

NREGS UPDATE

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Ambitious target set for NREGS this fiscal

Nagesh Prabhu, Karnataka

There was underutilisation of funds in 2008-09. Less than 20 p.c. of households completed 100 days of work under NREGS in 2008-09 in State 'Frequent elections in Karnataka and repeated transfers caused disruption of scheme'

BANGALORE: Even though the State Government utilised only 55 per cent of the funds allocated under the National Rural Employment Guarantee Scheme (NREGS) in 2008-09, it has set an ambitious target of spending Rs. 1,200 crore under the scheme in 2009-10.

The State had spent Rs. 353 crore in 2008-09 against the available funds of Rs. 637.96 crore. Several reasons were cited for the underutilisation of the funds granted by the Centre.

The scheme, aimed at enhancing the livelihood of the people in rural areas by guaranteeing 100 days of wage employment in a financial year, only provided jobs for 34 days in 2008-09.

As many as 8.53 lakh households had been provided jobs in 2008-09, according to officials of the Rural Development and Panchayat Raj (RDPR) Department.

Starting with five districts in Karnataka in phase-I during 2006-07, NREGS was extended to all the districts from April 1, 2008.

Frequent elections in Karnataka, coupled with frequent transfers of executive officers of taluk panchayats and chief executive officers of zilla panchayats had caused disruption in the execution of the scheme. "The turnout for the scheme was very low in April and May 2008, and during the byelection period as candidates contesting elections paid higher wages to labourers," said officials of the RDPR Department.

The scheme generally gets more response during summer months. "We could have utilised at least Rs. 200 crore more if elections were not held during these months," an official told *The Hindu*.

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The scheme has provided jobs to 27.06 per cent of Scheduled Castes, 36.71 per cent of scheduled Tribes and 49.82 per cent of women. Less than 20 per cent of households completed 100 days of work in the State in 2008-09 compared to 4.2 per cent in 2007-08.

Preferred choice

The RDPR department officials said there had been variations in the implementation of the scheme in different regions.

The scheme had become less relevant in Kodagu, Chikmagalur, Hassan and Shimoga districts due to plantation-related works. Most of the labourers in these districts preferred to work in a plantation rather than digging ponds, officials said.

For instance, Hassan district utilised Rs. 10.46 crore out of the available Rs. 29.39 crore in 2008-09. Chikmagalur and Kodagu districts spent Rs. 9.71 crore and Rs. 6.66 crore, respectively, against the available funds of Rs. 14.87 crore and Rs. 9.40 crore. Shimoga district spent Rs. 12.84 crore out of the sanctioned Rs. 27.94 crore in 2008-09.

There were no takers for the scheme in Dakshina Kannda, Udupi, Bangalore Urban and Bangalore Rural and Ramanagara districts on account of urbanisation and high movement of labourers to cities for jobs.

In fact, Bangalore Urban and Rural districts spent Rs. 26.41 lakh and Rs. 70.05 lakh, respectively. The Dakshina Kannada district has utilised just Rs. 41.77 lakh out of the sanctioned Rs. 2.44 crore.

Developments:

- Andhra Partners enter into MoU with GoAP. An MOU has been signed by the Commissioner, Rural Development and Civil Society Organisations and networks to ensure effective implementation of the Act in the selected mandals/villages. The MOU covers almost 1/3 of the total mandals in the state.

Multiplier accelerator synergy in NREGA

Mihir Shah

The concepts of multiplier and accelerator borrowed from macroeconomic theory illuminate the enormous potential of NREGA and help set standards that it must be judged by.

Over the last few months, just as the economy entered its current recessionary phase, the mainstream media, which till then had been uniformly unswerving in their antipathy to NREGA (National Rural Employment Guarantee Act), suddenly began to sing its praises. In all the gloom and doom, we are told, rural India is shining.

All this talk of a shining rural India must, of course, be dismissed as it was by the electorate five years ago. India's countryside continues to be characterised by a sluggish agrarian economy, marred by malnourished children and anaemic women, as also suicide by farmers in distress. But there is no question that NREGA has put money into the hands of the poorest of the poor on a scale that is unprecedented in the history of independent India.

