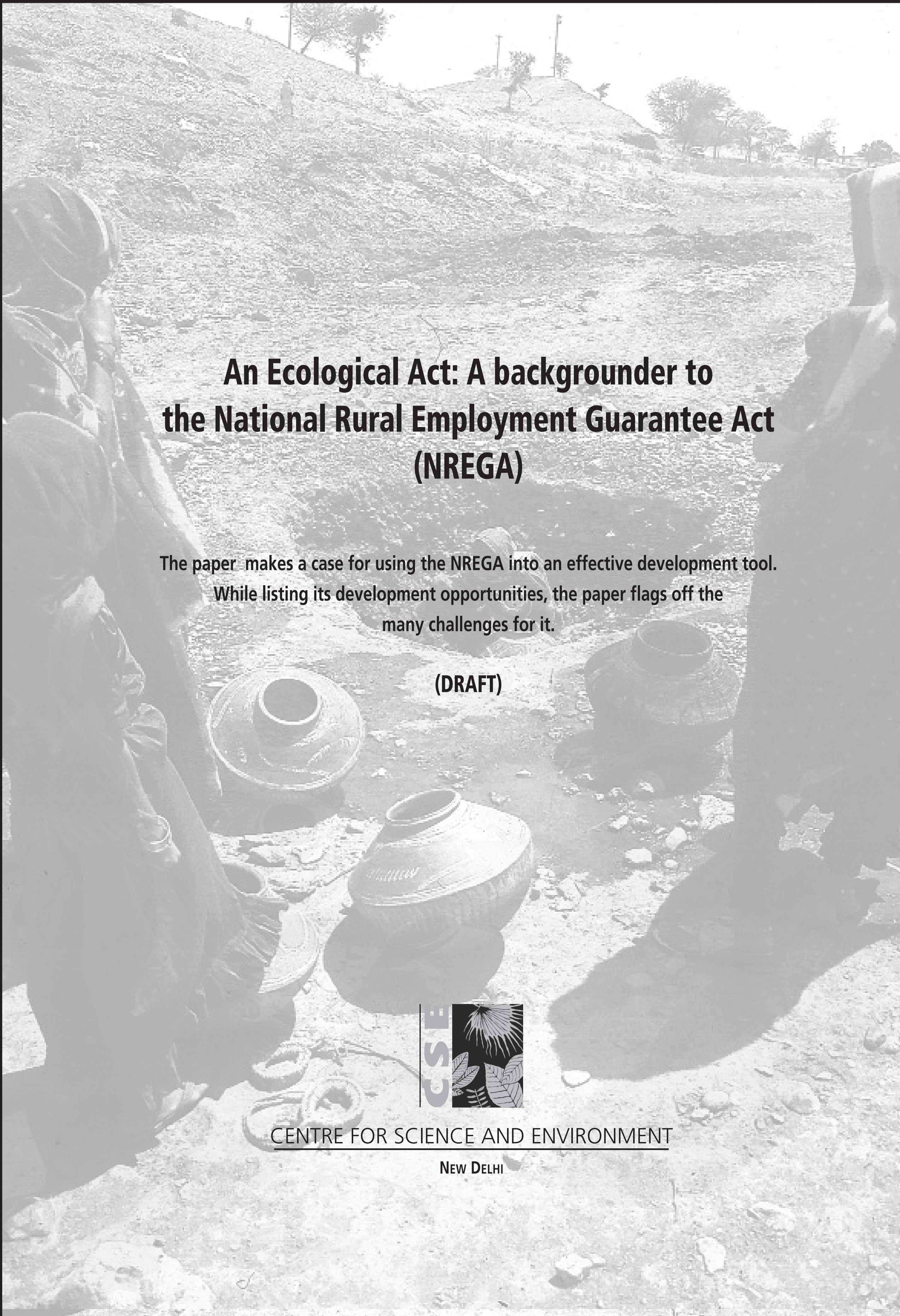

An Ecological Act: A backgrounder to the National Rural Employment Guarantee Act (NREGA)

The paper makes a case for using the NREGA into an effective development tool. While listing its development opportunities, the paper flags off the many challenges for it.

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Prepared by:

Natural Resource Management and Livelihood Unit
(as a part of its media dissemination activities)

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Every person who digs a pond, renovates an irrigation canal and plants a tree contributes a bit to poverty alleviation in India.

Under NREGA more than one percent of India's population should have done that in the last ten months.

That is the scheme's development potential.

contents

Preface

An ecological Act

NREGA means more than a few daily wage jobs

The National Rural Employment Guarantee Act 2005, or NREGA, was brought into force by the Union government in February 2006. The Act is far-reaching in its intent and scope. It is the first nation-wide employment scheme that guarantees employment legally to India's rural population. Naturally, it has generated intense speculation and interest.

The NREGA is being implemented in 200 most backward districts of 27 states in the country – socio-economically, the most challenging areas in India *(see Annexure I).* It guarantees 100 days of unskilled jobs per rural household. More importantly, the Act aims at eradication of extreme poverty and at making villages self-sustaining through productive assets creation (such as water tanks and soil conservation works). This is meant to regenerate the rural natural resource base, which in turn will result in sustainable livelihoods for residents. The Act puts Panchayati Raj Institutions (the third tier of government in India i.e the village level) at the helm of affairs – beginning with identifying the eligible households to planning the works to be undertaken. The government has referred to it as an "Act of the people, by the people, and for the people".

> In the context of rural poverty, the NREGA should be seen more as a livelihood-generating programme than a wage-earning scheme. It offers a unique opportunity to turn around rural development

But is the Act living up to its scope and potential? In the last 10 months, 410,742 works have reportedly been implemented under the Act. According to the Union rural development ministry's figures, more than 1.36 crore people -- above one percent of India's total population -- have been given jobs under the Act. Encouraged by this initial response to the Act from rural areas, the Union government has initiated the process to expand its scope to other districts in the coming months.

The NREGA has certainly come at a crucial time, when rural economy in the country is facing complete collapse due to myopic policies. Many studies on rural economy point to the erosion of livelihoods in Indian villages as the main driver behind rural unemployment. Efforts to salvage the situation through numerous poverty alleviation schemes have not helped. Thus, the NREGA faces a two-pronged challenge: the immediate one of addressing the skyrocketing unemployment crisis in rural areas, and a longer-term one of contributing to village economy in a sustained manner.

Effective implementation of the Act would require planning labour-intensive works for the needy poor on a continuous and sustained basis. These works must build the right kind of assets to promote development of local/regional economy. To ensure that the impact of the Act is sustainable and lasts over the longer term, these assets must be managed well and in an equitable way to generate benefits for the poor, as well as to promote pro-poor economic growth.

In this context, the NREGA should be seen more as a livelihood-generating programme than a wage-earning scheme. It also offers a unique opportunity to turn around rural development. CSE has been monitoring the Act at policy and practice levels on its contributions to sustainable livelihood creation through ecological regeneration. This Media Briefing Workshop is part of our wider activity to disseminate information and monitor the Act's impacts on rural development.

Chapter 1

India's crisis of employment

Government figures estimate India needs 1,000 lakh jobs by 2012,mostly in rural areas. But the latest National Sample Survey indicates a reduced unemployment rate in rural India. Between these two figures lies hidden a precipitative crisis. The increasing number of self-employed is pulling down the overall unemployment rate in the last five years,which is rather a pointer to the crisis: employment scarcity is pushing rural people to petty self-employment with low and uncertain income

Mangaru's makeover, a crisis for rural India

Mangaru Munda, a resident of Gari village in the outskirt of Ranchi, conceded defeat in his 33 years of struggle for a regular employment. Since 1971, when the Crash Scheme for Regular Employment[1] was implemented in his village, he had been intermittently working in wage employment programmes for survival. He remembers working in all wage employment programmes India has been implementing. Three of his four-hectare lands became unproductive due to soil erosion. "One Ha could hardly take care of two to three months of survival," he says. "Job programmes could get me hardly a month or two of livelihoods. There was no way I could find a regular job in this life." Finally in 2004 he sold his one-hectare of land and opened a tea stall in the village. "On a good day I sale 10 cups of tea (Rs 20)," he said, "Much less than any other earlier source of livelihood but at least some regular trickle of money."

He is now self-employed though landless and more poor.

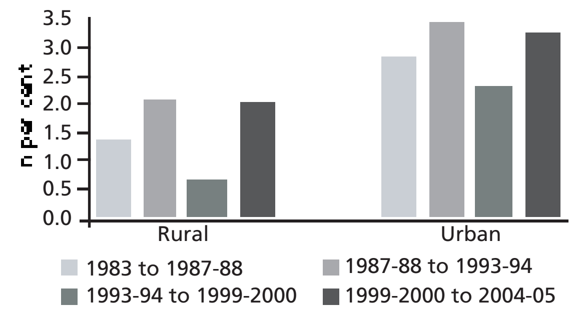
Government is celebrating Mangaru's not-so-profitable transition as a successful fight against unemployment, which has reached to epidemic proportion in the last few years.

According to the National Sample Survey Organisation (NSSO)'s 61st round of nation-wide survey, unemployment rate has come down as more and more people are becoming self-employed like Mangaru in rural areas. For an economy this should have been usually good news. But for India the news is not that heartening. Analysis of the data suggests that the rise in number of self-employed people in rural areas is more to do with lack of regular job availability than of economic well-being. Regular employment scarcity is forcing people to take up low productive and uncertain self-employment options. Mangaru is an example.

According to the survey done between 1999-2000 and 2004-05, partially released in November 2006, there is growth in employment in rural areas. This survey was spread over 7999 villages and 4602 urban blocks covering 79,306 households in the rural areas and 45,374 households in the urban areas. While aggregate employment growth in both rural and urban India was still slightly below the rates recorded in the period 1987-88 to 1993-94 (2 percent), it has recovered from the deceleration during 1993-94 to 1999-2000. Employment growth is sharp in rural areas: from around 0.6 percent during 1994-2000 to around 1.9 percent during 2000-2005 *(See graph 1: Annual rates of employment for usual status workers)*.

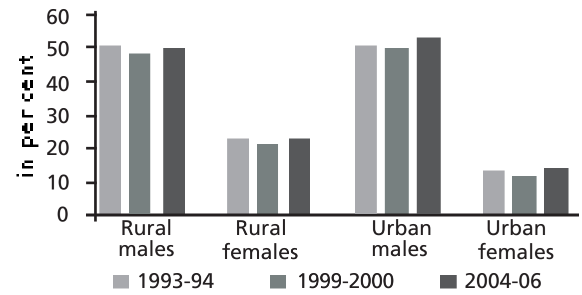
In terms of absolute number, the data does point out a worse scenario than 1972-73. For every 1,000 people, only 399 persons were employed in 2004-05 compared to 403.5 in 1972-73 (based on current weekly status or CWS)[2]. In 1999-2000, 381.5 per 1000 persons were employed in rural areas. So the rise is marginal.

Overall employment growth accelerated to 2.8 percent during 1999-2005. But the average daily status unemployment rate, which had increased from 6.1 percent in 1993-94 to 7.3 percent in 1990-00, Graph 1: **Annual rates of employment for usual status workers**



Source: National Sample Survey Organisation, 61st Round

Graph 2: **Work participation rates by current daily status**



Source: National Sample Survey Organisation, 61st Round

increased further to 8.3 percent in 2004-05[3]. Currently this rate is around 9 percent. It indicates that many people are not getting regular employment. It is clear that India has not been able to meet the employment demand. Thus despite the overall employment growth there is a huge number of unemployed. Add to this imbalanced demand-supply scenario the increasing number of people seeking jobs due to fast increase in the working age population.

The situation is worse for rural areas, which accounts for 74 percent of India's unemployed population. Close to 80 percent of employment in rural areas come from agriculture sector. According to Planning Commission estimate based on the 61st NSSO data, the Economic Census of 2005 and the annual account of industry, agriculture employment has increased at less than 1 percent per annum during 2000-05. It also points at unprecedented rise in unemployment among agricultural labour households that account for major chunk of India's chronic poor scattered in the 200 backward districts: it has increased from 9.5 percent in 1993-94 to 15.3 percent in 2004-05.

