage)						
		Centre Share	State Share			On Unskilled Wage	On Semi - skilled and Skilled Wage	On Material	Adm. Exp			Total
									Rec. Exp	Non-Rec Exp	Total Adm. Exp	
Phase-I												
Hoshiarpur	510.03	3572.72	414.39	11.23	4508.36	25.91	0.72	30.78	0.66	0.15	0.81	58.22
Sub Total	510.03	3572.71	414.38	11.23	4508.36	25.91	0.72	30.78	0.66	0.15	0.81	58.22
Phase-II												
Amritsar	49.06	2895.34	278.25	23.06	3245.71	29.57	1.96	24.96	4.37	0.06	4.43	60.92
Jalandhar	1385.05	0	0	0	1385.05	34.84	0	16.45	2.32	0.01	2.33	53.62
Nawanshar	157.96	536.35	40.85	6.51	741.66	17.84	0.01	4.62	2.28	0.01	2.29	24.76
Sub Total	1592.07	3431.68	319.1	29.57	5372.42	29.31	1.19	19.96	3.55	0.04	3.59	54.05
Phase-III												
Barnala	72.74	253	28.11	0	353.85	34.11	0	12	3.9	0	3.9	50.01
Fatehgarh Sahib	153.09	108.67	6.19	1.98	269.92	36.56	0.01	22.5	12.25	0.61	12.85	71.92
Firozepur	467.66	375	25	0.51	868.17	39.21	0	20.9	4.21	2.95	7.16	67.26

<u>Gurdaspur</u>	114.2 4	1189.0 1	80.9 7	11.2 9	1395.51	<u>49.55</u>	0	<u>27.73</u>	4.83	0	<u>4.83</u>	<u>82.1</u>
<u>Kapurthala</u>	84.28	119.36	13.2 5	2.82	219.71	<u>35.95</u>	0	<u>21.13</u>	3.85	0	<u>3.85</u>	<u>60.9</u> <u>2</u>
<u>Ludhiana</u>	397.2 6	193.13	10.3 4	3.68	604.41	<u>44.75</u>	<u>0.22</u>	<u>22.54</u>	6.62	0.6 4	<u>7.26</u>	<u>74.7</u> <u>6</u>
Roopnagar	194.1 3	465.21	51.6 8	0.85	711.87	<u>23.13</u>	<u>0.7</u>	<u>25.42</u>	1.49	0	<u>1.49</u>	<u>50.7</u> <u>4</u>
<u>SAS Nagar</u>	22.88	283.7	31.5 2	0	338.1	<u>7.26</u>	0	<u>11.02</u>	0.51	0.3 6	<u>0.87</u>	<u>19.1</u> <u>6</u>
<u>Tarn Taran</u>	69.25	830	92.2 1	0.29	991.75	<u>9.75</u>	0	<u>6.43</u>	1.62	0.0 4	<u>1.67</u>	<u>17.8</u> <u>5</u>
<u>Patiala</u>	402.5 2	316.54	35.1 7	4.14	758.36	<u>53.1</u>	<u>0.49</u>	<u>19.49</u>	3.21	0.0 4	<u>3.26</u>	<u>76.3</u> <u>3</u>
Faridkot	72.03	217.24	12.9 4	9.27	311.48	<u>28.94</u>	0	<u>12</u>	3.57	2.6 6	<u>6.23</u>	<u>47.1</u> <u>8</u>
<u>Bathinda</u>	239.4 6	1421.3 7	94.6 3	38.7 2	1794.17	<u>28.17</u>	0	<u>10.86</u>	4.53	0.4 4	<u>4.97</u>	<u>44</u>
<u>Mukatsar</u>	351.0 2	1021.7 2	113. 52	0.5	1486.76	<u>43.01</u>	0	11.53	1.06	0.3 1	<u>1.38</u>	<u>55.9</u> <u>2</u>
<u>Moga</u>	10.33	59.08	1.84	0	71.25	36.11	0	11.55	0	0	0	47.6 6
<u>Mansa</u>	363.1 6	539.21	53.3 9	0	955.76	<u>32.96</u>	<u>0.09</u>	<u>17.79</u>	0	0	0	<u>50.8</u> <u>3</u>
Sangrur	939	439.65	48.8 5	3.24	1430.74	<u>41.8</u>	<u>0.12</u>	<u>16.47</u>	3.81	0.7 8	<u>4.6</u>	<u>62.9</u> <u>8</u>
Sub Total	3953. 03	7831.8 8	699. 62	77.2 8	12561.81	35.68	0.1	16.98	3.3	0.5 2	3.82	56.5 8
Total	6055. 13	14836. 28	1433 .1	118. 08	22442.59	32.19	0.48	20.46	2.83	0.3 3	3.16	56.3

Source: www.nrega.nic.in

Table:3:- Financial Performance under NREGA in Punjab 2010-11

Districts	Actual O.B as on 1st April of the year	Release during current years of last year received during current year		Misc.	Total Availabilit y	Communicative Expenditure (%)						Total l
		Centre share	State share			On Unskille d wage	On Semi - skille d and skille d wage	On Materia l	Adm. Exp.			
									Rec . Exp .	Non - Rec. Exp.	Total Adm . Exp.	
Phase-I												
Hoshiarpur	2030.8	0	0	46.67	2833.93	56.90	4.28	36. 55	2.2 5	0	2.25	82.3 7
Sub-total	2030.8	0	0	46.67	2833.93	56.90	4.28	36. 55	2.2 5	0	2.25	82.3 7
Phase-II												
Amritsar	1480.4	0	0	29.07	2597.94	54.87	3.43	34. 78	6.6 1	0.2 8	6.90	76.8 7
Jalandhar	457.78	0	0	0	1095.92	60.12	0.92	31. 67	7.2 7	0	7.27	73.6 0

