

NREGS Update

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Implicit barriers to mobility : place-based entitlement and divisions in India

(excerpts from World Development Report 2009, Chapter 5, Page 163)

Policy barriers to internal mobility in India are imposed by omission rather than by commission, exemplifying the implicit obstacles to migration in many developing countries. Current policies do not allow communities to fully capture the benefits of labor mobility. The costs and risks of migration would be significantly lowered by greater flexibility in the way households use public services and social entitlements, and in the deployment of targeted assistance for mobile populations. Negative attitudes held by government and ignorance of the benefits of population mobility have caused migration to be overlooked as a force in economic development

Recent evidence shows that population mobility in India—having stabilized in the 1970s and 1980s—is rising. India's 1961 census classified 33 percent of the population as internal migrants—people living and working in a place other than where they were born. The share of migrants is larger in cities (about 40 percent of the population) than in rural areas (about 30 percent). But by far the largest flows of migrants—within districts, across districts, and across states—are from lagging rural to leading rural areas. Since the 1960s rural-to-rural migration flows typically have been more than twice the volume as the next largest flows, from rural areas to cities. Rural-rural migration accounted for roughly 62 percent of all movements in 1999–2000. Workers from lagging states like Bihar, Orissa, Rajasthan, and Uttar Pradesh routinely travel to the developed green revolution states of Gujarat, Maharashtra, and Punjab to work on farms.

In India both distance and division limit labor mobility. The highest levels of movement are recorded within the same district. The flow of migrants across state lines is a trickle. Since 2001 there has been a slowdown in permanent or long-term migration. The share of lifetime (permanent) interstate migrants—at about 4 percent—is much lower than the total migrant population. Most of these permanent migrants live in cities. In addition to geographic distance, the strong differences in culture and language can discourage movement far from a person's home place.

Although official data sets indicate a slowdown in permanent rural-urban migration, microstudies find that circular migration is emerging as a dominant form of migration among the poor. Short-term migrants have been estimated to number 12.6 million but recent microstudies suggest that the figure is 30 million and rising.

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The economic benefits of migration are not always recognized by policy makers. Two forms of policy have been attempted to counter migration in India. The first response has been to increase rural employment, in an attempt to stem movement out of rural areas. This policy implicitly assumes that deteriorating agriculture leads to out-migration and that improved employment opportunities in lagging rural areas can reduce or reverse migration. These measures include the recently introduced National Rural Employment Guarantee Program, which promises 100 days of wage labor to one adult member in every rural household who volunteers for unskilled work, numerous watershed development programs that aim to improve agricultural productivity, and programs to develop small and medium towns.

The second policy response is implicit. Because of the perceived negative effects, local governments remain hostile toward migrants, while employers routinely disregard laws to protect their rights and needs. In many cases welfare policies and social services are designed for a sedentary population. This is best exemplified by location-specific entitlements to social services, housing subsidies, food rations, and other public amenities especially important to working poor people. (*Source: World Development Report 2009, Chapter 5, Page 163*)

World Bank says NREGS is an important cushion for poor

Mar 16 (PTI) The World Bank today said the National Rural Employment Guarantee Scheme (NREGS) is an important safety net programme providing livelihood security to the poor in rural areas, a position that is at variance with the 'World Development Report' 2009.

"India is fortunate to have in place a programme that people can fall back on to find work in these hard times," World Bank country director for India Roberto Zagha said in a statement while commenting on media reports that quoted a study of the bank saying that NREGS was a policy barrier to mobility of workforce in India.

The WDR 2009, it added, "focuses on the long-term impact of migration on development and stresses the importance of reducing barriers to voluntary movement of people seeking better opportunities".

The NREGS, it said, is an important cushion for poor people living in rural areas who might be at risk of being pushed into poverty.

"Such programmes have taken on an even greater significance at a time of global economic downturn," it said in the statement. (PTI <http://www.ptinews.com/>)

Jobs versus development?