The concepts of the multiplier and accelerator borrowed from macroeconomics and adapted to an agrarian economy help explain what such money could do in a recession. Till the 1930s, mainstream economic theory was steadfast in its denial of the very possibility of large-scale unemployment under capitalism. The work of two great economists (Michal Kalecki and John Maynard Keynes), following up on the Great Depression of 1929-33, changed this view forever. They showed that without appropriate government intervention, widespread unemployment would be a characteristic feature of capitalism.

Government intercession in a recession can take the form of various counter-cyclical policies to stimulate demand. One is to reduce taxes so that there is more money in the hands of taxpayers.

Another is a large-scale public works programme like NREGA, which creates purchasing power among workers. When those receiving tax breaks or working on NREGA sites spend this additional money, they create demand for commodities. The production of these commodities, in turn, creates demand for capital, raw materials and workers. The extra incomes so generated cause further demand, which again provides a stimulus to production, employment and demand ... and so on in a spiral. This demand stimulating process is called the multiplier.

The value of this multiplier depends on the marginal propensity to consume (mpc) of those benefiting from government intervention. The mpc is our extra spending out of the additional rupee we earn. Clearly, the higher the mpc, the greater the stimulus provided to demand. The great thing about NREGA from this point of view is that it is putting money into the hands of those whose mpc is the highest. Those on the margins of existence are more likely to spend than save most of what they earn.

This explains the celebration of NREGA in the media. Apparently demand in the economy is being sustained by rural buying, which has received a boost from NREGA incomes. But this is not even half of NREGA's full potential. For NREGA is much more than an ad hoc relief programme dishing out doles (or what these days are more fashionably called direct cash transfers). It promises transformation of rural livelihoods. To understand how NREGA can deliver on this potential, we need to grasp a curious unrecognised fact about agricultural labour in the most backward regions.

Not many people know what data from the Rural Labour Enquiry of the National Sample Survey confirms, that a very high proportion of agricultural labour households in India actually owns land. The percentage is around 50 in Rajasthan and Madhya Pradesh, 60 in Orissa and Uttar Pradesh and over 70 in Chhattisgarh and Jharkhand. And if we focus

on Adivasis, the proportion shoots up to as high as 76-87 per cent in Chhattisgarh, Jharkhand and Rajasthan.

Why are these facts important? Because they help us understand that NREGA workers are not just consumers stimulating demand in a recessionary economy. They also include producers — millions of small and marginal farmers forced to work under NREGA because the productivity of their own farms is no longer enough to make ends meet. NREGA will become really powerful when it helps rebuild this decimated productivity of small farms. Public investment in the programme incentivises private investment by small farmers and gives them a chance to return to full-time farming. I have seen hundreds of such examples, especially in the central Indian tribal belt, arguably the poorest parts of the country. Here earthen dams on common land have recharged wells of those poor farmers who earlier worked as labourers to build these dams. These farmers are now busy making a series of investments to improve their own farms.

Thus, a mutually reinforcing relationship between investment and income is catalysed by NREGA. First, investment generates demand and income through the multiplier. Then, income stimulates investment via the accelerator. Giving rise to a spiralling cycle repeated in successive rounds. Although not usually deployed in such a context, the accelerator principle in macroeconomic theory describes the positive impact of growing incomes on private fixed investment. Rising incomes also improve capacity utilisation and happier expectations act as incentives for more investment. Under NREGA, farmers have come back to land they long abandoned, as increased output, in an atmosphere of renewed hope, spurs further investment. Converging NREGA with other programmes for rural livelihoods would carry this momentum forward in a positive upward spiral, which will broadbase the growth process via downstream multiplier-accelerator effects. Effectively a wage employment programme can thus be transformed into a source of sustainable

livelihoods generating self-employment. Which would permit reductions in allocations for NREGA over time, not only because landed labourers get back to their own farms but also because of a general rise in demand for labour in the rural economy.

Ten years ago, in our book, *India's Drylands*, my colleagues and I sketched precisely this kind of scenario. With the key proviso that investments in an employment guarantee programme must be in productive, eco-friendly assets. This would ensure that the resultant growth dynamic is both sustainable (by regenerating the environment) and non-inflationary (by easing the agrarian constraint). Not only does demand need stimulation, growth has to be sustainable in both economic and ecological terms, especially in these times of climate change. So what we require is not just a stimulus *a la* Keynes but a specific new kind of stimulus *a la* Schumpeter!