In 27 states and union territories out of 35 under the NSSO survey employment in agriculture has come down. At national level, the number of rural people employed in agriculture per 1000 persons has come down from 763 in 1999-2000 to 586 in 2004-05. Agriculture's employment share has come down to 74.9 percent from 78.4 percent in 1999-2000. Though there has been a slight recovery in the annual rate of growth of agricultural employment during 2000-2005 from 0.03 to 0.83 percent, this is not enough to sustain this demand.

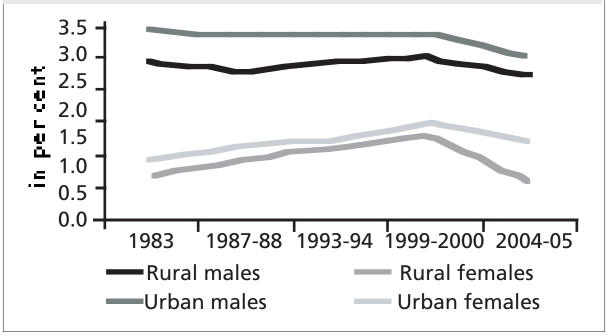
The problem is that this decline in employment has not been supported by proportionate increase in non-agricultural employment. The share of manufacturing employment has not gone up commensurately for rural male workers. Instead the more noteworthy shift for rural males has been to construction, with some increase in the share of trade, hotels and restaurants. Add to it the puzzling data about significant decline in wage employment in general: from 45 percent during 1999-2000 to around 42 percent during 2004-05 *(See graph 2: Work participation rates by current daily status)*. This means a large section of people are displaced from agriculture as well as many people are not even seeking daily wage jobs. Where are they? How are they employed? Or they remain unemployed?

Self-employment is not always productive employment

According to the latest NSSO survey these people are now self-employed. One of the more interesting features that emerge from the data of 61st round is the significant increase in self-employment *(see graph 4: Share of self employment in usual status employment)*. The increase has been sharpest among rural women, where self-employment now accounts for nearly two-thirds of all jobs. Overall, around half of the workforce in India currently doesn't work for a direct employer both in agriculture and non-agriculture sectors[4].

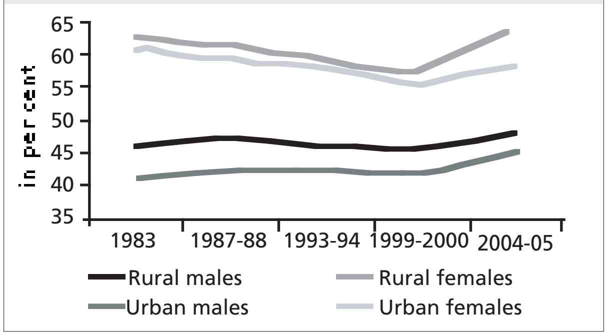
On face people moving from paid-jobs to independent jobs is a welcome trend. But if it is due to people are moving because of not getting regular paid jobs, it is a distress signal in employment scenario. According to analysis by economists C P Chandrasekhar and Jayati Ghose, this is essentially because of a significant

Graph 3: **Share of casual labour in total usual status employment**



Source: National Sample Survey Organisation, 61st Round

Graph 4: **Share of self employment in usual status employment**



Source: National Sample Survey Organisation, 61st Round

increase in self-employment on farms (dominantly by women workers) as wage employment in agriculture has actually fallen quite sharp[5]. "This is especially the case for less educated workers without access to capital or bank credit. Self-employment for such workers often means that they are forced to petty low productivity activities with low and uncertain income," analyses CP Chandrasekhar, an eminent. Planning Commission also assesses that the 4.7 percent growth in non-agricultural employment during 1999-2005 was 'entirely' in unorganised sector and 'mainly' in low productive self-employment.

Given the characteristic of the workforce in union India, it indicates that this change is distress-driven. Out of the total population of 10,960 lakhs, according to the ministry of labour and employment, 4,690 lakhs constitute its workforce. Ninety percent of the workforce is in the unorganised sector. Over 70 percent of the labour force is illiterate and or educated below the primary level. Around 1,400 lakh casual workers constituting about 30 percent of the work force have no regular source of work or income. These are people who are now turning into self-employed.

This suggests that a large part of the increase in self-employment is a distress-driven phenomenon, led by the inability to find adequately gainful paid employment. So the apparent increase in aggregate employment growth may be more an outcome of the search for survival strategies than a demand-led expansion of productive income opportunities.

Another fact that supports the argument that the trend of self-employment is distress-driven is the growing number of landless rural household. The 59th round of NSSO survey on landholdings indicates a significant increase in landlessness among the rural households. According to these data, the proportion of landless rural households had been broadly stable for three decades from the early 1970s at around 28 percent, and had come down to 22 percent in 1991-92. But the data relating to 2002-03 indicate a very sharp increase to nearly 33 percent of rural households.

Another fact that supports the argument that the trend of self-employment is distress-driven is the growing number of landless rural household. The 59th round of NSSO survey on landholdings indicates a significant increase in landlessness among the rural households

Growing landlessness is the result of reduced economic viability of cultivation that has particularly squeezed small farmers. The moot point in this context is that financial stress, including the inability to repay loans taken for cultivation and for other purposes, has forced many farmers to sell their lands and join the landless population. These landless people, arguably, are the new breed of self-employed. Mangaru is a typical example of this process.

The alternative source is definitely not remunerative contrary to what government thinks. The same survey did an evaluation of job satisfaction among rural and urban workers. It turns out that just under half of all self-employed workers do not find their work to be remunerative. This is despite very low expectation of

Table 1: **ARE PEOPLE FINDING SELF-EMPLOYMENT REMUNERATIVE?**							
Areas	**% Finding their self-employment activity remunerative**	**Per cent finding this amount of rupees per month remunerative**					
		0-1000	**1001-1500**	**1501-2000**	**2001-2500**	**2501-3000**	**Above 3000**
Rural	51.2	21.2	19.7	16	10.5	10.7	20.5
Urban	58.6	10.4	10.6	10.4	7.4	11.5	48.9

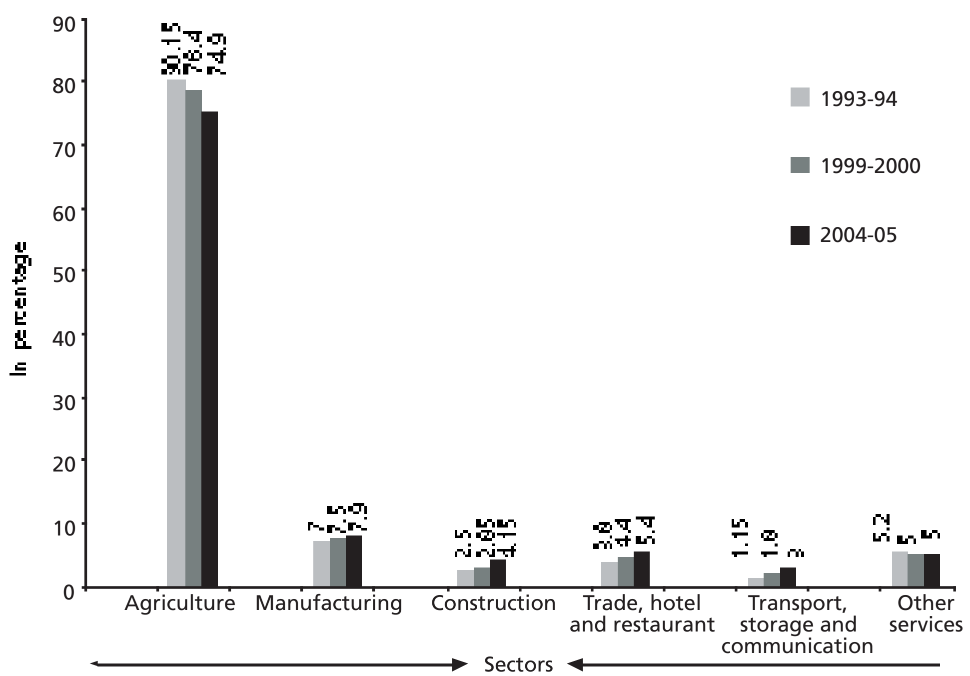
reasonable returns – more than 40 percent of rural workers declared they would have been satisfied with earning less than Rs 1500 per month *(See Table 1: Are people finding self-employment remunerative?)*.

Jobless growth

Overall employment growth has been declining for a decade despite the impressive gross domestic produce (GDP) growth. It grew by less than 1 per cent per annum during the 1990s. Between 1993-94 and 1999-2000, the employment growth fell to 1.07 per cent per annum from 2.7 per cent during 1983, while GDP growth went up from 5.2 per cent during 1983-1993 to 6.7 per cent during 1993-2000. The capacity of job creation per unit of GDP output went down by about three times compared to that in the 1980s and early 1990s[6]. On the other hand, rural unemployment increased from 4.6 per cent to 7.2 per cent during the 1990s; in 2004-05, it stood at 9.1 per cent (based on daily status).

The problem is that modern industry creates a chimera of jobs on which the government focuses for employment generation. For all the fuss made of the economic might of industry, it provides a mere 8.35 per cent of the total employment in the country. Worse still, the glamorous and much touted private sector provides only 2.58 per cent and the much-abused public sector, 5.77 per cent of this formal employment. Mining, water and electricity and community and social services are the largest employers in the public sector *(See graph 5: Percentage contribution of various sectors to total rural employment)*. Over the last decade these sectors are becoming more capital intensive thus reducing their job absorption capacity. Labour productivity in the organised sectors was already four times that in unorganised non-agriculture in 1993

Graph 5: **PERCENTAGE CONTRIBUTION OF VARIOUS SECTORS TO TOTAL RURAL EMPLOYMENT**



Source: Compiled from NSSO 61st data

and this ratio has increased to seven times by 2004, according to Union Ministry of Labour and Employment report on unorganised labour. During the same period, the share of the organised sector in total non-agricultural employment declined from 20 percent to 13 percent.

Part of this was due to downsizing of the public sector that has reduced employment by 13 lakhs. On the other hand employment growth has been negligible after 1998 in organised private sector despite impressive GDP growth of around annual 10 percent after 1993. On the other hand unorganised non-agriculture sector has absorbed 600 lakhs jobs in the last 10 years with workforce 60 percent higher than in 1993. This means those employed in the unorganised non-agriculture sectors termed as 'self-employed' are unproductively employed.

More jobs

After the first five-year plan in 1951, this is for the 10th time that India has reset its target to eradicate unemployment and poverty. Going by the latest target setting by the last as well as the current government, it is 2011 or the end of the 11th Plan. In 1996, the then United Front government announced a definite poverty goal for the country: poverty eradication by the year 2005. One of the major factor on which this was premised is the eradication of unemployment leading to virtual nil income poverty. After a year of the deadline, we are facing a much bigger unemployment crisis.

In the coming five years (the 11th Five-year Plan period) employment scenario will be further deteriorating. The labour force will increase by 520 lakhs during the 11th Plan period based on the growth of working age population. If the current trend of more women seeking jobs continues, mostly in rural areas, the labour force will be around 650 lakhs. This increase will be in addition to the current 350 lakhs unemployed. So India has to provide employment to around 1000 lakhs people, most of them in rural areas.

According to the Planning Commission assessment India cannot provide full employment but may approach to generate 650 lakh employments to bring down the unemployment rate. "However, even this modest goal implies that the rate of growth of non-agricultural employment would need to accelerate to annual 5.8 percent from 4.7 percent in 1999-2005. In other words, a massive reversal is required from the negative employment growth during the last decade," says the Approach paper to the 11th Five-year Plan. So the slight reversal of the unemployment trend as in 1980s and 1990s is not news worth celebration rather a wake up call for a bigger crisis.

POVERTY ALLEVIATION: A DREAM TURNED SOUR

According to the draft 11th Five Year Plan, poverty in India might have increased; the draft plan also indicates that the official rate of poverty reduction has been overestimated. Preliminary estimates of the latest National Sample Survey Organisation (NSSO) study point out that almost 28 per cent of India's population was below the poverty line in 2004-05 — which is higher than the official figures for 1999-2000: 26 per cent.

The survey finds that during 1999-2000 and 2004-05 poverty has declined at the rate of 0.79 percent. NSSO findings show the number of people living below poverty line (BPL) at 22.15 percent in 2004-05, compared with 26.09 percent in 1999-2000. During the same period, the country's GDP grew at around 6 percent.