Mar 17, 2009

There have been plenty of critiques of the National Rural Employment Guarantee (NREG) Scheme, but few perhaps have put forth the view presented by the World Bank in its latest World Development Report. The Bank has criticised NREG as an obstacle to development and poverty alleviation because it discourages the migration of people, an important engine of growth and prosperity. The Bank's argument is straightforward: if people are paid a decent wage to work in their own village, they would have little incentive to seek work elsewhere. And traditional economic theory on development has always suggested that the rural workforce must move to towns and cities to find gainful employment to help ease the burden on agriculture and aid the move to higher value-added sectors.

The argument is sound in theory and works at some level in practice. But because of oversimplification, it misses the real picture of poverty and underdevelopment in India. NREG guarantees poor households gainful employment for at least one member for a period of at least 100 days in a year. The average minimum wage under NREG is around Rs 72 per day. The average minimum wage in India before NREG was just Rs 58 per day, an average that has been pushed upwards. Still, there are significant variations across states. In Punjab, where agriculture depends on migrant labour from Bihar and UP, the minimum wage for unskilled agriculture workers is around Rs 100 per day, a fair amount higher than an average NREG wage. Despite that, there are reports of a shortage of agriculture labour in Punjab—it may be the case that people from Bihar and UP prefer the marginally lower NREG wage with the comfort of staying at home. But what this shortage of labour may end up doing by accident is the further mechanisation of agriculture. Perhaps migrant agriculture workers would have a greater incentive to move if they had the chance to get higher paying factory jobs, where the minimum wage would be double that of farm labour. But, unfortunately, the economy hasn't generated enough of such jobs. In the absence of reform in labour laws, we aren't likely to generate such jobs in the near future. And with the slowdown, the prospect of creating such jobs soon is bleak. In such a scenario, NREG is a crucial social safety net, and not an impediment to growth. It is the lack of reform that is the real impediment to growth. Strangely, wages in areas that are reporting shortages of labour haven't shot up—they should, and when they do, people will begin to move despite NREG.

<http://www.financialexpress.com>

At farm's hand

G V Ramanjaneyulu

"An assured income for farmers will make agriculture viable and ensure food security "

In his budget speech finance minister Pranab Mukherjee claimed that agriculture, services, manufacturing along with trade and construction were drivers of the country's growth in the past few years. But actually agriculture should not be slotted in the same bracket as manufacturing and services. Agricultural growth averaged 2.5 per cent in the past five years. This pales in comparison to the 10 per cent growth achieved by manufacturing and services in the same period.

Agriculture, in fact, touched a terrible low between 1997 and 2008 with 182,936 farmers committing suicide-according to government records. The returns from agriculture are paltry in comparison to other vocations. Let us consider some figures. Between 1997 and 2007, salaries of government employees increased by over 150 per cent-we are not even looking at the hikes proposed by the sixth pay commission and the earnings of our mlas increased by 500 per cent, but the farmer could manage only a 25 per cent increase in the prices of his produce. Prices of non-agricultural commodities, meanwhile, shot up by 300-600 per cent. The prices of agricultural inputs went up by 400 per cent.

This disparity has struck the farmer hard. The Arjun Sengupta committee on the unorganized sector reckons that an average Indian farmer's monthly income is Rs 2,115 while his expenditure is Rs 2,770 every month.

Successive governments have tried to keep agricultural prices low to ensure cheap labour-the rationale being that cheap food will make labour cheap. But the farmer's bill on other inputs has gone spiralling. The minimum support prices do not ensure a fair return to the farmer who has to spend a fortune on hybrid seeds, GM crops and new generation pesticides. And in any case, the government announces msp for only 33 agricultural commodities and intervenes in market operations only for rice and wheat. So farmers growing other crops are left to the mercy of markets.

The National Commission on Farmers has stated the government should ensure farmers earn a "minimum net income", and also make sure that agricultural progress be measured by the increase in that income. It should appoint a statutory body-a Farmers Income Commission-to examine the real income of farmers every year across the state.

The government should ensure remunerative prices for agricultural produce. The prices for agricultural commodities should be based on the real cost of production and linked with inflation. msp should be announced before the beginning of each crop season and procurement must be timely.