There is no way this multiplier-accelerator synergy can fully come into play without the most important piece of the NREGA jigsaw falling into place – radical governance reform. NREGA is a revolutionary Act that seeks to bring real democracy to India's grass-roots. By replacing the contractor raj, which has dominated rural development in India, with Panchayat Raj — planning, implementation and social audit of works by gram panchayats under the oversight of the Gram Sabha. This requires the creation of a new cadre of dedicated executive agencies serving panchayats, with a team of barefoot engineers and social mobilisers supporting them. Only then can NREGA yield rejuvenated watersheds and recharged water tables. Without which the multiplier-accelerator synergy will remain a distant dream.

Radical governance reform challenges the very fabric of rural social relations. Strong state support is essential to dismantle the fossilised yet exploitative system and to build an effective alternative. Even the few hesitant steps in this direction have produced a violent

reaction. As we approach the first anniversary of the martyrdom of Lalit Mehta, a crusader in the NREGA cause, it is time to remind the state of its duty to protect the unsung heroes who continue to risk their lives to make NREGA a success.

While entering untested waters, there are other fresh challenges. Paradoxically, the attempt to check corruption by making payments through banks or post offices has backfired in transition. The additional NREGA load is proving impossible to handle and workers also find it hard to reach these sparsely located distant offices. Local elites with greater mobility and access take hold of workers' job cards and swindle them by fudging entries both on job cards and the centralised computer database. As the social audit process picks up and workers become more aware of the scams taking place in their name, things will improve but there is no alternative to making banks and post offices better equipped and more effective. Could these expenses be met through the 6 per cent administrative costs provided under NREGA? NREGA has fallen short of its potential because the preparation needed for this revolutionary Act was not in place before it was launched. Let us focus radical governance reforms on the 200 most backward districts or even better 1,000 most backward blocks. Where NREGA really matters and should have been restricted to in the first place. If a new architecture of implementation is put in place here, we could see not only the multiplier but a productivity enhancing accelerator in action that transforms livelihoods for millions of our poorest people, in a manner that is sustainable in both economic and ecological terms.

Developments....

- Aarthik Anusandhan Kendra to partner GoUP in a major plantation drive under NREGA. Aarthik Anusandhan Kendra (UP) has been assigned the responsibility for monitoring, training and mobilization of NREGS workers and other functionaries involved in blocks of Mirzapur and Sonbhadra districts of UP as part of a Govt. of UP plan to plant 55 million plants across 11 districts of the state.

Finding her feet

Women in local governance — the first step towards gender equity in Bihar...

Rasheeda Bhagat

Winds of change are finally blowing through Bihar and a lot of credit for this is being given by political analysts, researchers and social scientists to a sincere attempt by the Bihar Chief Minister Nitish Kumar to put the State back on the road to development.

The Nitish government came to power in Bihar during end-2005 and in three and a half years there has been a positive change in the law and order situation in terms of kidnapping, extortion and so on. As Shaibal Gupta, Member Secretary of the Patna-based Asian Development and Research Institute puts it, "Nitish's biggest contribution is that he has established the authority of the State... earlier criminal mafias were doing social mediation in lieu of the State. Now the State is establishing its authority and is able to successfully convict thousands of people."

Without going into "the technical aspect" of whether the actual crime rates have come down or not, he says that with successful convictions taking place, "for the first time people are feeling that doing crime is not a very profitable proposition."

The appointment of nearly two lakh primary school teachers under the Central Government's Sarva Siksha Abhiyan programme is another major positive. "That such numbers could be appointed in Bihar without any corruption has become a very big issue here," says Renu Ranjan, Head of Department, Sociology, Magadh Mahila College, Patna University.

Another change that people in Patna point out to you is that the city has become much safer for women, with criminal gangs being put on the backfoot. While earlier, after 8 p.m. it was difficult to find families on Patna's streets, "now till 10 p.m. women freely move about,

many of them even riding two-wheelers," she says.

Also the Director of the Gender Knowledge Centre in her College, Renu works in many gender-related projects and says slowly the underprivileged women in Bihar are gaining confidence and coming into the mainstream. "Nitish's biggest gift to Bihar's women has been 50 per cent reservation for women in panchayats. This is a historic and very revolutionary step."