Reduction of poverty has been faster in rural areas than in urban areas, according to the survey findings. BPL population in rural areas decreased 4.68 percent between 1999-2000 and 2004-05, which was over twice the pace of the decrease in urban centers, estimated at 2.12 percent. Initial explanation for this is that migration to urban areas from rural areas has pulled down the poverty reduction rate in urban areas. But if this were the case, the rural poverty reduction would be lower than what the survey finds.

High-growth states like Haryana, Maharashtra, Delhi, Rajasthan and Goa have reported increase in BPL population. NSSO officials point at this fact to substantiate that rural-urban migration is distorting the poverty figure.

Chapter 2

A history of programmes

India has three decades of experience in implementing employment generation programmes. The concept of creating employment in public works is not new: the Maharashtra model of rural employment has existed since the 1970s. The most critical difference now is that people's entitlement, by law, to employment, is mandated through NREGA for the entire country. Not much has changed in the form and substance of the public work programmes in the past 30-odd years, however. In many ways the NREGA is a replication of earlier schemes in letter and spirit, of course, with a legal guarantee. So past failures do haunt the NREGA

The first set of programmes, the National Rural Employment Programme and the Rural Landless Employment Programme, began in the 1970s as clones of the Maharashtra EGS. In 1989, the Rajiv Gandhi government integrated the two schemes into one, revamped the schemes and decided delivery would occur through the *panchayati raj* institutions (village-level elected institutions).

Thus born the Jawahar Rozgar Yojana (JRY); but it was radically different. The bureaucratic machinery was bypassed; funds would be deposited in the accounts of each village institution responsible for planning development activities used to create employment creation, and overseeing implementation. The scheme began but it was never given a chance to succeed. In retrospect, JRY was perhaps an idea before its time *(See Box: Rural wage employment programmes in India)*.

In 1990, when prime minister V P Singh ambushed the Rajiv Gandhi government over the Bofors gun scandal, the election call was a promise to 'guarantee' Maharashtra-type employment for all. Instead the subsequent, Narasimha Rao-led, government diluted what existed. By 1993, JRY received little political leadership or attention. It was agreed (from largely anecdotal and some official reports) that the scheme, controlled by people's representatives, was leading to increased corruption and even greater inefficiency in delivery. Therefore, it needed to be re-vamped.

In 1993, the Employment Assurance Scheme (EAS) was launched. Now, half the allocated funds for rural employment would be channelised through the bureaucracy, not the *panchayati raj* institutions. The big brother was back in business, to the tune of roughly Rs 2,000 crore each year.

RURAL WAGE EMPLOYMENT PROGRAMMES IN INDIA

1980
National Rural Employment Programme (NREP) launched to use unemployed and underemployed workers to build community assets
ALLOCATION
6th plan
1980-1985: Rs 980 crore
7th plan
1985-1990: Rs 1,682 crore

1983
Rural Landless Employment Guarantee (RLEG) launched to provide 100 days of guaranteed employment to one member from each rural, landless household
ALLOCATION
6th plan: 1983-1985: Rs 500 crore
7th plan
1985-1989: Rs 2412 crore

1989
Jawahar Rozgar Yojana launched, combining NREP and RLEG
ALLOCATION
7th plan
1985-1990: Rs 2,100 crore
8th Plan
1992-1993: Rs 2,546 crore
1993-1994: Rs 3,306 crore
1994-1995: Rs 3,855 crore
1995-1996: Rs 3,862 crore
1996-1997: Rs 1,865 crore

1993
Employment Assurance Scheme (EAS) launched to provide employment during the lean agricultural season
ALLOCATION
8th Plan
1993-1994: Rs 600 crore
1994-1995: Rs 1,200 crore
1995-1996: Rs 1,570 crore
1996-1997: Rs 1,970 crore
9th plan
1997-1998: Rs 1,970 crore
1998-1999: Rs 1,990 crore
1999-2000: Rs 1,700 crore

In April 2002 another re-naming took place. This time the two schemes — JRY and EAS — were merged to create the Sampoorna Grameen Rozgar Yogana (SGRY). Its spending, too, was divided between the *panchayati raj* institutions and the administration. Incidentally, in the National Democratic Alliance period the name of JRY had been changed into the Jawahar Gram Samridhi Yogana (JGSY). A component of SGRY provided foodgrain to calamity-stricken states for relief work. Now the cost increased to about Rs 4,000 crore per year.

Then came the semi-final reincarnation. In late 2004, the National Food for Work Programme (NFWP) WAS launched, targeting 150 backward districts. These districts were identified through a task force set up by the ministry of rural development, which used three variables to compute 'backwardness' — agricultural productivity per worker, agricultural wage rate and the scheduled caste and schedule tribe population in the district. This programme was to be implemented through the district administration and a menu of "labour-intensive projects" would be prepared, to be undertaken over a five-year period. In the 2005-06 budget, the allocation was enhanced. NFWP got Rs 6,000 crore in addition to the SGRY's Rs 4,000 crore. The NFWP remains the programme design for the NREGA.

The final change came in December 2004, when the National Rural Employment Guarantee Bill was tabled in Parliament. The bill provided a guarantee of 100 days of unskilled manual work in a financial year to every poor household, in rural areas, whose adult members volunteered for work.

> JRY received little political leadership or attention. It was agreed (from largely anecdotal and some official reports) that the scheme, controlled by people's representatives, was leading to increased corruption and even greater inefficiency in delivery. Therefore, it needed to be re-vamped

The first phase would cover 200 districts. But many believed the bill 'diluted' what the common minimum programme of the government had promised. The bill was referred to a parliamentary standing committee, which gave its report after two and a half sessions, called the legislation as "path-breaking" but observed that organisations and individuals who deposed before it were "almost unanimous" in objecting to several provisions.

Past imperfect

But though these schemes have provided some relief to the rural areas, their reach has been inadequate in view of the magnitude of the unemployment problem. Moreover, they have not provided a guarantee that employment will be available to rural households on demand, as all of them were allocation-based programmes.

1999	2001	2004	2006
Jawahar Gram Samridhi Yojana (JGSY) launched; dedicated to development of demand driven rural infrastructure	Sampoorna Gramin Rozgar Yojana (SGRY)launched, merging EAS and JGSY	Food for Work Programme (NFFWP) launched to generate additional supplementary wage employment and create assets	National Rural Employment Guarantee Scheme (NREGS) launched to provide 100 days of guaranteed employment to one member from each rural household and create community assets
ALLOCATION **9th plan** 1997-1998: Rs **2,077** crore 1998-1999: Rs **2,095** crore 1999-2000: Rs **2,095** crore	ALLOCATION **9th plan** 2000-2001: Rs **2,950** crore 2001-2002: Rs **3,250** crore **10th plan** 2002-2003: Rs **4,440** crore 2003-2004: Rs **4,900** crore 2004-2005: Rs **5,100** crore 2005-2006: Rs **4,000** crore 2006-2007: Rs **3,000** crore	ALLOCATION **10th plan** 2005-2006: Rs **6,000** crore	ALLOCATION **10th plan** 2006-2007: Rs **11,300** crore

These programmes created just 44 lakh jobs a year (before the NREGA was implemented) — a small number compared to the gigantic employment demand in rural areas. Moreover, the jobs they created were casual jobs — temporary in nature — and worked more as supplementary sources of employment in times of crisis.

Despite a stated focus on creation of durable assets at villages for livelihood generation, these programmes failed miserably on this count. Going by various evaluations done by government and independent agencies, a large part of the funds spent under these schemes was used in more capital-intensive activities such as building roads and government houses, rather than in labour-intensive activities. Productive assets were never a priority.

Employment programmes usually create casual jobs and work more as supplementary source of employment in time of crisis. A study conducted by the government of India in 2000-2001 on the impact of the EAS, it found that the programme covered just 36 percent villages of 13 states. Under the programme only 36 percent of eligible job seekers could benefit leaving others to migrate out of villages or to take up other crisis-driven jobs. The survey found that at an average 31 days of employment was generated in a year under the programme as against the official estimate of 62 man-days per person a year.

It is clear from past experiences that most of the schemes have failed due to lack of right planning, focus on local needs and also dominantly bureaucratic roles. Maharashtra's EGS is an example of typical problems marring our wage employment programmes

An evaluation of the SGRY done by the Union rural development ministry in 2004 finds that 14.3 percent of officials, across the states in India, reported the use of contractors in the implementation of the scheme thus reducing employment and increasing corruption. Under SGRY contractors are not allowed as in NREGA. In Orissa, according to the evaluation, 92.4 percent of works was implemented through contractors. The figure is 30 for Jharkhand. On the other hand as contractors played a major role the works are also eventually selected by them under the scheme to maximize their profits. This resulted in creation of non-productive assets thus not contributing to village development.

It is clear from past experiences that most of the schemes have failed due to lack of right planning, focus on local needs and also dominantly bureaucratic roles. Maharashtra's EGS is an example of typical problems marring our wage employment programmes.

The Maharashtra story

The EGS of Maharashtra being the only precedent to NREGA with guarantee clause, its performance remaince benchmark for both success and failure. Maharashtra has spent over Rs 10,824 crore on its EGS programme from 1975 to 2005, covering 27,831-gram *panchayat*s in its 33 districts. This means on an average, Rs 39 lakh (Rs 3,888,786) has been spent on each *gram panchayat*. Starting at Rs 34.61 crore in 1975-76, the EGS expenditure has increased to a whopping Rs 1,256.93 crore. And so have the mandays — from 10.95 crore to 22.18 crore — showing the large number of people this unique pubic works programme has been employing.

Between 1975 and 2005 a total of 580,244 EGS works were undertaken, ranging from minor irrigation to afforestation, the maximum being of soil conservation and land development (367,065). Incidentally most of the works undertaken have also been completed. The maximum amount has been spent on road projects (Rs 2291.14 crore), followed by agriculture (1,905.14 crore), water conservation (Rs 1,809.08 crore) and afforestation (Rs 916.04 crore).

S Mahendra Dev, Director, Centre for Economic and Social Studies, Hyderabad in his paper, India's (Maharashtra) Employment Guarantee Scheme: Lessons from Long Experience, notes a change in emphasis, notes a change in emphasis on assets created. "In 1974-75, around 78 per cent of expenditure was apportioned to irrigation, 12 percent to soil conservation and land development, about three percent to afforestation. Thus nearly 93 percent of total expenditure was directly related to drought proofing. Over the years, however, the composition of expenditure has undergone considerable change. The expenditure on roads has risen from about 6 percent of the total in 1974 to about 40 percent in 1985-86. Since 1987-88, however, the percentage of expenditure on roads was less than 25 percent because of a government order."

EGS also changed its face by adopting some sub-schemes. Three such sub-schemes are Jawahar wells, horticulture programmes, and social forestry and sericulture. Horticulture programme is termed as highly successful programme under the EGS. But these sub-schemes also face major criticism. Firstly, they have gradually shifted the focus of EGS from creating public assets to privately owned assets, such as horticultural crops and persona; wells. It is argued that though creating private assets goes against the objective of a public works programme, the poor quality of public assets, absence of community benefits, and lack of maintenance funds is bringing about a change in the profile and ownership of these assets. While it may prove the durability and benefits of assets created under the EGS, it has also raised concerns about the equitable distribution of EGS benefits. For instance, farm ponds are in great demand under EGS in Maharashtra, but these are privately owned assets and cost Rs 40,000 require more than one acre of land and hence benefit only the large farmers.

> "In 1974-75, around 78 per cent of expenditure was apportioned to irrigation, 12 per cent to soil conservation and land development, about 3 percent to afforestation. Thus, nearly 93 per cent of total expenditure was directly related to drought proofing. Over the years, however, the composition of expenditure has undergone considerable change. The expenditure on roads has risen from about 6 per cent of the total in 1974 to about 40 per cent in 1985-86. Since 1987-88, however, the percentage of expenditure on roads was less than 25 per cent because of a government order"
>
> — S Mahendra Dev, Director
> Centre for Economic and Social Studies

Clearly the aim of EGS apart from providing employment was useful asset creation, drought proofing, village development and amelioration of poverty. The state has spent a total of over Rs 3,714.22 crore on water conservation and agriculture related activities under EGS, which has lead to raised water table and many villages declaring themselves drought proof. There are other studies that show the impact EGS has made on rural poverty. For instance, a comparison of the incidence of poverty in Maharashtra and in all India shows that from 1972-73 to 1983, the decline of poverty was greater in Maharashtra than all India level. Between 1983 and 1987-88, the decline in the state was slightly lower than for all India (see table Incidence of person-day unemployment in rural Maharashtra and rural India). It is also estimated that the incidence of poverty among agricultural labour households showed a decline from 64.1 per cent in 1977-78 to 44.6 per cent in 1983 for Maharashtra, while for all India, the corresponding figures were 55.9 per cent and 40.7 per cent, respectively.