Today agricultural workers don't find employment and at the same time farmers cannot afford to pay for labour. The government should provide input subsidy in the form of labour wages (up to 100 days in a calendar year) to farmers to monetize family labour or to pay other farm labourers. This subsidy should include all agricultural operations from sowing to harvesting. It can be operationalized on similar lines as the National Rural Employment Guarantee Scheme, or by extending the scheme to agricultural work. This will also help agricultural workers.

The net income of farmers can be increased by promoting post-harvest operations at the village level. Agriculture-centered small scale industry can give the rural economy a boost

But these measures will only help partially. It is essential to provide direct cash payment to make up for the shortfall. All cultivators should be given fixed cash support to ensure them a fair living standard. This could be set at Rs 15,000 per family and revised every year by the commission.

If we consider the 9 crore farmer families in the country, the government's annual expenditure on this support will come to Rs 1.35 lakh crores. If we add the labour wage support, the government's subsidy bill will go up by another 1 lakh crores. But by spending Rs 2.35 lakh crores, the government can extricate more than 50 per cent of people from the below poverty line trap.

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Going to town

Mar 18, 2009

"In the long run we are all dead." Most people know this Keynes quote and most non-economists probably think it is from General Theory (1936). It is actually from A Tract on Monetary Reform (1923), written well before those troubled times. Given these troubled times, the subsequent sentence has relevance for the tribe of economists. "In the long run we are all dead. Economists set themselves too easy, too useless a task if in tempestuous seasons they can only tell us that when the storm is long past the ocean is flat again."

The World Bank's World Development Report (WDR), 2009 has created an unnecessary storm and the long run has been invoked to ensure waves die down and the ocean becomes flat again. The World Bank's Delhi office has clarified, "National Rural Employment Guarantee Scheme (NREGS) is an important safety net program that provides livelihood security to the poorest of the poor in rural areas of India. Such programs have taken on an even greater significance at a time of global economic downturn. The Bank would like to clarify that the WDR 2009 focuses on the long-term impact of migration on development and stresses the importance of reducing barriers to the voluntary movement of people seeking better opportunities. As a program targeted to improve the lives of those who cannot easily migrate to areas in search of those opportunities, the NREGS plays an important role in reducing poverty."

WDR's key message is one of integration, spliced with geographic unevenness, circular causation and neighbourhood effects. On the first, "governments generally cannot simultaneously foster economic production and spread it out smoothly". On the second, "rising concentrations of economic production are compatible with geographic convergence in living standards". On the third, "economic integration is an effective and the most realistic way to harness the immediate benefits from concentration to achieve the long-term benefits of convergence".

Post-1991, India's economic geography is often discussed, usually with an urban/rural prism in mind. And the outcome of 2004 elections is also linked to this. India Shining versus Bharat whining prism, a proposition that is extremely dubious, for 2004, as well as for 2009. Whether there has been convergence/divergence across India's economic regions (regions needs not always be interpreted as States) is a function of the indicator used. For instance, in several health/education/telecom indicators, there has been convergence. However, there has been divergence if one uses indicators... like per capita consumption expenditure. It is often forgotten that spatial divergences have also increased within States, in addition to whatever has happened between States.

Stated differently, States that have become integrated have done well. Whereas States, or regions, that haven't become integrated have fallen behind. This is typical of a geographically contiguous region that begins in Central India and extends eastwards, a region also identified with violent movements. This can be linked with findings about inequality (in consumption expenditure), findings also sensitive to measure of inequality used. Subject to this, inequality has increased in urban India, but has remained unchanged in rural India.

As a plausible hypothesis, what seems to be happening is an integration of what was formerly rural into an urban periphery. The only issue is this has happened in parts of India, but not in others. Globally, urbanisation is correlated with development and progress. Urbanisation is good and needs to be encouraged (not deterred). If one needs theoretical arguments in favour of urbanisation, with Paul Krugman getting the Nobel Prize, one should read his work on positive externalities and increasing returns to scale afresh. Alternatively, one can read this year's WDR. Without distinguishing between inhabited and uninhabited villages, one doesn't need 6 lakh villages, some of which are sub-optimal for the efficient delivery of public services. And again without distinguishing between cities, towns and urban agglomerations, one needs many more than the present 5,000.

