Key Points:

1. *MGNREGA has huge potential to be safety net of vulnerable*

2. *However, its performance is marred because of governance issues*

3. *Technology provides the answer*

4. *Automation of just three processes may go a long way to realise it's potential*

Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) is the world's largest public employment generation scheme with a budget of US$ 6 billion per annum. The programme was launched to implement the National Rural Employment Guarantee Act, passed by the Parliament of India, in September 2005. The Act enshrines the right to work for 100 days a year for all willing adults in rural areas. However, despite its enormous potential and the safety net it provides, questions about the programme remain. Critics point out design flaws, insufficient budgets, bureaucratic delays, etc. However, *MicroSave*'s experience, gained through engagement with the deployment of MGNREGS across various states, highlights that lack of focus on governance and/or the inadequate administrative capacity of state governments, limits potential of the programme.

MGNREGS issues are more of a state, than a central government, problem

Since its launch, MGNREGS has been praised and criticised in equal measure. However, its massive reach and ambitious scale remain undisputed. With efficient implementation, it could be a lifeline for the most vulnerable sections of India's rural population.

Ever since the current government came to power, it has been accused of neglecting MGNREGS because it was a flagship programme of the previous government. However, with the Union Budget 2016-17, the government has tried to dispel that notion. The Ministry of Rural Development made it clear that funds are a non-issue and states can always raise supplementary budget, if the need arises.

MicroSave's conclusion is that, contrary to the belief that the success or failure of MGNREGS depends on the central government, the data strongly suggests that it actually depends almost entirely on the states.

Logically, MGNREGS, offering guaranteed low-wage employment using a self-selection mechanism of the modest amount paid, should attract higher participation in the poorer states. However, there are significant inter-state differences, and extraordinarily, poorer states exhibit lower demand for work. The following graph puts this data in perspective (see Figure: Population and Work Days Created).

Rajasthan and Andhra Pradesh, provide more person days in contrast to relatively poor Uttar Pradesh and Bihar.
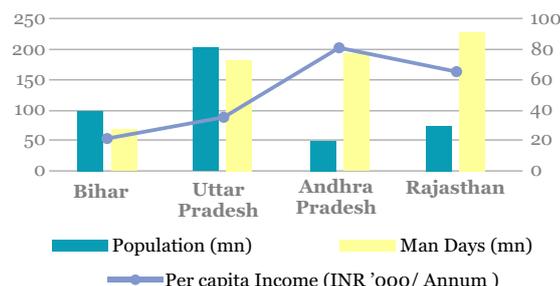
Population and Work Days Created

The fact that (expected) demand for work does not convert into person days in India's poorer states, suggests a governance failure.

States are also supposed to pay unemployment allowances to any worker for whom they fail to provide work within 15 days of request. In order to avoid paying allowances, states resort to not registering requests altogether.
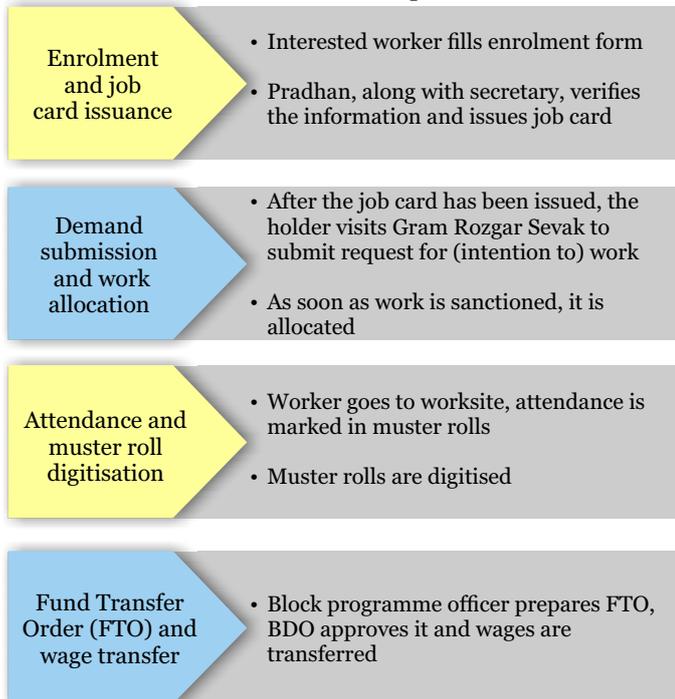
The lower-level functionaries simply refuse to register requests for work — leading to reduced payment of MGNREGS employment dues and loss of unemployment allowance for the scheme's intended beneficiaries. Instead, requests are registered a day or two before any work commences.

