

1 MGNREGA – An Introduction

1.1 Background

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)¹ was enacted in September 2005, and implemented in a phased manner between February 2006 and April 2008 in all rural districts of the country. The Act aims at enhancement of livelihood security of the households in rural areas of the country, by providing at least 100 days of guaranteed wage employment in every financial year to every rural household whose adult members volunteer to do unskilled manual work. Creation of durable assets is also an important objective of the Act, with other auxiliary objectives including protecting the environment, empowering rural women, reducing rural urban migration, fostering social equity, and strengthening rural governance through decentralisation and processes of transparency and accountability.

1.2 Processes for Implementation of MGNREGA

The main processes, as provided in the Act and the operational guidelines issued by Government of India (GoI), for implementation of MGNREGA are summarised below:

Process	Brief Details
Registration of Households and Issue of job cards	Adult members of rural households, willing to do unskilled manual work, may apply for registration to the Gram Panchayat, who will issue 'job cards' free of cost, within 15 days of application, containing details of all adult household members (along with their photograph) (Section 5 of the Act).
Application for Employment and Allocation of Work	A job card holder can submit a written application demanding work, in case his household has not been provided with 100 days work during the financial year. Such work is required to be provided within 15 days of demand, failing which, the State Government is liable to pay unemployment allowance (Section 7(1) of the Act).
Payment of Wages	Wages are to be paid according to piece rate or daily rate, and are to be disbursed on weekly/fortnightly basis. Delay in payment of wages by more than 15 days is liable for penalty (Sections 3 (2) and 25 of the Act).
Planning and Execution of Works	Gram Panchayats (GPs) are to prepare annual plans/shelf of works, which should be consolidated by the Mandal Parishad, and thereafter by the Zilla Parishad. Each district should also prepare a 5-year District Perspective Plan. At least 50 <i>per cent</i> of the works (by cost) must be executed by the GPs; other implementing agencies could include Forest/Horticulture/Panchayat Raj Engineering Departments, etc., as well as PSUs and NGOs/SHGs ² (Sections 13 and 16 of the Act).

¹ Earlier known as the National Rural Employment Guarantee Act (NREGA)

² SHGs: Self Help Groups

Process	Brief Details
Funding Pattern	Expenditure on unskilled wage payments is borne 100 <i>per cent</i> by GoI. State Government is to pay unemployment allowance ³ and 25 <i>per cent</i> of skilled/semi-skilled wage payments + material payments. GoI also provides a percentage for administrative expenses to the State Government – initially 2 <i>per cent</i> ; this was raised to 4 <i>per cent</i> (30 March 2007) and then to 6 <i>per cent</i> (March 2009) (Section 22 of the Act).
Permissible Works, Expenditure components, etc.	The list of permitted works (in order of priority) is specified in Schedule-I to the Act. These include water conservation, land development, forestry/horticulture, rural connectivity projects, etc. GoI has also prepared guidelines for ‘convergence’ of MGNREGA works with schemes/activities of other Departments. Use of contractors is prohibited; as far as possible, tasks funded under the scheme shall be performed by using manual labour and not machines. Also, the unskilled wages/material + semi-skilled/skilled wages ratio must not be less than 60:40 (Section 4(3) of the Act).
Social Audit, Accountability and Transparency	A novel feature of the Act is the provision for Social Audit by the Gram Sabha every six months. All records relating to implementation of MGNREGA are to be kept available to the public, and the members of the Gram Sabha have the right to question the officials of the implementing agencies on how the Act was implemented, and how money was spent. Grievance redressal mechanisms are to be put in place for ensuring a responsive implementation process. (Sections 17 and 19 of the Act).

1.3 Notification of Districts in Andhra Pradesh for Implementation

GoI notified the implementation of the Act to all rural districts in the country in three phases – Phase I (February 2006); Phase II (April/May 2007) and Phase III (April 2008). 13 districts in Andhra Pradesh (Adilabad, Anantapur, Chittoor, YSR (Kadapa), Karimnagar, Khammam, Mahbubnagar, Medak, Nalgonda, Nizamabad, Ranga Reddy, Vizianagaram and Warangal) were notified under Phase I with effect from February 2006. Six more districts (SPS Nellore, East Godavari, Srikakulam, Kurnool, Prakasam and Guntur) were notified under Phase II with effect from April 2007, and three more districts (West Godavari, Krishna and Visakhapatnam) were notified under Phase III with effect from April 2008. Out of the total 23 districts of the State, Hyderabad was excluded, being an urban district.

1.4 Organisational Arrangements in Andhra Pradesh

The institutional mechanism put in place by the Government of Andhra Pradesh (GoAP) for the implementation of MGNREGA and the roles and responsibilities of officials at different levels are summarised below.

³As well as certain minor expenses on the State Employment Guarantee Council, etc.