Twenty years from now, we will probably move towards 3 lakh villages and 20,000 urban centres, with the latter not necessarily 10 million-plus metros, but smaller ones, where urban planning becomes easier. The larger SEZs could have been interpreted as such greenfield urban projects, instead of being projected as an export strategy. (Whether one should have created the resultant distortions through such a policy, is a separate issue.) Stated thus, WDR is absolutely right in its thrust and core arguments. We need to ensure transition to an urban India, not provide incentives for people to live in a rural Bharat. PURA (provision of urban amenities in rural areas) sounds good, but that's not what we want. We want people to become urban. Ipso facto, rural to urban migration is also desirable and to the extent NREGS deters this, it creates disincentives and distortions and is bad policy. A social safety net across the board that is geographically neutral, particularly in these troubled... times, is a different matter. However, the Bank too sacrifices good economics for good politics.

-The author is a noted economist...

<http://www.financialexpress.com/news/column-going-to-town/435725/>

Digging a hole

It's right there in the Act. The National Rural Employment Guarantee Scheme, and the act which brought it into force, call for the creation of "productive assets" - following that up with a description of what those are. Yes, the core competence of the act is expanding rural employment (and acting as an automatic, counter-cyclical macroeconomic stabiliser in these difficult times), and the fact that some of the assets being created aren't quite as useful as they could be has been much discussed in the past, and eventually dismissed as, in the end, not really the scheme's main thrust.

All this might be true. But, now that the scheme has reached critical mass, and stories and data about its implementation are coming in from across the country, it might be time to revisit the state of debate. This newspaper on Thursday reported from Haryana; one of the first districts to benefit from the NREGS, Mahendergarh, seems to have discovered that the tangible benefits haven't lasted: ponds that were dug aren't full, and don't work as expected. According to villagers, their "opinion" on suitable projects was "ignored".

So, what can we learn? From Mahendergarh, and from other stories, nationwide, we can take away the three things that might mean sub-optimal project choice.

First, the original project options, usually from the local panchayats, suffer if they don't take a holistic view, or are captured politically. For example, in Mahendergarh, villages that already had ponds had authorities that demanded more anyway. Second, the panchayats are frequently without resources to aid their decision-making: they sometimes just don't know enough. And third, the final choice from the panchayats' menu is done at the district level, and is far too dependent on whether the bureaucrat respects their opinion and feedback or not.

Good results are in places where the district bureaucrats and the village politicians both do their job. In Jharkhand's Pakur, an NREGS "model district", agricultural production started up in vast, formerly barren swathes: and that was to the district administration's credit, as that area of the country doesn't have working panchayats. Conversely, the NREGS itself touts Panihari, in Haryana's Sirsa district, as a place where the panchayat ensured project choice worked because it managed well the politically vexed questions of internal transfers and compensation. Policy-watchers are taking note: one study finds that professional support at the panchayat level would cost little more than 6 per cent of the total budget. That might be worth it. Either way, the time's come to extend the debate on the NREGS.

<http://www.indianexpress.com/news/digging-a-hole>

Forest management could create 10 million new jobs, says FAO

Surinder Sud / New Delhi March 23, 2009,

Investment in sustainable forest management has the potential to create 10 million new 'green jobs'. This can help cushion the impact of the job losses the current downturn has seen. "The dual challenges of economic turmoil and climate change are bringing the management of forests to the forefront of global interest," observes the 'State of the World's Forests 2009' report brought out by the United Nations Food and Agriculture Organisation (FAO) on the occasion of the World Forest Week that ended on March 20.

A recent study by the International Labour Organisation (ILO) has indicated that unemployment worldwide could increase from 179 million in 2007 to 198 million in 2009 under the best case scenario; and 230 million under the worst case scenario.