She says that when they conduct training for women *mukhyas* (chiefs) "now of course many of them come along with their husbands. But we know that this is the beginning and they are taking a lot of interest." Of course there are social tensions because the male panchayat chiefs feel a lot of resentment at losing their seats. "The other day we had a workshop on gender budgeting. Now this is a very complicated thing but the women are coming and taking interest; they are keen to understand what it will mean for women's welfare and development and this is a very encouraging sign," says Renu.

She adds that what is evident is that changes are slowly taking place and people are now demanding development. Both men and women "speak and understand the language of development. Earlier there was no hope; there was despair and they thought, 'let any politician come or go, it makes no difference to our lives'. But that sentiment has changed now, and I would say that at least 30 per cent of the development meant for people is reaching them."

Migrant labour

Another huge positive is the implementation of the National Rural Employment Guarantee Scheme (NREGS). With 100 days of work in a year guaranteed to rural families, "a big and positive change that Bihar is seeing is that people who had left and migrated to other States in search of work are slowly coming back."

She added that the beating and humiliation to which Bihari migrant workers have been subjected to in some States, particularly Maharashtra, and earlier Assam, has deeply hurt the people of the State. During a project on child

labour in some blocks of Samastipur, she says people were saying, "if we are assured work for at least 100 days in a year, we can somehow manage for the whole year. We would like to stay in our own village; after all, why would anybody want to leave home and be subjected to cruelty and torture outside?"

Renu adds that not only many workers have returned, their families are also happy that they no longer run the risk of getting 'bad diseases'. The women don't "know or understand HIV/AIDS, but they do know that when their men leave home for long periods they return with bad diseases. So that is another plus factor."

It is heartrending to hear many of their stories, says the professor. Workers have told her that anywhere or anytime a crime is committed, the migrant worker is the first suspect. The police reach the place where they have temporary homes and either beat them up to extract a confession or simply take them into custody.

Tough road ahead

But it is not as though everything is hunky dory. There are several tough battles ahead, says the woman who also runs an NGO called the Centre for Women's Empowerment.

The plight of Muslim women in many parts of Bihar continues to be pathetic. "I have a project with some of these families and I find women from good homes have been deserted by their husbands, who leave them for other women. These women are managing the home with a paltry monthly income of Rs 600 or Rs 700."

Making a strong pitch for a common law which will not allow Muslim men to ditch their wives without maintenance, Renu says she understands that "the mullahs will not allow this. But why are you politicians scared of them? Only for votes, right?"

She says the plight of even educated Muslim girls is sad. Her college offers a postgraduate diploma in Women and Child Welfare and Population Studies. "When we interview them

for their inputs, they always request not to be quoted, because they are very scared. They say, "Ki madam, *hum par bahut zulm karengey*" (They will punish us severely).

Political lip service

Angry with politicians for only paying lip-service to women's welfare, Renu challenges them to "ask us what is needed and we will tell them what to do to improve women's status. We know how much they suffer. Take Phulwadi Sharif in Patna, and go to the poorer homes and you'll see the pathetic lot of Muslim women. But no political party wants to improve their lot. If women are educated and start thinking the whole social structure will change."

The problem, she says, is that if you scratch the surface you find that no political party really wants women's empowerment. "I tell them, you tackle the Mullahs, or the pundits; after all, they are only human beings and not ferocious animals."

With a smile she recalls that as young girls she and her sisters would recite Durga paath and stories from Mahabharat. "The pundit who came home said, *ladki padh rahi hei tau ghar mei aag laga degi* wherever she goes. But I insisted on doing so and my parents allowed me."

After marriage she passed on this tradition to her new home. "Let us not forget that the priests are always after power... they say women will not sit in the *havan*. Show me where is such a thing written?"

Drawing a distinction between Hindu and Muslim girls, Renu says that while the Hindus have recognised the importance of education and send their girls to schools and colleges, "in poor Muslim homes girls continue to be pulled out of schools at puberty. And, do you know that in Patna many Muslim girls are studying only Urdu, and not Hindi or English? How far can Urdu take them? Forget the Taliban in Afghanistan or Pakistan, in our own country many Muslim girls are not allowed to even watch TV."

Agent of change

She gives the example of a Muslim PG student of hers who is doing a diploma in women and child welfare. The course requires her to go out of Patna; she is married and her husband was wary

of sending her out. "So I called him and said she is among 5 per cent in your community, and is an agent of change. Do you think by doing this work she will spoil your name? On the contrary she will make you proud of her. He said, 'Madam you don't understand, our society, etc'. So I told him I know everything; in your society there is also an elite group; they go all over the place and are in various professions."