Level	Designated Officers	Roles and responsibilities
State level	Principal Secretary, Rural Development	Provides guidance and support to the State Programme Co-ordinator (SPC); monitors and co-ordinates with the relevant departments; makes rules; plans and implements the scheme.
	Commissioner Rural Development, designated as State Programme Co-ordinator (SPC)	Co-ordinates with Panchayat Raj Institutions (PRIs) and other line departments for implementation of the scheme; organises trainings.
	Director, Employment Guarantee Scheme (EGS)	Assists the SPC; is empowered to review and monitor the implementation of the scheme.
District level	District Collector, designated as District Programme Co-ordinator (DPC)	Overall co-ordination and implementation of the scheme in the district.
	PD- DWMA ⁴ , designated as Additional DPC	Reports to SPC and DPC and is responsible for overall programme management in the district; responsible for MIS; assists DPC in various matters.
	CEO- ZP, PD DRDA, PD ITDA ⁵ designated as Additional DPCs	Assists the DPC in implementation of the scheme.
Mandal level	MPDO ⁶ designated as Programme Officer	Responsible for matching demand with work and ensures effective implementation of the scheme at Mandal level; co-ordinates with the PD DWMA.
	Assistant Programme Officer (APO)	Assists the Programme Officer, is in-charge of MIS at Mandal level; uploads the work orders, pay orders, muster rolls, etc.
	Engineer Consultant (EC)	Prepares the estimates, supervises the works, checks measurement of works, etc.
Gram Panchayat (GP) level	Technical Assistant (TA) – for a group of GPs	Assists the GPs in preparation of estimates and detailed designs, and conducts measurement of works.
	Field Assistant (FA)	Assists the Panchayat Secretary, supervises the works, maintains the muster rolls, gives mark outs at work sites, maintains the register of material procured, maintains the village information boards.
Other Implementing Agencies	EE-PRED, Assistant Director, Agriculture, Divisional Forest Officer - Forest Department, Assistant Director Horticulture, Additional Project Director - SERP ⁷	Assists the DPC in implementation of the scheme by implementing works (other than works implemented by GPs) and provides technical support.

⁴ Project Director, District Watershed Management Agency

⁵ CEO, ZP – Chief Executive Officer, Zilla Parishad; PD, DRDA – Project Director, District Rural Development Agency; PD, ITDA – Project Director, Integrated Tribal Development Agency

⁶ MPDO – Mandal Parishad Development Officer

⁷ EE, PRED: Executive Engineer, Panchayat Raj Engineering Department; SERP: Society for Elimination of Rural Poverty

State Government has also implemented a separate MIS for MGNREGA⁸, whose primary features involve generation of job cards for household registration and pay orders for wage and payments through the IT System (rather than *post facto/post payment* data entry). Other initiatives taken by State Government include:

- Introduction of an Electronic Muster Measurement System (eMMS) for checking of measurements and Muster Roll entries;
- Introduction of a centralised Electronic Fund Management System (eFMS) from February 2010 with funds being managed centrally through nodal banks, without separate bank accounts for functionaries at District/Mandal/GP levels;
- Creation of a separate Society for Social Audit and Transparency (SSAAT) for facilitating the conduct of social audits by the rural poor; and
- Enactment of ‘the Andhra Pradesh Promotion of Social Audit and Prevention of Corrupt Practices Act, 2012’ for creation of special mobile criminal courts.

1.5 Financial and physical performance

Financial and physical performance of the State Government in implementation of the Act during the years 2009-10 to 2011-12 are indicated below.

Table 1 - Financial performance for the years 2009-10 to 2011-12

(₹ in crore)

Item	2009-10	2010-11	2011-12
Opening Balance of the Scheme fund	1107.74	1169.51	3677.99
Receipts from GoI	3781.60	7418.07	1477.58
Receipts from State Government	277.82	469.05	625.93
Miscellaneous receipts	142.34	51.53	0.00
Total receipts	5309.50	9108.16	5781.50
Total Expenditure	4139.99	5430.17	4331.64
Closing Balance	1169.51	3677.99	1449.86

Source: Utilisation certificates submitted by State Government to GoI

Table 2 - Physical performance for the years 2009-10 to 2011-12

Item	2009-10	2010-11	2011-12
Year-wise persondays of employment generated	39,01,78,277	33,99,06,102	30,34,57,175
Year-wise days of employment generated per household	63.78	54.73	60.62
Year-wise number of works taken up	5,25,370	13,93,318	16,00,497
Year-wise number of works completed	4,51,134	7,47,984	4,56,868
Year-wise number of works-in-progress	74,236	6,45,334	11,43,629
Year-wise average wages per person day (₹)	90.26	97.13	97.88

Source: AP MGNREGS MIS web reports

⁸ Distinct from the nation-wide MGNREGA MIS (developed by MoRD/NIC)