In the absence of digital records of the submission of requests for work, job allocation is replete with biases, and in most cases, associates of the Pradhan (village head) get priority. Unsurprisingly, there are many allegations of preferential treatment by village Pradhans and secretaries.

Implementation failure is at the bottom of these issues. Traditionally, poorer states have weaker public administration, weaker technical capacities, unfilled vacancies, and low motivation, which make them unable to manage large social benefit programmes effectively.

MGNREGS process challenges and possible solutions:

The diagram that follows shows the processes in MGNREGS.

Enrolment and job card issuance	• Interested worker fills enrolment form • Pradhan, along with secretary, verifies the information and issues job card
Demand submission and work allocation	• After the job card has been issued, the holder visits Gram Rozgar Sevak to submit request for (intention to) work • As soon as work is sanctioned, it is allocated
Attendance and muster roll digitisation	• Worker goes to worksite, attendance is marked in muster rolls • Muster rolls are digitised
Fund Transfer Order (FTO) and wage transfer	• Block programme officer prepares FTO, BDO approves it and wages are transferred

However, automating just three steps in the process of MGNREGS implementation could turn the situation around.

Job card[1] issuance

Challenge: The process of issuing job cards takes over 15 days, as it is manual.

Impact: In the absence of a job card, a beneficiary cannot apply for work, resulting in delays in receiving benefits.

Remedy: Online, multi-point (Common Services Centres, Bank Mitrs/Business Correspondents, Panchayat, etc.) enrolment and automated, instant e-job card issuance, confirmed by SMS/IVR.

Demand submission and work allocation

Challenge: No acknowledgement (physical or SMS) of submissions of demand and no updates on the status of their demand for work is provided to beneficiaries. In the absence of this demand submission trail, the Pradhan can allocate work to his/her favourites. At the same time, for these favourites, demand-submission is shown (back-dated) within 15 days of project getting started.

Impact:

• Pradhan gives undue benefits to those close to him/her.
• Beneficiaries are deprived of unemployment allowances in the absence of any acknowledgement of demand submission.

Remedy:

• Online records of beneficiary demand submission and the provision of e-ticket numbers to track application status with SMS/IVR alerts.
• Auto allocation of work through ERP[2] (e-FMS).
• Automatic processing of work allocation will make payment of unemployment allowance non-discretionary.

Attendance recording system

Challenge: Manual monitoring of presence or absence of beneficiaries, involving cumbersome documentation.

Impact:

• In some cases, ghost workers receive funds. These funds are most likely routed back to influential stakeholders.
• Records of beneficiaries' work completed are open to mis-management and fraud by ground-level MGNREGS functionaries.
• Wage calculations are prone to manual errors.

Remedy:

• *Aadhaar*-based attendance verification at the job location to ensure beneficiaries' presence and actual number of days at work.
• This *Aadhaar*-based attendance feeds into the e-FMS portal and auto-calculates wages without any manual intervention.

Conclusion

It is safe to conclude that improved MGNREGS performance is the responsibility of the states. They can achieve this by automating a few key processes. Given disproportionate impact, states should not miss the opportunities provided by relative simple applications of technology to optimise the administration of MGNREGS.

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1 **Job card:** *Card issued to family engaged in MGNREGS work before joining*
2 **ERP** – *Enterprise resource planning are programmes that help organisations plan their resources efficiently.*