But eventually the teacher's argument that he should give his wife some space and tell everybody in his community that wherever she went, it would be only with a group from the college, won the day. The icing on the cake, for him, was that she would also bring home some money — Rs 500 for every training session.

For Renu, each such battle won means that "once she gets trained, she will be able to get access to other girls in her community and give some training on adolescent health, HIV/AIDS, etc. That is a huge opportunity. It might take 10 or 15 years, but in this way we will be able to bring about some change."

But, much more than religion, she concedes, it is poverty that is women's biggest enemy. Or else there wouldn't have been stories of "women selling their daughters in order to get seats on motorised boats during the Kosi tragedy. In Madhubani, the current was very strong and motorised boats were charging Rs 3,000-4,000 for safe passage. From where will the poor people get this kind of money? So, we hear, daughters were sold."

<http://www.thehindubusinessline.com/life/2009/04/24/stories/2009042450020100.htm>

Now, rural job money to go via state govts

24 Apr 2009, 0446 hrs IST, Gireesh Chandra Prasad, ET Bureau

NEW DELHI: The Centre is planning to route funds intended for the National Rural Employment Guarantee Scheme (NREGS)

through state governments instead of transferring them directly to the village administration. NREGS, the largest such project in the world, promises 100 days of work every year to all rural households whose adult members volunteer for unskilled manual work. Under the scheme, the Centre bears the full wage cost of unskilled manual labour and three-fourths of the material cost that includes the expenses incurred for deploying skilled and semi-skilled workers.

"State governments have complained that many gram panchayats are cash-strapped and cannot provide jobs to the needy. At the same time, many other panchayats that are flush with funds from the scheme do not witness demand for jobs as they had forecast," said a Central government official privy to the proposed restructure.

For the current fiscal, the NREG kitty has Rs 30,100 crore allocated from the interim budget. The government had doubled the original budget allocation to Rs 30,000 crore through supplementary demand for grants for the last fiscal.

The official, on condition of anonymity, said the new model will be implemented this year itself. "Money will be given to state governments, which can transfer it to panchayats in installments based on their utilisation of funds," he said. The Centre reasons that this will eliminate the possibility of funds remaining locked up in panchayats with fewer job requirement. "It is extremely difficult to transfer funds from one panchayat to another one. Allowing state governments to handle fund deployment will address this issue," said the official. The rural development ministry is also assessing whether the funds allocated for NREGS this fiscal are sufficient. The slowdown in the economy, which led to pruning of workforce in many sectors, has led to a surge in demand for unskilled jobs. The Centre is also working on a plan to discourage state governments from sharply raising the wages within a short span of time as it can hinder the normal economic activity by

depriving workforce for projects outside the scheme.

Sudden wage raise may also keep commodity prices high in rural areas. States such as Rajasthan and Uttar Pradesh have sharply raised the pay for workers under the flagship scheme in the last one-year.

<http://economictimes.indiatimes.com/News>

The NREGA trap

Since the economic reform process of the '90s, two parallel processes are transforming the Indian state: shrinking opportunities for patronage in the urban economy and expanding opportunities for patronage in the rural economy. This may well produce two parallel forms of politics in urban and rural areas: an issue-based form of politics in our cities and towns and an identity-based form of politics in our villages.

The urban economy is dominated by the industrial sector, where patronage opportunities have declined post-1991. The government no longer sets quotas, and licences are fewer and more transparently allocated. The state remains involved in land transactions and in regulatory activity and in a large public sector; but it is smaller now in the urban, industrial economy than ever since Independence and it will probably continue to shrink.

The rural economy is a different story. Here, the reforms have been accompanied by an expansion of patronage opportunities associated with the state, especially during the term of the outgoing government. The UPA introduced a major expansion of the state in rural areas, both through new schemes such as the National Rural Employment Guarantee (NREGA) and the Rashtriya Swasthya Bima Yojana and through continued implementation of schemes

introduced by previous governments, such as the NDA's Prime Minister's Gram Sadak Yojna.

Despite the best efforts of their designers, schemes like NREGA are still riddled with loopholes in implementation. This has expanded opportunities for patronage in the rural economy; and, since both major formations promise an expansion of rural state-led schemes through expanded subsidies on food, credit schemes, state-provided rural infrastructure, and a revamped PDS, among others, rural patronage opportunities should further expand too.