However, increased investment in forestry could provide jobs in areas, such as forest management and agro-forestry, improved management of forest fires, development and management of tracking trails and recreation sites in forests, expansion of urban green spaces, restoration of degraded forests and planting new ones.

Such activities, moreover, could be tailored to local circumstances like the availability of labour, the skill levels among population and the social, economic and ecological conditions.

A statement issued by the FAO points out that several countries, including the US, have included forestry in their economic stimulus plans.

It has particularly referred to India where afforestation has been made an important component of the National Rural Employment Guarantee Programme (NREGP).

The State of the Forests report has, at the same time, also cautioned that, in the short-run, forests and forestry can be negatively impacted due to global economic crisis. Reduced demand for wood and wood products as a result of the collapse in the housing sector and the credit crunch are having a severe negative impact on investments in forest-based industries and forest management.

"A general concern is that some governments may dilute previously ambitious green goals or defer key policy decisions related to climate change mitigation and adaptation as they focus on reversing the economic downturn," this report observes.

Initiatives for reducing emissions from deforestation and reversing forest degradation, especially those that are dependent on international financial transfers, could also face problems, it has added.

On the positive side, there are several opportunities stemming from the current crisis in the long-run. Increased use of forest products, including wood, in green building practices and emphasis on green development could spur investments in forests.

In the Asia-Pacific region, comprising some of the most densely populated countries in the world and where over half of the world's population lives, the demand for wood and wood products is expected to continue to swell in line with the growth of population and income. Though this region is the leader in planted forests (due to large scale afforestation and reforestation), it will still continue to depend on wood from other regions, as land and water constraints limit the scope for self-sufficiency in wood and wood products, the report maintains.

In Europe, on the other hand, forest resources are expected to continue to expand in view of declining land dependence, increasing income, concern for protection of the environment and well-developed policy and institutional frameworks.

<http://www.business-standard.com/india/news/>

Activists demand changes in information, rural job guarantee laws

March 21

Nearly 1,000 people of two rights groups held a public meeting here Sunday demanding changes in the National Rural Employment Guarantee Act (NREGA) and the Right to Information (RTI) Act. The meeting was held by the People's Action for Employment Guarantee and the National Campaign for People's Right to Information and was attended by Bharatiya Janata Party's Prakash Javadekar, Ashwini Kumar of the Congress and Communist Party of India's D. Raja.

The participants demanded that under the NREGA, the work guaranteed should be increased from the present 100 days per household per year to at least 100 days per adult per year.

They also demanded the setting up of a national council for RTI to monitor its implementation, selection of information commissioners in a transparent manner and ensuring transparency in the private sector.

"We invited the representatives of all political parties to make their positions clear on these issues," said a statement issued by the organisers.

<http://www.thaindian.com/newsportal/politics/>

High wages for rural jobs under flagship scheme may fuel inflation

23 Mar 2009, 0219 hrs IST, Gireesh Chandra Prasad & Anto Antony, ET Burea

NEW DELHI: States such as Rajasthan and Uttar Pradesh have sharply raised the pay for workers under the flagship rural job guarantee scheme in the last one year, making the Union government fear that such populist moves may disrupt the rural economy. The Centre is thinking of limiting the annual pay raise for workers so that there is no sudden surge in income under the largest job guarantee scheme in the world that could keep commodity prices high in rural areas and deprive workforce for projects outside the scheme.

Officials in the ministry of rural development and the ministry of finance say that a sudden rise in wages may keep rural inflation high. An official executing the National Rural Employment Guarantee Scheme (NREGS) said that states such as Rajasthan raised the minimum wage from Rs 70 to Rs 100 in the last one year while some others doubled it during the period.

The latest official data shows that Haryana offers the highest wages under the scheme, Rs 141 for a day's work, while Kerala offers Rs 125. Gujarat, Himachal Pradesh, Rajasthan, Sikkim and Uttar Pradesh offer Rs 100 against the Rs 65-67 offered by Arunachal Pradesh and Rs 70 offered by Meghalaya and Orissa. "There is a need to develop a formula for allowing increase in wages, say 5% a year, or a rate linked to the inflation rate," said the official, who asked not to be named.