The flaws in the programmes

The programme planners of employment programmes — call it Sampoorna or Guarantee — measure their success only by the number of days of employment created. Their objective is to distribute wages for work, to avert famine: commendable, but limited. Each year, the same district spends on drought mitigation, building assets that are not maintained. EGS is relegated to drought relief, not relief against drought. It does little for development. It does little for poverty reduction.

This, when its potential is enormous: using the labour of the poor to regenerate the rural ecosystem. The problem is that because planners are obsessed by employment creation, they are obsessed by corruption in the creation of employment. Most research on employment programmes has focused on the lack of transparency and accountability in schemes. According to researchers Dev and Robert E Evenson, the cost of transferring one rupee under the erstwhile JRY was Rs 2.28 in the mid-1990s. They compared it to Rs 1.85, the cost of transferring Re 1 under the Maharashtra EGS. These researchers found that in the different employment schemes, the routine use of contractors, fudging of employment rolls and violation of norms lead to huge costs in delivery and extreme inefficiency. They estimated that in the three states of West Bengal, Haryana and Gujarat, the cost of generating one day's employment was Rs 200 to Rs 300, far in excess of the wage rates given to the poor households. In addition, government's own evaluation shows that only Rs 15 of every Rs 100 reached the beneficiaries. Leakages were enormous and crippling.

The problem is that we have not learnt to create institutions by people, that can deliver for people. In the entire work on rural employment, while governments glibly talk of the role of the panchayats, little has been done to build institutional capacities so that these agencies can function. There is little expertise and little use of perspective plans so that developmental imperatives can become employment objectives

This has meant an obsession — perhaps rightly so — on reducing leakages by increasing the power of people to check muster rolls and scrutinise the wage records. "Corruption is not unexpected when money is involved and the transaction is between officials, who have the power and control over the money, and the poor unemployed labourers who have little choice," says Atanu Dey, a developmental economist. In the current National Rural Employment Guarantee Scheme the effort is to improve decision making through the use of the Right to Information Act, which gives local communities rights to check wage records. There are also plans for social audits and financial checks to plug the holes.

The problem is that even with all this done, water structures remain holes in the ground because the catchment has not been treated. A tree remains a hole in the ground because the saplings have not been protected. A road remains what it was — a collection of holes in the ground — because it has not been built to last. It has been built to be washed away. Each season, so that employment can be guaranteed.

The fact is that the history of employment creation programmes in India is not new. But researchers and planners have never bothered to evaluate what has worked, why and how. The last institutional innovation was made in the early 1990s, when funds and responsibility were transferred to locally elected bodies. Since then the programme has spent Rs 2,000 crore annually in the early 1990s, to Rs 4,000 crore annually in the early 2000 and now Rs 11,300 crore under the National Rural Guarantee Scheme. The fact is that nobody knows where this money has been spent; on what programmes, in which village and if the assets created have been maintained or not.

The current programme is built on the developmental imperatives of the different districts. But it does little to address the key institutional and management gaps that exist in programmes of soil, water and forest conservation. These are fragile assets. These assets require management and maintenance. dte reporters have found that even with some basic investment, the returns can be enormous. One good water harvesting structure built pre-monsoon can lead to enough soil moisture to grow a supplementary crop. Many soil and water conservation programmes can transform village economies.

There are instances where this has happened. But these instances are too far and too few between. The problem is that we have not learnt to create institutions by people, that can deliver for people. In the entire work on rural employment, while governments glibly talk of the role of the panchayats, little has been done to build institutional capacities so that these agencies can function. There is little expertise and little use of perspective plans so that developmental imperatives can become employment objectives.

Chapter 3

NREGA: Old spirit, new letters

The NREGA is significant both in letter and spirit. It focuses on the country's poorest regions. It has been designed keeping in mind the problems of the rain-fed areas of the country, which sustain 40 per cent of India's population

NREGA is significant both in letter and spirit

The NREGA is the flagship scheme of the ruling United Progressive Alliance (UPA) government. During the 2004 general elections, the Congress party had promised to bring in such a legislation keeping in mind India's widespread rural unemployment and poverty. Immediately after coming to power, the UPA government gave it a preferential status under its common minimum programme. In August 2005, the Indian Parliament unanimously passed the Act. It came into force in 200 districts on February 2, 2006 and aims to cover the whole of rural India by 2010.

The Act is a significant legislation in many ways. Unlike earlier employment schemes, it is demand-driven. People who need jobs will demand them, which the government is legally bound to provide. In case of failure to do so, the government has to dole out unemployment allowance. For the first time, rural communities have been given not just a development programme, but also a regime of rights. The Act was preceded by three decades of attempts to bring in such legislation. The EGS of Maharashtra is the only precedent to the NREGA.

Given the rising demand for foodgrains in future and irrigated areas having reached their plateau of productivity, development of rain-fed areas holds the key to future food security. But India's rain-fed areas have been in the throes of an agrarian and unemployment crisis. That is the reason why the Act gives importance to agriculture and irrigation. Additionally, to meet this huge employment demand, it advocates productive use of the forestry sector for livelihood generation.

The Act attempts to unlock the potential of the rural poor to contribute to the reconstruction of their environment. To achieve this, it has laid emphasis on creation of productive assets in villages. Out of nine preferred areas of works under the NREGA, seven focuses on water and soil conservation. The attention of the scheme is on the following works in their order of priority:

- Water conservation and water harvesting
- Drought proofing (including afforestation and tree plantation)
- Irrigation canals (including micro and minor irrigation works)
- Provision of irrigation facility to land owned by households belonging to Scheduled Castes and Scheduled Tribes or to land of beneficiaries of land reforms or that of the beneficiaries under the Indira Awas Yojana of the government of India
- Renovation of traditional water bodies (including desilting of tanks)
- Land development
- Flood control and protection works (including drainage in water-logged areas)
- Rural connectivity to provide all-weather access
- Any other work, which may be notified by the Central government in consultation with the state government

Key elements of NREGA

- Panchayats are key players
- Productive assets legally not-negotiable
- Local level planning base of implementation
- Gram Sabha to monitor all works and applications
- Contractors are not allowed in any manner

Under the Act each state is required to formulate a Rural Employment Guarantee Scheme within six months of its enactment. As mentioned above the broad features like preferred works are non-negotiable thus no state can change it under its state scheme. Till the time the state has not formulated the scheme and its guidelines, the annual or perspective plan under the SGRY or the NFFWP, whichever is in force in the state, will work as action plan for NREGA implementation.

Broadly, the village and intermediary Panchayats manage the implementation activities while coordination activities are done at the district Panchayat level. Planning, supervision and monitoring take place at all levels. However, at every level the agencies concerned are accountable to the communities.

Village Panchayats are the nodal implementing bodies for the NREGA. Local bodies (See chart: Who does what?) will plan, design and execute the works to be taken up. This is a step towards making this Act a participatory process and empowering people at the grassroots level. At least 50 percent of the works under the scheme will be implemented through village panchayats. Currently, according to the Union ministry of rural development, village panchayats are implementing close to 85 percent of all works under the Act. The Act mandates the Panchayats to prepare village-level plans based on local resources and needs. These plans are then implemented using the NREGA, which effectively insulates them from political whims and pressures.

Who does what?

Village Panchayat
- Prepare village plan
- Identify, design and implement 50% works
- Set up local institutions to facilitate implementation
- Evaluate and monitor implementation

Block Panchayat
- Coordinate block level plans
- Identify possible works based on village plan
- Design and implement works (not mandatory)
- Monitoring

District Panchayat
- Prepare district annual plan
- Prepare five-year perspective plan based on village plans
- Implement works (not mandatory)
- District level coordination of activities

State government
- Evolve regulations
- Set up Employment Guarantee Council
- Facilitating resource flow

Central government
- Rural development ministry nodal ministry
- Ensure fund flow
- Set up employment guarantee council for advisory
- Independent monitoring and evaluation

The Gram Sabha (village council) is the statutorily mandated institutional mechanism for community participation. In addition, other methods of community participation could be instituted: local vigilance and monitoring committees, workers associations, local beneficiary committees, self-help groups, users groups and other grassroots structures. The village council takes the decision to formulate such users groups.

Implementation of the NREGA starts from the Gram Sabha, which first declares the implementation of the scheme. The Gram Sabha also takes charge of popularizing the scheme for registration of people and also the procedures to demand works. The Act authorises the Gram Sabha to recommend works to be taken up under the scheme, to monitor and supervise these works, and to conduct social audits of the implementation.

The village Panchayat is responsible for planning of works, registering households, issuing job cards and monitoring implementation of the scheme at village level. The Act advises appointment of employment guarantee assistant in each panchayat for this purpose. The intermediary Panchayat is responsible for planning at the block level, and for monitoring and supervision. This tier of Panchayat is also given works for implementation from the 50 percent not implemented under the village Panchayat. District Panchayat is responsible for finalising the district plans for NREGA which is a comprehensive plan of action for the scheme for the district. District Panchayat can also implement works from the 50 percent non-village Panchayat pool.

Key components of a district perspective plan

- Planning with village as a unit
- Cover socio-economic aspects of development
- Analysis of local poverty to sense inputs needed through NREGA
- Baseline data collection
- To plan outcome based strategies
- Suggestion of methods to measure outcomes

The state government formulates regulations to facilitate the overall implementation. It sets up the State Employment Guarantee Council to advise the government on implementation of the scheme, and to evaluate and monitor it. The council also takes decisions on the preferred works to be undertaken in the state. The central government's rural development ministry is the nodal ministry for implementation and fund disbursal. It also monitors and evaluates the scheme. Besides it sets up the Central Employment Guarantee Council for advising it on various issues related to NREGA.

NREGA is primarily implemented through two planning documents at district level called district perspective plan and annual plan. Though the district Panchayat coordinates these planning the other two tiers of Panchayat participate play crucial roles in the exercise. These two documents are designed as local five-year plans that take care of local needs. Based on these plans the Panchayats identify works. The annual plan is basically a shelf of works to be taken up under the schemes and must be completed by December for the next year plan. The works are selected keeping in mind its impact on local development. The district perspective plan is intended to facilitate advance planning and to provide a development perspective for the district. This plan is prepared based on the linkages of assets to be created that will help in local development. This plan is usually for five years and based village level inputs from Panchayat.

For complete details on the NREGA, visit: www.nrega.nic.in

- *Act guidelines*
- *Officials In charge*
- *Status of Works*
- *States involved*

Chapter 4

Bend it backward

The 200 Backward districts make NREGA desirable and difficult. It is desirable as this may result in uplifting close to 60 per cent of their population above the poverty line. It is difficult: the challenge is to implement the Act as a development agenda instead of a wage-earning scheme

The 200 Backward districts make NREGA desirable and difficult.

What are commons among Orissa's Kalahandi-Balangir-Koraput (KBK), Chhattisgarh's undivided Bastar and Jharkhand's Dumka and Hazaribagh districts? They are the targets of India's all poverty eradication schemes since 1951. After 55 years of such targeted poverty eradication schemes, they still remain the poorest districts of India, and arguably not the best governed also. They have more poor now than 1980. These states are the poorest states of India, and these districts are the poorest areas inside the states. Ironically these districts are very rich in natural resources like forests, land and minerals. Though states GDP are growing at high rate, these areas remain untouched by economic development.

The long-term trends in the incidence of poverty in Orissa point at a steady decline on the poverty ratio in the state till mid-1990s. In the second half of 1990s it has remained stagnated, and the trend continues. However, in the KBK region poverty has increased between 1993-94 and 1999-2000. And this region has the state's 75 percent poor. Out of this 40% are very poor, i.e. their income is 3/4th below the poverty line. Because in these districts close to 85 percent people depend on agriculture and forests for survival. While agriculture is fast becoming unproductive due to soil degradation and frequent drought, forest laws restrict forests access. The conventional economic growth, as pointed out earlier chapter, has not proved beneficial. The 200-odd poverty eradication programmes in implementation have hardly contributed to local development as they remain out of focus or being not implemented affectively.