<http://www.indianexpress.com/news/the-nrega-trap/453146/>

The irony of it all: growth led to lower job creation

Employment in the sector fell 1.9%, from 27.18 million in 1993 to 26.64 million in 2006

New Delhi: Don't blame the slowdown for the lack of jobs; blame rapid growth of the past decade.

That's the conclusion of a 391-page, yet-to-be-released report called *The Challenge of Employment in India—An Informal Economy Perspective*, prepared by the National Commission for Enterprises in the Unorganized Sector (NCEUS), a government body which has been wound up since.

The Indian economy's rapid expansion has actually widened inequality, shrunk job opportunities and reduced wages, according to the report, which says "the benefits (of growth) seem to have bypassed the overwhelming majority of India's population".

According to the report, the rate of growth in employment—a proxy for job creation—has actually fallen from 2.03% in 1993 to 1.85% in 2005.

It also shows that the share of employment in the so-called formal or organized sector, too, fell to

5.8% in 2004-05 from 7.3% in 1993-94. Employment in the sector fell 1.9%, from 27.18 million in 1993 to 26.64 million in 2006. It had peaked in 1997 to 28.24 million.

Analysts say this poses a tough challenge to policy planners looking to achieve inclusive growth (or growth for everyone) at a time when the global economic slowdown is taking a toll on firms, especially those in the business of exports.

India's exports fell 33%, to \$11.5 billion (Rs56,695 crore today), in March against the same month a year ago. And according to the labour ministry, about half-a-million people lost their jobs between October and December last year—largely in export-oriented firms.

Creating jobs will be a significant and critical challenge for the new government that will take charge of the country's destiny in a fortnight. According to the report, 4.27% of India's 457 million workers are severely underemployed (out of work for at least three-and-a-half days a week), and another 5.10% are underemployed (have a job for between half-a-day and three days a week). Around 1.78% have part-time jobs.

The report highlights structural weaknesses in labour market

It also said that 93% of the 457 million workers are employed by enterprises in the unorganized sector and that most of these workers are poor and vulnerable.

The report, which was presented to Prime Minister Manmohan Singh on 30 April, is pending release due to Election Commission restrictions on government announcements before the completion of the polling process.

On Thursday, at a seminar organized by the Institute for Human Development in New Delhi, several policy analysts got a preview of the report, but few conclusive plans emerged on how to tackle the issues.

"In the organized sector, job creation has been zero and labour market inflexibility has

hardly been a factor in determining employment growth in the formal sector," Arjun Sengupta, former chairman of NCEUS and a member of Rajya Sabha, said. "If we are expecting the market economy to look after the problem, it won't be correct. We need a well-designed policy to address this issue."

The report highlights structural weaknesses in India's labour market, such as illiteracy and lack of skill development, suggesting that the country needs an employment strategy to meet "the twin challenges of quantity and quality" and enforcing a uniform national minimum wage.

As a strategy to expand employment, the commission stressed the importance of expanding the scope of employment programmes, such as the National Rural Employment Guarantee Scheme to urban areas, and easing access to credit and raw materials for enterprises that employ less than 10 people.

The commission also suggested amending the Industrial Disputes Act to allow an employer to retrench staff without seeking the mandatory government permission, if the employer chooses to hike its contribution towards compensation and unemployment insurance. It said the country needs a national labour code that specifies minimum wages, working hours and labour standards

NCEUS has also said that the government has been more focused on creating a "special playing field", such as promoting special economic zones for large corporates than offering a level playing field for all. It added that although the informal sector's contribution to the rate of growth is twice that of the formal sector, it remains unprotected and vulnerable to job losses.

"If inclusive growth is the objective, we need to shift focus from formal to informal sector given its size," said K.P. Kannan, a former commission member.

That won't be an easy change, said an expert, because India looks at issues related to employment through the prism of manufacturing growth and its contribution towards gross domestic product (GDP). "Unfortunately, we tend

to go where the GDP (is) than where the people are. Employment is not a focus, but a result of GDP growth," said Abhijit Sen, a member of the Planning Commission.