"NREGS is envisaged mainly as a safety net for rural folk when there are no jobs available. The aim is not to pay higher wages and deprive workforce of the normal economic activity in the state," said another official involved in executing the scheme. The official said the wage rise under the scheme should be linked to the rate of inflation so that the pay revision helps them to cope with the rising living cost instead of fueling it. States fix wages under the Minimum Wages Act, 1948. The job scheme guarantees 100 days of work to every rural household whose adult members volunteer to work.

Department of economic affairs principal economic adviser Arvind Virmani had earlier pointed out that firm prices in food items may be a result of increase in per capita income in rural areas on account of additional government spending to create more job opportunities. In 2008-09, the government provided Rs 30,000 crore for the scheme, almost double the amount originally allocated in the Budget.

Indicators of cost of living based on retail prices - consumer price index for farm laborers (CPI-AL) and rural laborers (CPI-RL) - stayed at 10.79% in February, a shade lower than the levels in January although wholesale price-based inflation dropped to 0.44% in the first week of March.

Another mistake that states commit is to fix targets under the scheme. "It's not the right approach to set targets for giving jobs. If fewer people sign up for jobs, it could also mean that the normal economic activity in the state itself is meeting job requirements. What is most important is whether the government has been able to provide jobs to everyone who has demanded work," the official added, emphasising the need for states to modify the way they implement the scheme. <http://economictimes.indiatimes.com>

NREGS, impressive but complaints pour in

21 Mar 2009, 0452 hrs IST, Roli Srivastava, TNN

HYDERABAD

Job guarantee for 100 days and assured wages for lakhs of poor people may appear like the most impressive election pitch. Also impressive are figures of the National Rural Employment Guarantee Scheme (NREGS), telling a story of 54.4 lakh households that it has reached out to in Andhra Pradesh alone. But unlike the meticulously done statistics, the implementation is not half as impressive, say those who are in the know of things.

Lurking behind the reams of data are allegations of poor implementation of NREGS. Complaints ranging from the real needy people being sidelined due to "political involvement" in NREGS to under-payment or even delay in payments, there are issues responsible for the well-intentioned scheme going wrong in more ways than one. Officials too admit that these are not mere bickerings and that complaints are indeed significant in number.

For starters, the beneficiaries of the scheme are not always those who are eligible for it. "Those who have five acres of land, a monthly cannot avail of the scheme since it is meant for those who do not have any livelihood. But people who are not eligible get this benefit," says Savio Charles of Rayalaseema Prajadhvani, who rues the heavy "political involvement" in the scheme's implementation due to which the needy have got sidelined.

As per official data, 54.4 lakh households have benefited from the scheme at an expenditure of over Rs 2144 crore. The works accomplished since the

scheme's launch by Sonia Gandhi in Anantapur in February, 2006, are completion of 7,000 minor irrigation tanks that can irrigate 6 lakh acres of land, 5.6 lakh acres of 'uncultivable land turned to cultivable' and 1.44 lakh acres utilised for horticulture. Activists, however, say NREG technical staff are not trained in work measurement.

But some households have clearly benefited. Activists share stories of young boys in districts going to college now, using the money earned through NREG to their education. "One family in Anantapur's Kadiri mandal, that earlier migrated to Bangalore for work, completed 200 days (of work under NREGS). Their daughter, a Class VIII dropout, could join school and they cleared a Rs 8,000 they had taken and even managed to purchase a cow," says M S Chandra of Reds, an Anantapur-based NGO, who has been studying child rights issues in NREGS.

But complaints about payment delays and even inadequate payment, lack of facilities at the work site such as shade and safe drinking water are piling up. A social conducted by NGOs on the scheme revealed loopholes such as "benami names in the roster, duplication of work, wage difference and in some places even blackmail by field assistants", according to activist J Lalitamma. She says in many cases people were shortchanged, handed only Rs 80 as against the promised Rs 100. "There have been fights and dharnas in districts such as Chittoor but the government is not responding to these allegations," she says, adding that even the Dalit land development, which is part of the NREG Act has not been executed.