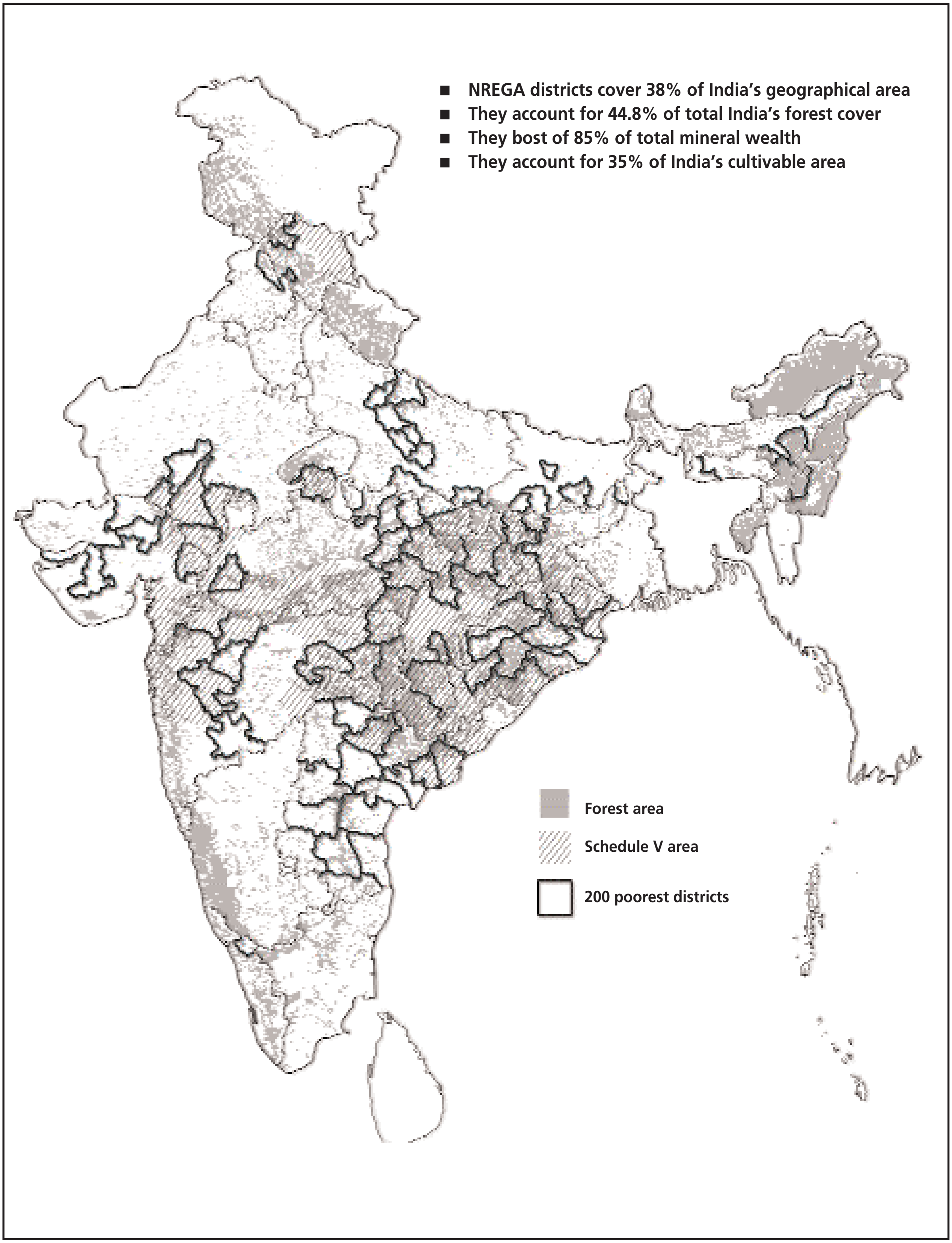
The 200 backward districts where the NREGA is being implemented share the same development trends. All the districts are resource rich but extremely poor *(See map)*. India's tribal areas, forested region and minerals resources are the same region as the NREGA areas. This makes the NREGA more desirable, but at the same time, more difficult to implement. Thus, the Act is both an opportunity as well as a challenge[7].

A difficult constituency

The 200 backward districts, identified by the Planning Commission *(see Box: Measuring backwardness)*, can pose major challenges to the implementation of the NREGA because of their special problems. These districts are, arguably, India's richest in terms of natural resources. In 38 percent of India's areas, the total geographical coverage of 200 NREGA districts, the districts host close to 44.8 per cent of forests and 85 per cent of mineral resources in the country[8]. These districts account for 35 percent of India's cultivable areas. Agriculture and forest sustain close to 87 percent of population in these districts[9].

They are also the least developed areas of the country, inhabited mostly by marginal farmers and forest dwellers. They hold 70 per cent of India's poor. A survey of human development reports of 12 states point that all the NREGA districts feature in the bottom 10 positions in the per capita income list. A large number of these districts are located in the arid and semi–arid regions: 94 of these are covered under the Drought Prone Areas Programme (DPAP) and eight under the Desert Development Programme (DDP). Close to 80 per cent of India's rain-fed areas are in these districts.

RESOURCE-RICH … BUT POOR



Source: Project Tiger directorate

MEASURING BACKWARDNESS

Attempts to identify the poorest or most backward districts in the country have been made since 1960. A committee of the Union ministry of rural areas and employment (the previous name for the ministry of rural development) conducted one of the most elaborate exercises for the identification of backward districts in 1997. Headed by E A S Sarma, the then principal advisor to the Planning Commission, the committee used a composite method with differing weights for parameters such as incidence of poverty, education, health, water supply, transport and communications and degree of industrialisation. The Sarma Committee's list of 100 most backward districts included:

- 38 districts from undivided Bihar
- 19 from undivided Madhya Pradesh
- 17 from undivided Uttar Pradesh
- 10 from Maharashtra, and
- A smaller number of districts from other states

All these districts are under the NREGA cover now. There were no districts from Gujarat, Goa, Kerala, Punjab, Andhra Pradesh and Tamil Nadu. The committee did not consider the north-eastern states and Jammu and Kashmir as it felt "they had problems which were specific and peculiar to them".

In 2002, the Planning Commission drew up another list of 100 backward districts. This list is specific to the Rashtriya Sama Vikas Yojana (RSVY) programme drawn up under the 10th Five Year Plan. It covers one or more backward districts in all states of the country except in Delhi, Goa, Bihar and Orissa. The first two have been excluded because they have no backward districts; the other two, because the RSVY programme has special components for Bihar and the Kalahandi-Balangir-Koraput (KBK) region of Orissa. The recently declared Backward Regions Grant Fund classification is based on the RSVY classification of districts. In addition, it also uses the NREGA list of districts.

Various non-government organisations have also attempted to draw up lists of backward districts. The Delhi-based Rajiv Gandhi Institute for Contemporary Studies made a comprehensive estimation of district-level deprivation in 2003. In its report, the Institute used six indicators derived from the UN Millennium Development Goals: poverty, hunger, infant mortality, immunisation and literacy and elementary school enrolment. It considered districts which figured in the bottom quarter under four of these six criteria as the 'most backward' districts in the country. This list has 69 districts. Most of them are located in the states of Bihar, Uttar Pradesh, Orissa and Jharkhand. Other than these states, the 'most backward' districts have been found only in Arunachal Pradesh (three districts), Karnataka (one) and Madhya Pradesh (five).

These districts are primarily agricultural with 70 percent population depending on it for survival. Most of the farmers are marginal with landholding less than one hector. These districts account for 39 per cent of India's total rural workforce *(see annexure II: Statistical profile of states under NREGA).* In 115 of them, the percentage of agricultural labourers in the total rural working population is higher than the national average of 33 per cent, indicating the large-scale landlessness in these districts combined with the lack of effective employment opportunities in the non-agricultural sector. Based on ministry of agriculture's sowing data, around 135 districts takes up only one crop. The result: lower incomes for a large section of the rural population contributing towards the backwardness of these districts apart from agro-climatic and physiographic conditions.

Situation Assessment of Farmers, done by the NSSO, points at rampant indebtedness of farmers in NREGA states in general and in NREGA district particularly. In 19 out of the 27 NREGA states close to half (48.6) of the farmers are indebted *(See table 2: Farmer indebtedness in select NREGA states)*. In 1991 assessment the percentage was 26 percent. It is significant that the dominant cause of taking loans was found to be for productive purposes. Two most important purposes of taking loans were stated to be capital expenditure in farm business and current expenditure in farm business. Out of every Rs. 1000 taken as loan, Rs. 584 had been borrowed for these two purposes.

Given that the NREGA cover most of India's forested areas, the contribution of this sector to the local economy is substantial. The NREGA districts cover close to 40 percent of India's very dense forests and 47 percent of moderately dense forests. Dependence of local people on forests for survival in these districts is very high. Studies in Orissa, MP, Chhattisgarh and Jharkhand indicate that over 80 percent of forest dwellers depend entirely on minor forest produces; 17 percent of landless people depend on the daily wage labour of collecting forest produce; and 39 percent of people are involved in minor forest produce collection as subsidiary occupation[10]. However, forest degradation and restrictive forest laws are stripping this vital source of livelihood. Out of 27 states under NREGA, 13 states have reported forest loss. It means 138 districts out of the 200 are reporting deforestation[11].

The alienation of forest dwellers from forest is widely believed to be triggering conflicts leading to collapse of governance. Out of the 200 districts, 64 districts are under firm grip of extreme Left insurgency known as Naxalism. In these districts, the mobility of local government officials and members of panchayats becomes limited. The first challenge, therefore, is to bring back governance to these districts.

The alienation of forest dwellers from forests is widely believed to be triggering conflicts leading to collapse of governance. Out of the 200 districts, 64 districts are in firm grip of extreme Left insurgency known as Naxalism. In these districts, the mobility of local government officials and members of panchayats becomes limited

The NREGA can target development in these districts using the huge demand for casual jobs. For effective implementation of the NREGA, it is imperative to understand the complex socio-economic and governance challenges of these backward districts. It can be said that these districts hold the key to the overall success of the NREGA.

Less governed

The Panchayati Raj institutions are the principal players for the NREGA implementation. According to the Union ministry of rural development, there are 61,763 village panchayats and 1,894 block panchayats in these 200 districts. The number of implementing agencies, thus, is very high. They are also extremely diverse in their political and socio-economic structures. While village panchayats are reportedly implementing close to 83 per cent of total NREGA works, others including independent implementing agencies and block panchayats are implementing around 17 per cent of the works.

The size and area of gram panchayats also vary considerably; these variations have a direct impact on the norms for administrative staffing, thereby making the delivery mechanism for all the 200 districts untenable, says the Second Administrative Reform Commission Report. There is ample evidence that the delivery of basic public services, particularly those intended to benefit the poor and weaker sections, has functioned relatively ineffectively in the backward districts even when funds have not been a constraint. This delivery has suffered due to, on one hand, weak administration, understaffing and lack of motivation and on the other, large-scale leakages.

The state of Panchayats in these districts is a cause of concern. Only six out of the 27 states have devolved the 29 functions to the local bodies as listed in the constitution. Secondly, only Kerala and Karnataka have devolved functions, functionaries and funds to the Panchayats, which

Table 2: **Farmer indebtedness in select NREGA states**

State	Percentage of farmers indebted
West Bengal	50.1
Uttar Pradesh	40.3
Tamil Nadu	74.5
Rajasthan	52.4
Punjab	65.4
Orissa	47.8
Maharashtra	54.8
Madhya Pradesh	50.8
Kerala	64.4
Karnataka	61.6
Jharkhand	20.9
Jammu and Kashmir	31.8
Himachal Pradesh	33.4
Haryana	53.1
Gujarat	51.9
Bihar	33
Assam	18.1
Andhra Pradesh	82
India	48.6

Source: National Sample Survey Organisation, 59th Round are necessary to make them effective. So the implementation of NREGA with such local governance states is difficult and is prone to bureaucratic interferences. The Second Administrative Reform Commission found that Panchayats in NREGA districts had no regular and dedicated functionaries; the Gram Pabhas that are required to choose the projects, were dormant as well.