<http://www.livemint.com/2009/05/08232651/The-irony-of-it-all-growth-le.html?h=B>

Central funds for anti-poverty programmes remain unspent

08 May 2009

BHUBANESWAR: Considered one of the poorest states in the country, successive governments have failed to alleviate poverty to a desired level primarily because of low utilisation of Central assistance.

If the financial and physical achievements of the Naveen Patnaik Government under various anti-poverty programmes during 2008-09 are any indication, it badly needs to galvanise its machinery.

Total funds available under the Indira Awas Yojana (IAY) was Rs 682 crore, while expenditure by the end of the financial year was Rs 273 crore. As far as progress of the housing programme for the rural poor is concerned, 63,413 IAY houses were constructed as against 2.59 lakh houses allotted to the State.

Panchayati Raj Secretary R.N. Dash attributed the poor progress to natural calamities like floods and disturbing situation in some districts including Kandhamal. The other reason is inordinate delay in release of funds by the Centre.

Although allocation of Centre for the last fiscal was Rs 245 crore for over 1.11 lakh houses, a special sanction of Rs 185 crore for over 91,000 houses came in December last year. The quota was against the State's demand for two lakh IAY houses for the flood-affected families.

The IAY progress is equally distressing in the Naxalite-affected districts. These districts

received an allotment of Rs 39 crore for 28,236 houses. However, only 957 beneficiaries could complete construction of their houses.

On low expenditure of funds under the national flagship wage employment programme NREGS, he said Central assistance did not commensurate with the job demand. The State had to virtually threaten the Centre to stop the programme if required assistance was not provided.

Nearly half of the total Central allocation of Rs 878 crore under NREGS was received at the fag end of the financial year. Total fund provided to the State under various anti-poverty programmes was Rs 3,203 crore of which, the unspent balance was Rs 1,432 crore.

The State has planned to spend Rs 4,533 crore under poverty amelioration schemes during the current financial year.

Chief Minister Naveen Patnaik today reviewed last year's progress of various poverty alleviation schemes and the plan for the current year. Chief Secretary Ajit Tripathy was present.

Tribals choose wages over wildlife slaughter

12 May 2009,

JAMSHEDPUR: "Give us work and we will not plunder your forests and wildlife." This is the message which tribals living in the forests of Dalma in East Singhbhum district appear to have communicated to the administration during the recently-concluded annual tribal sendra' festival. Every year, wild animals are hunted in the hills and forests of this area during the festival causing a great loss to the fauna. Though the forest department conducted a massive awareness campaign to deter villagers from killing wild animals which is part of the ritual, it was actually because most villagers had their hands full with work under the various ongoing projects of the National Rural Guarantee Scheme (NREGS) that they thought it wiser to spend the day earning wages than killing wildlife. "Working for wages will be more fruitful than hunting for a squirrel or wild pig," said Sukhram Munda, a villager.

In fact, in a state where NREGS has proved to be a dismal failure, East Singhbhum is one of the two districts, the other being Pakur, which has been successful in offering jobs to villages under various schemes enabling them to keep their hearths burning. The forest department works in tandem with the district administration for execution of schemes under NREGA in areas like plantation, fencing, forest road construction, pond and other concrete structures. Under the world food programme (WFP), the division has provided 2.5 lakh mandays, said A T Mishra, divisional forest officer (DFO), Dalbhum division. In fact, the district was selected for the NREGA award for excellence in administration. "We utilized Rs 4 crore in the execution of a 100 schemes in 2007-2008," said Mishra. Earlier the number of tribals going inside the forests for sendra' or vishu shikar' were in thousands which was brought down to a few hundreds in 2007. In 2009 the number of visitors to the Dalma sanctuary has reduced to a trickle, Mishra claimed. "Foresters and forest protection committee members were active at almost every entry point, including bus stands, and even forcefully returned the hunters," the DFO said.

<http://timesofindia.indiatimes.com/Ranchi/Tribals-choose-wages-over-wildlife-slaughter/articleshow/4511577.cms>

Rural job guarantee scheme inflated: Study

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NEW DELHI: Rural jobs shown to have been created under a centrally-sponsored scheme are often grossly inflated, a study released here on Wednesday by former Reserve Bank of India governor Bimal Jalan said. "There were a large number of districts in many states, where the number of households that have been issued job cards is more than

the total number of households in these districts," the report said. The study, 'Evaluating Performance of National Rural Employment Guarantee Act', was jointly conducted by Public Interest Foundation (PIF), a non-profit organisation that Jalan heads, and the Delhi-based think tank National Council of Applied Economic Research (NCAER). "The scheme has worked well but the level of satisfaction has been only 50 percent," Jalan said while releasing the study. "It is a good scheme (NREGA), but it will be successful only if it is made a national people's scheme rather than that of any party." The study has suggested that job cards for beneficiaries be regularly filled up at the work sites to prevent fudging of job creation figures, and said the scheme ought to be implemented by states.