Nawansha hr	199.1	0	0	4.9	607.22	58.40	1.31	31. 36	7.4 2	1.5 0	8.92	54.2 1
Sub-total	2136.9 2	0	0	33.97	4301.08	56.60	2.56	33. 62	6.8 7	0.3 4	7.20	72.8 4
Phase-III												
Barnala	302.61	0	0	1.75	699.32	72.61	0.62	22. 20	4.5 6	0	4.55	57.1 4
Bhatinda	592.23	0	27.5	7.28	1595.5	64.54	0.58	27. 71	6.5 2	0.6 3	7.16	70.4 4
Faridkot	121.04	0	11	1.14	474.07	61.72	1.06	25. 96	8.7 7	2.4 9	11.2 6	66.1 5
Fatehgarh Sahib	58.08	10.79	1.19	1.29	542.89	53.41	0	39. 14	7.2 2	0.2 3	7.44	75.2 6
Ferozpur	120.6	0	24.75	0	1507.09	57.79	.008	38. 19	3.1 7	0.8 3	4.01	85.8 7
Gurdaspur	49.8	200	22	3.69	1193.52	58.77	1.37	33. 99	5.6 5	0.2 1	5.87	83.1 0
Kapurthala	103.28	0	0	1.68	479.31	59.79	1.12	34. 72	4.3 5	0	4.36	47.6 4
Ludhiana	204.18	0	29.79	3.71	1303.43	60.90	.23	32. 66	5.9 9	0.2 4	6.21	73.2 4
Mansa	273.83	0	0	5.01	799.61	58.99	0	38. 34	2.5 2	0.1 6	2.67	69.1 1
Moga	14.44	0	2.36	0	488.29	65.62	0	30. 67	3.2 8	0.4 2	3.70	96.4 3
Muktsar	743.89	0	0	12.93	1757.45	63.26	0.03	31. 64	4.1 5	0.9 1	5.06	74.6 6
Patiala	212.57	0	0	5.29	851.79	55.37	0.67	33. 24	5.6 2	5.0 9	10.7 2	75.2 4
Roop nagar	420.52	0	44	5.87	947.38	57.89	2.77	30. 30	7.0 3	1.9 9	9.03	54.3 3
Sangrur	581.98	0	0	8.27	1243.44	61.42	0.41	31. 51	6.5 8	0.0 8	6.66	67.7 5
SAS Nagar	324.61	0	0	2.85	566.28	72.93	0.09	41. 43	1.8 5	3.1 1	4.95	55.8 9
Taran Taran	726.43	0	85.8	2.83	1112.28	50.91	1.86	42. 06	5.0 8	0.0 8	5.16	67.5 4
Sub-total	4850.0 9	210.7 9	248.3 9	63.59	15556.65	59.94	0.60	33. 43	5.1 2	0.8 9	6.01	71.5 4
Total	9017.8 1	210.7 9	248.3 9	144.2 3	22691.66	58.88	1.49	33. 91	5.0 4	0.6 6	5.71	73.0 8

Source: www.nrega.nic.in

This brings out that there is a further scope for improvement in functioning of NREGA, although the reduction in variations in the performance among different districts in the state. This could be done through systematic planning and its implementation through the Panchayati Raj Institutions. There is also need to create better awareness. Investments made under NREGA are expected to generate employment and purchasing power, improve the quality of life, raise economic productivity, promote women's participation in the workforce, strengthen rural infrastructure, reduce distress migration, and regenerate natural resources.

Deficiencies and Suggestions:

1. The Act is based on the fact that the workers would demand work as a right and the Panchayat or the Government would ensure that the person is provided with work within 15 days of receipt of such an application. If not, then unemployment allowances is to be provided but data reveals the fact that no unemployment allowances has been given.

2. Appropriate mechanisms are required, which allow Panchayats to enjoy the flexibility of the programme and encourage them take up works that are extremely important to build long term sustainable productive structures that may enhance the livelihood promotion capacity within the village. Panchayats should be allowed to involve external resource persons/agencies, duly recognised by the Government, for technical sanction of the project as well as evaluation of the work done so that the monopoly of the Government civil engineers may be diluted.
3. Panchayats need greater capacity building support to improve their knowledge and skills to keep their accounts, measurements of works, as well as maintenance their records, muster rolls, and conduct social audits.
4. The NREGA is a programme has immense potential to improve the Gap between urban and rural India and lead to rural development in terms of basic infrastructure like roads, in terms of agricultural productivity from irrigation works, and it provides a stable income for the workers, their income graph would be much smoother with the NREGA.
5. The 60:40 wage material ratio is unrealistic. Technically, also the cost of unskilled labour is never high as 60 per cent but the cost of material is always higher than 40 per cent. So there is need to change the Wage Material Ratio.
6. Funding of share between Centre and State i.e.75: 25 respectively. But data reveals that state couldn't have adequate fund to release and match with the funding of MGNREGA.

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