The nature of local bodies varies considerably in these 200 districts as many of them belong to different constitutional categories. The constitution of local bodies in the Fifth Schedule areas is considerably different from those falling under the Sixth Schedule areas (such as Mizoram and Meghalaya where Part IX of the constitution is not applicable). In the areas under the Fifth Schedule, where as many as 63 of these backward districts are located, the quality of local bodies was expected to improve after the enactment of the Panchayats (Extension to the Scheduled Areas) Act (PESA), 1996. But going by the recently released State of Panchayati Raj report of the Union Ministry of Panchayati Raj, progress in this aspect is discouraging. The ministry has cautioned non-implementation of the PESA may further trigger tribal unrest (read Naxalism). It is thus the success in the implementation of the PESA, which might have a bearing on the implementation of the NREGA. Though most states in the Fifth Schedule areas have enacted requisite compliance legislations by amending the respective Panchayati Raj acts, some states are yet to amend the subject laws and rules, which are inconsistent with those in PESA.

Added to these problems are the governance pressures that the NREGA itself puts on panchayats. Besides NREGA, panchayats in backward areas are implementing the Background Region Grant Fund and are playing key roles in the Bharat Nirman programmes (see Box: *Overworked*). Under the NREGA, each panchayat has to make a perspective plan and annual plans for implementing the scheme. The perspective plan is an extensive exercise that includes charting of the village's resources, its poverty, its demands, work situations and then — based on these facts — prescribing a template for future development requirements. The annual plan involves identifying the needy people, scoping works for them in advance, and also preparing the accounts.

There is a need to recognise the fact that conditions prevailing in these backward districts may impede the smooth flow of funds for the implementation of the NREGA. The usual channels for transfer of funds in the more progressive states may not work in many of these districts. Also, backward districts pose implementation challenges that are as varied as the terrain is inhospitable. Therefore, the 'one-size-fits-all' approach is not feasible — the final approach should be one that takes into account the heterogeneity, specific problems and constraints peculiar to each district.

OVERWORKED!

Panchayats of backward districts are being increasingly put in charge of rural developments programmes. The Backward Region Grant Fund (BRGF) is the latest one.

Prime Minister Manmohan Singh announced the BRGF to be implemented in 250 backward districts (including the 200 NREGA districts) in September 2006. An allocation to the tune of Rs 3,700 crore has been made. It will be implemented through the Union ministry of panchayati raj. In August 2006, the Cabinet Committee on Economic Affairs (CCEA) had approved the creation of BRGF. The project will be implemented during the 11th five year plan period (2007-2012). It aims at catalysing development in the backward regions of the country.

A sum of Rs 250 crore per annum at the rate of Rs 1 crore per district from the BRGF has been earmarked for capacity building and the balance is an un-tied development fund. The BRGF includes all districts where the National Rural Employment Guarantee Programme is implemented and all the districts mentioned in the Inter Ministerial Task Group Report on Backwardness. The thrust areas of the fund include physical infrastructure, governance and agrarian reforms.

The backward districts will get Rs 2,500 crore at the rate of Rs 10 crore per district un-tied funds to the Panchayati Raj Institutions (PRIs). The remaining Rs 1,000 crore will be distributed among districts on the basis of their population and area.

However, it may not be up for implementation in November as declared by the Union ministry of panchayati raj. The hitch: most of the states have failed to set up district planning committees (DPCs), a mandatory requirement to avail funds under the scheme. Funds will be transferred to the district directly from the Panchayati Raj ministry based on district development plans drawn by panchayats and the DPCs and approved by the state governments. BRGF is being seen as an experiment in fiscal decentralisation.

Chapter 5

The way ahead

The NREGA is the instrument to bring in these changes; it has the potential to meet these challenges. It can be used to regenerate local ecology, and help trigger real economic growth. Its focus on irrigation, land and plantation gives it the necessary capacity to rescue rural India from its crisis

India is facing an adverse BoP (Balance of Poverty) crisis as it generates more poverty than it eradicates. This explains the phenomenon of stagnating poverty. Excessive focus on conventional economic growth as the instrument of poverty alleviation has not worked. Economic growth has not generated employment; nor has it percolated wealth down to rural areas. The challenge, then, is to make the economy work for the poor — and push the country's 30 crore poor above the poverty line permanently.

To do that, one must understand that India's poverty is ecological poverty, unlike what conventional economists see as income poverty. India being a dominantly biomass-based society, ecological degradation triggers poverty here. The solution lies in regenerating the ecology with the people at the helm of the affairs. Healthy lands and ecosystems, when used in sustainable ways, can provide all the wealth that is needed for economically viable, healthy and dignified lives. For India to prosper, it needs to ensure sustainable livelihoods for its poor and mainstream the poors' experiences into national policies. The challenge today lies in empowering and mobilising people to enable them to escape from their 'ecological poverty', in order to create natural wealth, and develop a robust local economy.

There has also been a failure in understanding the real nature of employment in the country. Ecological assets like land and forests are the key employment sources for rural people in India. Any attempt to create employment must focus on these sectors

What is clear is that providing jobs in India demands a change in the way we do business. The formal industrial sector has never provided employment in this country. With greater mechanisation in the years to come, its contribution towards generating employment is bound to decline further. The service economics- outsourcing included- will grow but cannot really absorb job seekers in a country, the size of India. The key to generating emploument lies in the building productive and sustainable livelihoods based on natural resources. The potential is enormous- from planting trees for pulp to rearing animals for dairy farming; to rearing worms for silk and growing medicinal plants for pharmaceutical industries. It is critical that employment and enterprise go beyond the conventional economic opportunities.

It is here that the challenge of sustainable resource utilisation becomes imperative. A study by the Centre for Science and Environment shows trees planted for pulp and paper sector in India can provide fascinating model of growth with jobs. Roughly 1.1 million hectare are required to supply the organised 5 million tonnes of raw material to this industry currently. This in turn could provide employment to over 0.55 million farming families in growing wood and harvesting wood in a sustainable manner.

India's long history of employment generation programmes has been marred by a singular lack of effort on the part of government, researchers and planners to evaluate what has worked, why and how in the above context. At the same time, budgetary support has been increasing for public works programmes. But there is no estimation or analysis of how this money has been spent: on which programmes, in which villages. Neither has there been an appraisal of the assets created, or of their maintenance.

There has also been a failure in understanding the real nature of employment in the country. Ecological assets like land and forests are the key employment sources for rural people in India. Any attempt to create employment must focus on these sectors. But our policies for employment generation have restricted themselves to employment *per se*, and completely ignored the fact that the generated employment opportunities need to be sustainable and allow the employed to move above the poverty line. Exclusive focus on the purely quantitative approach to employment generation has resulted in low quality of employment. The result: we do generate employment, but they become unproductive very soon, leaving people either unemployed once again or grossly underemployed.

The NREGA, with a focus on assets creation, attempts to be relevant to local needs. But it does not do enough to address the institutional and management gags that exist in the programmes of soil, water and forest conservation. These are fragile assets. They require management and maintenance. This is where the NREGA must be worked on. The challenge is to use the Act to solve the problem of creating sustainable livelihoods through asset creation — facilitate the use of ecology for economy. The policy measures involve crucial changes in institutional, legal and financial frameworks, aimed at fashioning the programme into an opportunity for rural development.

> We strongly believe that to turn around the NREGA and build it into a development tool, planning at village levels is crucial. This process will enable local residents to connect with the programme. Being a village-specific planning, it will reflect local needs. Thus the NREGA, which will provide the money in terms of employment guarantee, will turn into a participatory development programme

The first aspect of the Act that could be relooked at is its evaluation and monitoring. Instead of the simple calculation on jobs demanded and provided, the NREGA needs to be evaluated and monitored on its impact on livelihood security. Currently, the Union ministry of rural development's national level monitors evaluates the Act on jobs creation and number of assets created under preferred works category. The real effectiveness of the scheme can be measured by using three parameters:

1. Increase in average annual income of households
2. Increase in the productivity of small and marginal land holdings
3. Quality and contribution of assets like water tanks

By changing the evaluation parameters as suggested above, the scheme will assume the character of a rural development scheme, instead of a run-of-the-mill wage-earning programme. This will also help the government to ensure that most of the works taken up remain within the preferred works category, that is, productive assets.

Secondly, under the NREGA, as experiences in various states show, water conservation works are being taken up as stand-alone activities. A village ecology is a fragile combination of soil, water and forests. A water harvesting structure, for instance, is rendered useless if its catchment areas are left unprotected. Works under the scheme need to be planned in totality — to succeed, water conservation needs to take into account plantation works and drought proofing. The Second Administrative Reforms Commission has recommended that all works under the Act must be undertaken keeping in mind the overall improvement in total ecology.

Thirdly, the government must facilitate village-level resource planning and designing. Under the NREGA, the panchayats are required to prepare perspective plans that involve extensive mapping of village resources and identifying their uses and improvement. Every year, the panchayats are supposed to make an annual plan also to identify works that can be taken up for local resource improvement. Though nine months have

RECOMMENDATIONS OF THE SECOND ADMINISTRATIVE REFORMS COMMISSION

The Second Administrative Reforms Commission report that dealt with the development potential of the NREGA has made strong recommendations to change its character. Some of its key recommendations are:

- The NREGA must be evaluated on the basis of its impacts on livelihood security.
- The impacts must be done as part of the expanded task of the NSSO to develop district and sub-district level data.
- Other development programmes like the Bharat Nirmaan should be dove-tailed with NREGA.
- Panchayats should be put in charge of all rural development programmes to bring in synergy with the NREGA.
- Implementing staff at the local level must be transferred to the panchayats.
- The NREGA must be implemented with a watershed approach to turn it into a rural development programme.
- Land development activities may be permitted in the lands of small and marginal farmers.

elapsed since the Act came into existence, this exercise has not been given enough importance. Without such a plan, the development impact of the NREGA will not be as expected, because villages will not be able to channelise the available resources to activities relevant to local needs.

We strongly believe that to turn around the NREGA and build it into a development tool, such planning at village levels is crucial. This process will enable local residents to connect with the programme. Being a village-specific planning, it will reflect local needs. Thus the NREGA, which will provide the money in terms of employment guarantee, will turn into a participatory development programme.

Fourthly, setting up of strong institutional mechanisms to manage and distribute the resources generated must follow the creation of assets. Poor maintenance and weak institutions can render productive assets useless. Panchayats, therefore, must be accorded the utmost importance under the NREGA. This is because strong institutions that manage and distribute resources in an equitable way must follow creation of productive assets. Without such institutions, the assets are useless. Under the NREGA, panchayats are supposed to play pivotal roles in designing, planning and executing works. But as mentioned earlier, there is hardly any attempt to make them effective as local government. Initial reports show that local bureaucracy still dominates implementation of the Act, with panchayat leaders playing nominal roles.
To start with, panchayats must be given the required functionaries and funds for effective implementation. A panchayat assistant is supposed to be appointed along with technical staff for NREGA implementation; but such appointments have been made only in three states. The devolution of finance and making local government officials accountable to panchayats with respect to NREGA implementation, therefore, are the two immediate necessities. The Union ministry of Panchayati Raj has been signing agreements with states to fast track such devolution. This is being done keeping in mind the decision of the Union government to channelise all rural development programmes through panchayats. This process must be speeded up and linked to the NREGA now.

Right capacity building of the elected panchayat members must follow devolution. Training of government officials on the NREGA should be accorded priority. At the same time, panchayat members must be included in the process so that they know the scheme well and can exercise rights effectively. Local experiences point at government officials dictating panchayat members on the nature of works, citing vague government orders. This takes away the panchayats' powers under the Act, and has to be rectified immediately.