While admitting the string of complaints are significant in numbers, A Murali, director, NREGS, says that 70 per cent of payments have been made on time but in 30 per cent cases there has been a spillover because of the coordination required between the NREGS block office or the post office and . While activists even allege the role of middlemen, Murali says they would have limited presence here, given that the scheme doesn't pay anyone without a bank or a post office account and for a middle man to manage so many accounts is an 'impractical possibility.'

In addition, the poor work site facilities such as no shade or poor supply of safe drinking water. "Shade is an issue in 50 per cent cases," says Murali adding that drinking water issue is more or less sorted.

<http://timesofindia.indiatimes.com>

Cong's hardsell: NREG for all, food guarantee law, easy study loans

Mar 25, 2009 at 0949 hrs IST

New Delhi: Seeking a fresh mandate in the 2009 Lok Sabha election, the Congress today promised to enact a National Food Security Act to guarantee access to sufficient food for all and announced a massive expansion of the National Rural Employment Guarantee Scheme (NREGS) by offering it to "everyone" as against the present unit of "household."

Besides rolling out this job-food safety net, the party promised reservation for minorities - based on social and economic backwardness - in jobs and education, 33% quota for women in Central Government jobs, free education for SC/STs and education loans without collateral. It also offered a youth corps for those between 18 and 23 years of age who will get "compensation" for "nation-building activities" and promised to get each village broadband connectivity in three years.

The party's manifesto, released by Prime Minister Manmohan Singh and Congress president Sonia Gandhi today, pledged to enact a right-to-food law providing for 25 kg of rice or wheat per month at Rs 3 per kg to every family living below the poverty line (BPL) in rural and urban areas. The party pledged "at least 100 days of work at a real wage of Rs 100 a day for everyone as an entitlement under the NREGA". This will require an amendment to the NREGA.

Currently, many members of one household can avail of the scheme but all of them put together are entitled to a total of only 100 days. As per the new manifesto, each one can avail of 100 days. As per official records, the NREGA has provided employment to 4.08 crore households this year. With "individual employment" its new feature, the numbers will go up substantially. One estimate puts the new annual expenditure at well above Rs 60,000 crore. Real wage of Rs 100 a day could, however, pose a problem for the agriculture sector across the country as it could raise labour costs beyond the farmer's reach to sustain agriculture even in UP and Bihar.

On food security, the Congress has adopted a rights-based approach. Currently, a BPL household gets 35 kg of foodgrains under the PDS: wheat at Rs 4.15 a kg and rice at Rs 5.65 a kg. It also provides 35 kg of foodgrains to the "destitute" under the Antyodaya Anna Yojana (AAY) - wheat at Rs 2 per kg and rice for Rs 3 per kg. In its manifesto, the Congress has reduced the price of both the items to Rs 3 a kg and the amount from 35 kg a family to 25 kg per family. A total of 8.13 crore BPL ration card holders and 2.41 crore AAY card

holders will be beneficiaries of the Congress's promised largesse.

The availability of food is not going to be a problem as the Government is currently sitting on 36.6 million tonnes (15.3 million tonnes of wheat and 21.3 million tonnes of rice) as on March 1, as against 21.2 million tonnes last year. The stock is further going to go up with the government targeting about 24 million tonnes of wheat procurement starting April.

The ruling party at the Centre has apparently taken a cue from the success of Rs 2 per kg rice schemes in various states like Tamil Nadu, Andhra Pradesh, Orissa and Chhattisgarh. While different political parties sought to make it a poll plank by including this scheme in their manifestos in recent elections, the Congress in poll-bound Orissa recently raised the bar by promising rice for Rs 1 per kg. taxes such as VAT, excise duty, service tax, entertainment tax, luxury tax, will stand abolished.

<http://www.indianexpress.com/news/congs-hardsell-nreg-for-all-food-guarantee-law-easy-study-loans/438774/1>