"We should make NREGA a state-formulated scheme, the main provisions of which should be controlled by the state. However, it should still be part of the central act," Jalan said. Criticising the government estimates about employment trends, the study said: "The claim of provision of 100 days of employment to 10 percent households in the official data is also doubtful because independent surveys, social audits, and field studies have revealed several cases of data manipulations." However, Jalan said NREGA has improved the share of scheduled tribe (ST) households in employment and the it also "outshines the earlier programmes as far as participation of women is concerned".

The report added that the official estimates of wages realised by workers were "inflated" as the actual wages received by workers were much less than what was shown in the documents. The study recommends penalising of states that violate the Act. Some of its major recommendations are:

- *Providing dedicated staff to oversee the project
- *Raising the limit of administrative expense and getting states to share half of that
- *Handing over job cards to all households seeking

employment under NREGA and punishing those who are hoarding job cards

*Regular checking and verification of bank or post office accounts

*Putting in place a grievance redressal system

*Fixing wages slightly below market rates

"NREGA is a good scheme especially for poor and thus it is critical to improve the working of the scheme. We, therefore, need a simple NREGA without complex administrative procedures for the common man," Jalan added.

<http://economictimes.indiatimes.com/>

Plan panel seeks RBI's help to streamline NREGA wage payments

The Planning Commission has pointed out that disbursing funds under the NREGA needs to be strengthened to ensure that no leakages happen

New Delhi: The Planning Commission has sought the Reserve Bank of India's intervention in streamlining the mechanism of paying wages under the National Rural Employment Guarantee Act (NREGA).

In a letter to the central bank, the Commission said that the RBI should give directions to banks to ensure that payments to the beneficiaries of the National Rural Employment Guarantee Act (NREGA) are made only through banks or post-offices, a source said.

The Planning Commission's request is significant in view of reports that payments are still being made in cash, leading to funds getting misappropriated.

The Commission has pointed out that disbursing funds under the NREGA, which has an annual allocation of Rs30,000 crore, needs to be strengthened to ensure that no leakages happen as the canvas of the programme is bound to expand in the near future.

The central government has issued detailed guidelines (Section 7.2) for wage payment,

which say that banks and post-offices are useful for the purpose.

However, all states do not follow the guidelines as these are not mandatory. The matter was brought before the Supreme Court in public interest litigation last year by a Delhi-based NGO Centre for Environment and Food Security (CFFS).

<http://www.livemint.com/>

Facts and figures

Decadal Growth Rates of GDP and Per Capital Income			
Growth Rate (%)			
Decades	GDP	Population	Per capita Income
1920-47	1.18	1.20*	-0.03
1950-60	3.91	1.96	1.95
1960-70	3.70	2.22	1.48
1970-80	3.08	2.20	0.88
1980-90	5.38	2.14	3.24
1990-2000	5.58	1.93	3.65
2000-05	5.99	1.70	4.29

Developments.....

- CEO, Zila Panchayat, Jashpur, initiates discussions with Samaj Pragati Sahayog for help in preparing action plans for all blocks of Jashpur district. The CEO of the Zila Panchayat, Jashpur, Chhattisgarh, has written to SPS opening up possibilities of collaboration between the Zila Panchayat and SPS for preparation of NRM-centred action plans under NREGA for all blocks of the district. This follows action plans prepared for selected panchayats in Pathalgaon Block of Jashpur district by SPS and consortium partner Lokshakti Samiti, Raigarh, at the specific request of the MoRD, GoI, as part of a pilot project in 2007-08.
- AP government has proposed to form Andhra Pradesh Society for Social Audit and Transparency (APSSAT), which will be responsible for conducting social audits under NREGA. The APSSAT will be an autonomous body and the Dept of RD will enter into annual MOU with the Society. Gov of AP is also shortly issuing a Govt order, dedicating certain percentage of NREGS Admin cost towards social audit.