Annexure I

200 districts under NREGA

State	District
Andhra Pradesh (13)	Adilabad
	Anantapur
	Chittoor
	Cuddapah
	Karimnagar
	Khammam
	Mahbubnagar
	Medak
	Nalgonda
	Nizamabad
	Rangareddi
	Vizianagaram
	Warangal
Arunachal Pradesh (1)	Upper Subansiri
Assam (7)	Bongaigaon
	Dhemaji
	Goalpara
	Karbi Anglong
	Kokrajhar
	Lakhimpur
	North Cachar Hills
Bihar (23)	Araria
	Aurangabad
	Bhojpur
	Darbhanga
	Gaya
	Jamui
	Jehanabad
	Kaimur (Bhabua)
	Katihar
	Kishanganj
	Lakhisarai
	Madhubani
	Munger
	Muzaffarpur
	Nalanda
	Nawada
	Patna
	Purnia
	Rohtas
	Samastipur
	Sheohar
	Supaul
	Vaishali
Chattisgarh (11)	Bastar
	Bilaspur
	Dantewada
	Dhamtari
	Jashpur
	Kanker
	Kawardha
	Korea
	Raigarh
	Rajnandagon
	Surguja
Gujarat (6)	Banas Kantha
	Dang
	Dohad
	Narmada
	Panch Mahals
	Sabar Kantha
Haryana (2)	Mahendragarh
	Sirsa
Himachal Pradesh (2)	Chamba
	Sirmaur
Jammu and Kashmir (3)	Doda
	Kupwara
	Poonch
Jharkhand (20)	Bokaro
	Chatra
	Dhanbad
	Dumka
	Garhwa
	Giridih
	Godda
	Gumla
	Hazaribagh
	Jamtara
	Koderma
	Latehar
	Lohardaga
	Pakur
	Palamu
	Ranchi
	Sahebganj
	Saraikela
	Kharsawan
	Simdega
	West Singhbhum
Karnataka (5)	Bidar
	Chitradurga
	Davangere
	Gulbarga
	Raichur
Kerala (2)	Palakkad
	Wayanad
Madhya Pradesh (18)	Balaghat
	Barwani
	Betul
	Chhatarpur
	Dhar
	Dindori
	East Nimar
	Jhabua
	Khargone
	Mandla
	Satna
	Seoni
	Shahdol
	Sheopur
	Shivpuri
	Sidhi
	Tikamgarh
	Umaria
Maharashtra (12)	Ahmednagar
	Amravati
	Aurangabad
	Bhandara
	Chandrapur
	Dhule
	Gadchiroli
	Gondia
	Hingoli
	Nanded
	Nandurbar
	Yavatmal
Manipur (1)	Tamenglong
Meghalaya (2)	South Garo Hills
	West Garo Hills
Mizoram (2)	Lawngtlai
	Saiha
Nagaland (1)	Mon
Orissa (19)	Bolangir
	Boudh
	Deogarh
	Dhenkanal
	Gajapati
	Ganjam
	Jharsuguda
	Kalahandi
	Kandhamahal
	Kendujhar
	Koraput
	Malkangiri
	Mayurbhanj
	Nabarangapur
	Nuapada
	Rayagada
	Sambalpur
	Sonepur
	Sundargarh
Punjab (1)	Hoshiarpur
Rajasthan (6)	Banswara
	Dungarpur
	Jhalawar
	Karauli
	Sirohi
	Udaipur
Sikkim (1)	North District
Tamil Nadu (6)	Cuddalore
	Dindigul
	Nagapattinam
	Sivagangai
	Tiruvannamalai
	Villupuram
Tripura (1)	Dhalai
Uttar Pradesh (22)	Azamgarh
	Banda
	Barabanki
	Chandauli
	Chitrakoot
	Fatehpur
	Gorakhpur
	Hamirpur
	Hardoi
	Jalaun
	Jaunpur
	Kaushambi
	Kheri
	Kushinagar
	Lalitpur
	Mahoba
	Mirzapur
	Pratapgarh
	Rae Bareli
	Sitapur
	Sonbhadra
	Unnao
Uttaranchal (3)	Chamoli
	Champawat
	Tehri Garhwal
West Bengal (10)	24 Paraganas South
	Bankura
	Birbhum
	Dinajpur Dakshin
	Dinajpur Uttar
	Jalpaiguri
	Maldah
	Medinipur West
	Murshidabad
	Purulia

Annexure II

STATISTICAL PROFILE OF STATES UNDER NREGA BASED ON PRIMARY CENSUS ABSTRACT, CENSUS OF INDIA 2001

State	Geographical area sq. km for districts under scheme	% Total no. of area.	No. of panchayats	% of total number of panchayats	No. of DPAP districts (04-05) (Y=Yes)	No. of DDP districts (04-05) (Y=Yes)	Rural population	% of total rural population	Rural population density per sq. km	Average population per panchayat in sq. km	Average area per panchayat in sq.km	Total rural workers	% of total rural workers	Agricultural labourers as % of total rural workers	No. of Fifth Schedule Districts	No. of Sixth Schedule Districts	Rural ST population (%)
Andhra Pradesh	170,827	13.49	13,018	41.86	8	1	30,731,197	11	192	2,370	12.76	15,969,442	13	42.12	3	0	10.47
Arunachal Pradesh	7,032	0.56	144	0.46	0	0	39,590	0	6	275	49	17,507	0	1.70	0	0	95.50
Assam	25,339	2.00	324	1.04	0	0	4,599,033	2	231.28	8,942	31.75	1,891,934	2	14.23	0	2	35.56
Bihar	58,078	4.59	5,168	16.62	4	0	46,299,563	16	783.82	9,112	12.78	16,261,962	14	50.18	0	0	1.32
Chattisgarh	98,329	7.76	5,987	19.25	5	0	10,231,068	4	117.09	1,718	18.09	5,334,080	4	31.94	10	0	42.24
Gujarat	31,533	2.49	2,880	9.26	5	1	7,987,197	3	246.16	2,706	13	3,886,229	3	29.63	3	0	52.62
Haryana	6,136	0.48	661	2.13	0	2	1,526,069	1	285	2,316	9	699,150	1	20.05	0	0	0.06
Himachal Pradesh	9,353	0.74	489	1.57	0	0	837,468	0	105	1,728	18.5	430,257	0	1.70	1	0	14.25
Jammu and Kashmir	15,744	1.24	601	1.93	1	0	349,904	0	175.33	2,760	23.66	698,012	1	9.50	0	0	20.97
Jharkhand	85,645	6.76	3,298	10.61	13	0	19,054,775	7	175	8,490	26.65	7,076,658	6	34.60	13	0	60.20
Karnataka	42,863	3.38	1,091	3.51	4	2	7,176,336	3	178.6	6,628	38.6	3,395,482	3	44.88	0	0	15.20
Kerala	6,611	0.52	115	0.37	0	0	3,011,914	1	428.5	27,581	67.5	827,197	1	34.15	0	0	9.70
Madhya Pradesh	143,133	11.30	9,395	30.21	11	0	19,517,157	7	138.05	3,202	16.33	9,493,646	8	34.59	14	0	41.50
Maharashtra	116,271	9.18	9,220	29.65	10	0	18,473,633	6	171.08	2,109	13.5	9,046,480	8	45.45	7	0	22.72
Manipur	4,391	0.35	NA	#VALUE!	0	0	111,499	0	25	NA	NA	50,863	0	1.70	0	0	95.40
Meghalaya	5,564	0.44	NA	#VALUE!	0	0	551,749	0	87	NA	NA	236,051	0	15.55	0	2	87.20
Mizoram	3,957	0.31	219	0.70	0	0	114,850	0	29	524	18	55,103	0	5.05	0	1	96.10
Nagaland	1,786	0.14	94	0.30	0	0	244,062	0	137	2,596	19	125,344	0	4.10	0	0	94.60
Orissa	115,859	9.15	3,671	11.80	7	0	17,436,056	6	149.47	4,654	34.94	8,034,413	7	42.46	8	0	40.49
Punjab	3,364	0.27	1,308	4.21	0	0	1,188,662	0	353	909	3	420,394	0	19.70	0	0	0.00
Rajasthan	39,105	3.09	1,687	5.42	5	2	7,313,986	3	199.33	4,369	23.66	3,367,868	3	15.72	4	0	45.02
Sikkim	4,226	0.33	20	0.06	0	0	39,782	0	9	1,989	211	22,974	0	8.90	0	0	53.08
Tamil Nadu	30,049	2.37	3,831	12.32	3	0	9,087,445	3	314.66	2,539	9	4,541,405	4	49.08	0	0	1.20
Tripura	2,212	0.17	130	0.42	0	0	289,001	0	131	22,223	17	120,443	0	32.20	0	0	56.80
Uttar Pradesh	94,820	7.49	17,145	55.13	10	0	42,530,141	15	503.31	3,740	11.04	15,812,990	13	32.62	0	0	0.06
Uttranchal	81,999	6.47	928	2.98	3	0	1,055,321	0	94.33	3,152	68.33	468,177	0	1.43	0	0	0.93
West Bengal	62,370	4.92	2,065	6.64	4	0	36,874,220	13	610.1	18,274	31.4	10,823,990	9	34.88	0	0	10.37
Total	1,266,596		31,098		93	8	286,671,678		217.60	5,906	40.58	119,108,051		24.37	63	5	37.17

Annexure III

State of natural resources in backward districts

Agriculture land and its use in 200 districts of the NREGA States

(in ha.)

Name of State	Geographical Area	Cultivable Area	Net Area Sown	Net Area Irrigated through: Maj/Med Scheme	Ground Water (GW)	Surface Water (SW)	Total (5+6+7)	GW& SW to Total	% of GW+SW
Andhra Pradesh	14,189,936	7,958,613	5,549,535	228,739	1,278,870	393,308	1900,917	87.97	1672178
Arunachal Pradesh	13968	12,897	4,038	0	68	840	908	100.00	908
Assam	1,368,961	784,487	551,992	134	28,220	28,150	56,504	99.76	56,370
Bihar	6,731,280	4,455,271	3,720,891	271,488	1163,292	330,094	1,764,874	84.62	1,493,386
Chattisgarh	6,704,889	3,127,342	2,837,999	153,991	70,716	91,818	316,525	51.35	162,534
Gujrat	3,195,604	2,026,052	1,485,131	1,477	600,167	4,139	605,783	99.76	604,306
Haryana	583,439	514,977	446,461	230,759	158,321	230	389,310	40.73	158,551
Himachal Pradesh	916,832	104,753	87,260	83	1,342	12,609	14,034	99.41	13,951
Jharkhand	7,209,332	3,288,030	1,980,727	32,759	103,514	105,275	241,548	86.44	208,789
Karnataka	4,488,311	3,374,699	2,902,578	67,888	193,509	46,298	307,695	77.94	239,807
Kerala	652,321	367,006	316,578	9,848	10,972	38,215	59,035	83.32	49,187
Madhya Pradesh	11,613,831	6,191,918	5,419,433	132,427	757,168	287,413	1,177,008	88.75	1,044,581
Maharashtra	10,216,182	6,470,605	5,649,159	235,833	517,507	144,390	897,730	73.73	661,897
Manipur	1,120	1,120	868	0	0	567	567	100.00	567
Meghalaya	358,547	87,626	61,656	284	339	10,233	10,856	97.38	10,572
Mizoram	84,799	44,075	10,087	0	0	982	982	100.00	982
Nagaland	0	2,879	1,715	0	0	1,715	1,715	100.00	1,715
Orissa	8,145,787	4,054,715	3,261,408	232,127	65,457	315,154	612,738	62.12	380,611
Punjab	372,674	221,441	213,025	2,426	153,426	2,309	158,161	98.47	155,735
Rajasthan	3,869,625	1,572,398	1,185,108	56,177	255,092	15,584	326,853	82.81	270,676
Sikkim	39,032	16,624	5,540	0	0	1,089	1,089	100.00	1,089
Tamil Nadu	2,640,608	1,817,332	1,260,237	117,934	305,409	105,789	529,132	77.71	411,198
Tripura	219,571	35,794	27,191	0	55	1,990	2,045	100.00	2,045
Uttar Pradesh	9,389,391	7,119,583	6,178,638	881,561	2,542,091	21,498	3,445,150	74.41	2563589
Uttaranchal	587,481	186,846	142,811	74	69	17,128	17,271	99.57	17197
West Bengal	6,207,825	3,786,522	2,902,898	151,483	505,910	288,723	946,116	83.99	794633
Total	**99,801,346**	**57,623,605**	**46,202,964**	**2,807,492**	**8,711,514**	**2,265,540**	**13,784,546**	**79.63**	**10977054**

Source: Based on the Minor Irrigation Census (2000-2001), Ministry of Water Resources

Forest cover in 200 districts of the NREGA States

State	Geographic Area Sq. km	Very Dense Forest Area Sq.km	Moderately Dense Forest Area Sq.km	Open forest area sq.km	Total forest cover, sq.km (3+4+5)	Change in total forest Cover (2001-2003)	% of total forest cover to State's Geographic Area
Andhra Pradesh	171044	19	16008	12929	28956	-140	16.93%
Arunachal Pradesh	7032	849	3803	1155	5807	67	82.58%
Assam	178,076	868	19,811	14,084	34,763	-98	19.52%
Bihar	61224	52	1968	2210	4336	-61	7.08%
Chattisgarh	94664	1309	30260	13726	42659	-765	45.06%
Gujrat	30456	78	2637	2649	5364	-86	17.61%
Haryana	6136	0	21	93	114	-128	1.86%
Himachal Pradesh	9347	492	1761	1539	3792	338	40.57%
Jammu and Kashmir	15744	664	2713	2591	5968	0	37.91%
Jharkhand	67328	2095	7515	9193	18803	-19	27.93%
Karnataka	42863	0	522	1181	1703	-244	3.97%
Kerala	6611	68	2168	1012	3248	125	49.13%
Madhya Pradesh	132307	3019	19475	15920	38414	-858	29.03%
Maharashtra	116487	7272	10534	8221	26027	-466	22.34%
Manipur	4391	367	1551	1951	3869	-60	88.11%
Meghalya	5564	4	1767	2645	4416	222	79.37%
Mizoram	3957	21	1261	1912	3194	192	80.72%
Nagaland	1786	1	611	789	1401	42	78.44%
Orissa	107556	288	22313	16020	38571	-47	35.86%
Punjab	3386	0	327	307	634	-84	18.72%
Rajasthan	33581	0	1841	3149	4990	132	14.86%
Sikkim	4226	92	747	487	1326	25	31.38%
Tamil Nadu	28893	255	2071	2653	4979	299	17.23%
Uttar Pradesh	95722	385	2350	4668	7403	287	7.73%
Uttaranchal	13438	960	3418	1620	5998	226	44.63%
West Bengal	56504	944	1810	4516	7270	1312	12.87%
Total	**1298323**	**20102**	**159263**	**127220**	**304005**	**211**	**23.42%**

Source: Based on State of Forest Report 2003, Forest Survey of India, Minstry of Environment and Forests

Annexure IV

FAQs on NREGA

SOME FREQUENTLY ASKED QUESTIONS ON NREGA

SOME BASIC STATISTICS

Coverage in terms of area
- Total geographical area of India (sq km): 32,87,263
- Geographical area covered under NREGA (sq km): 12,66,596
- Percentage of total geographical area under NREGA: 38.53%

Coverage in terms of population
- Total population of India: 1,02,70,15,247
- Total rural population of India: 741,6,60,293
- Total rural population in NREGA states: 28,66,71,678

Coverage in terms of rural work force
- Total number of rural workers in India: 31,06,55,339
- Total number of agricultural labourers in India: 10,67,75,330
- Total number of rural workers in NREGA states: 11,91,08,051
- Agricultural labourers as percentage of rural workers in NREGA states: 24.37%

Works completed (figures as of November 2006)
- Total number of works completed under NREGA: 4,10,742
- Total number of water conservation works completed: 1,88,035
- Total number of drought proofing and plantation works completed: 30,631
- Total number of flood control works completed: 8,248
- Total number of rural connectivity works completed: 1,05,558
- Total number of other works completed: 78,270

Coverage in terms of panchayats
- Number of panchayats in India: 2,27,590
- Number of panchayats in NREGA states: 31,098

1. What is the basic idea behind an Employment Guarantee Act?

The idea is to give a legal guarantee of employment to anyone who is willing to do casual manual labour at the statutory minimum wage. Any adult who applies for work under the Act is entitled to being employed on public works without delay. It is a step towards legal enforcement of the right to work, as an aspect of the fundamental right to live with dignity.

2. Why is it important to have an Act, and not just an employment 'scheme'?

An Act provides a legal guarantee of employment. This places a judicially enforceable obligation on the state, and gives bargaining power to the labourers. Under the Employment Guarantee Act, labourers will have durable legal entitlements. Over time, they are likely to become aware of their rights, and to learn how to claim their due. It creates accountability. By contrast, a scheme does not involve any legal entitlements, and leaves labourers at the mercy of officials and their agencies.

3. What are the potential benefits of an Employment Guarantee Act?

- An effective Employment Guarantee Act (EGA) would help protect rural households from poverty and food insecurity by generating sustainable livelihoods.
- The act is likely to lead to a substantial reduction of rural-urban migration: if work is available in the village, many families will stay in the villages instead of heading to the cities.
- The EGA is an opportunity to create useful assets in rural areas. For instance, there is plenty of scope for building productive water-harvesting structures through labour-intensive methods.

Till November 8, 2006, 10,479,552 households had demanded employment under the NREGA and 10,095,287 households had been provided employment. The number of works initiated has gone up to 391,651. Of these, 183,402 related to water conservation, 27,461 to drought proofing and plantation, 6,694 to flood control, and 92,904 to rural connectivity. At the district level, training had been imparted to 84,822 PRI members, 30,859 administrative officials, 1,803 technical functionaries and 11,476 members of village and monitoring committees.

4. Who is entitled to work under the Employment Guarantee Act?

Any adult living in a rural area in the 200 districts identified for the first phase of the implementation of the NREGA is eligible to apply. Applicants have to be residents of the gram panchayat where they are applying for work. The applications for work of a particular household will not exceed 100 days of work in a financial year.

5. What kinds of work can be taken up under the Rural Employment Guarantee Scheme?

Schedule I of the Act lists eight categoris of works that are supposed to be "the focus of the Scheme". Briefly, these include (1) "water conservation and water harvesting"; (2) "drought proofing" (including afforestation); (3) "irrigation canals including micro and minor irrigation works"; (4) "provision of irrigation facility" to land owned by households belonging to the Scheduled Castes and Scheduled Tribes, beneficiaries of land reforms, or beneficiaries of Indira Awas Yojana; (5) "renovation of traditional water bodies" including desilting of tanks; (6) "land development"; (7) "flood control and protection works" including drainage in water-logged areas; and (8) "rural connectivity to provide all-weather access". In addition, there is a residual ninth category: "any other work which may be notified by the Central Government in consultation with the State Government".

6. Are there any other important restrictions on REGS works?

"New works" can be initiated only if (1) at least 50 labourers become available for such work, and (2) the labourers cannot be absorbed in the ongoing works. However, this restriction can be waived off by the state government "in hilly areas and in respect of afforestation". [Schedule II, Para 13]

7. Who will be responsible for implementing the Rural Employment Guarantee Scheme?

The Rural Employment Guarantee Scheme will be implemented by the state government, with funding from the central government. According to Section 13, the "principal authorities" for planning and implementation of the Scheme are the panchayats at the district, intermediate and village levels.

The basic unit of implementation is the block. In each block, a programme officer will be in charge. The programme officer is supposed to be an officer of rank no less than the Block Development Officer (BDO), paid by the Central government, and with the implementation of REGS as his or her sole responsibility. The programme officer is accountable to the "intermediate panchayat" as well as to the district coordinator.

8. How much are labourers supposed to be paid under the Rural Employment Guarantee Scheme?

Labourers are entitled to the statutory minimum wage applicable to agricultural workers in the state, unless the Central government "overrides" this by notifying a different wage rate. If the Central government notifies a wage rate, it is subject to a minimum of Rs 60 per day.

9. Who is entitled to an unemployment allowance under the Employment Guarantee Act?

Anyone who has not been provided with work within 15 days of applying (or within 15 days of the date for which employment is sought, in the case of "advance applications") is entitled.

10. In such circumstances, is the state government obliged to pay the unemployment allowance?

Labourers who have not been provided with work have an unconditional right to the unemployment allowance. This would be payable by the state government at the rate prescribed in the Act and would come into affect in districts where the Act is notified.

11. What is the role of the unemployment allowance?

The unemployment allowance has several roles. Firstly, it provides a limited form of unemployment assistance to those who are waiting for work. Secondly, it accounts for the responsibility on behalf of the authorities who are failing to provide employment to the registered applicants. Thirdly, it acts as a "penalty" on the state government for this failure, since the payment of the unemployment allowance is the responsibility of the state.

12. What are the responsibilities of the programme officer in the Rural Employment Guarantee Scheme?

The chief responsibility of the programme officer is to ensure that anyone who applies for work gets employment within 15 days or in other words, to safeguard the basic entitlements of labourers under the Act. The programme officer is accountable to the intermediate panchayat and the district coordinator.

13. Can private contractors act as implementing agencies?

No. The Act clearly states: "The [Employment Guarantee] Scheme shall not permit engaging any contractor for implementation of the projects under it."

14. What is the role of the gram panchayat in the Rural Employment Guarantee Scheme?

The gram panchayat has to process applications for registration and employment. This involves registering potential workers, issuing job cards to them, receiving their applications for work, forwarding these to the programme officer, and informing the applicants as and when work is available.

The gram panchayat is also the main "implementing agency". It is expected to prepare a "development plan" for the village and maintain a shelf of projects to be taken up under REGS, based on the recommendations of the gram sabha. The gram panchayat also executes these projects, as and when the programme officer sanctions them. All the relevant documents, including the muster rolls, are to be made available to the gram sabha for the purpose of "social audits". Monitoring of REGS works implemented by the gram panchayat is the responsibility of the gram sabha and the programme officer.

15. What is the role of the gram sabha in the Rural Employment Guarantee Scheme?

The gram sabha is expected to monitor the work of the gram panchayat, and also to participate in the planning process. In particular, the gram sabha will discuss and prioritise the works to be taken up, conduct regular social audits of all works carried out in the panchayat, and verify that all the relevant norms are being observed. Resolutions of the gram sabha are to be given priority in the planning of REGS works by the gram panchayat and the programme officer.

16. What happens at the district and state levels?

At the district level, the supervision of the Rural Employment Guarantee Scheme is the responsibility of the district coordinator. The district coordinator is expected to coordinate the work of the programme officers, for instance by consolidating their respective "plans" into a district-level shelf of projects [Section 14(3)(b)]. The district coordinator is also expected to prepare a "labour budget" every year during the month of December, for the next financial year. Other responsibilities of the district coordinator include conducting regular inspections of the works in the district, sanctioning works that are not within the jurisdiction of programme officers, assisting the district panchayats, and preparing an annual report for the state council.

At the state level, the Rural Employment Guarantee Scheme is to be monitored by a State Employment Guarantee Council (or state council for short). The state council is essentially an advisory body for the state government. For instance, the state council is expected to advise the state government on the "schedule of rates" (payment rates for piece-rate work), the level of the unemployment allowance, and monitoring arrangements. Other key responsibilities of the state council include preparing a list of "preferred works" to be taken up on a priority basis, conducting evaluations of REGS, and preparing an annual report to be laid before the state legislature.

Finally, the Act calls for the creation of a Central Employment Guarantee Council (or central council for short). The functions of this council are similar to those of the state council, at the national level. The central council monitors the countrywide implementation of the Act, advises the Central government, and prepares an annual report to be laid before Parliament.

17. How are costs going to be shared between the Central and state governments?

The Central government is required to pay for the wages of labourers employed under REGS, and for three-fourths of the material costs. The state has to pay for one-fourth of the material costs, and also the unemployment allowance. If the labour-material ratio is 60:40 (the “minimum” ratio under the Act), this means that state governments will pay 10 per cent of the employment costs, plus the unemployment allowance.

18. Shouldn’t the Rural Employment Guarantee Scheme be implemented entirely by the gram panchayats?

This may be feasible in some states, and over time, the scope for entrusting REGS to the gram panchayats is likely to expand. However, in many states, there is a long way to go in terms of creating the conditions that would enable gram panchayats to implement such a challenging scheme in an effective manner. This is one reason why the Act takes the block as the basic unit of implementation, rather than the gram panchayat. Another reason is that it may be difficult to “match” the demand for work with employment opportunities at the village level: some villages may have a large demand for work and few employment opportunities, or vice-versa. The matching is likely to be easier at the block level.

However, the Act allows for any of the programme officer’s responsibilities to be delegated to the gram panchayats: “The state government may, by order, direct that all or any of the functions of a programme officer shall be discharged by the gram panchayat or a local authority.” Thus, the Act effectively permits implementation through gram panchayats if this is deemed possible and desirable.

19. Does the National Rural Employment Guarantee Act 2005 leave room for state-specific EGAs also?

State governments will be allowed to frame their own Employment Guarantee Act if they wish, provided that (1) it is consistent with NREGA 2005, and (2) it does not reduce the entitlements of labourers (“the entitlement of the households is not less than and the conditions of employment are not inferior to what is guaranteed under this Act”)