

National Rural Employment Guarantee Act (NREGA) A Range of Possibilities

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Abstract

India remains predominantly a rural nation, with 72.2 % (Census, 2001) living in rural areas. Different reports also reveal the high incidence of rural poverty. According to the country's Eleventh National Development Plan, the number of poor people in India amounts to more than 300 million. The Federal Government introduced the National Rural Employment Guarantee Act (NREGA) in 2005 to fight poverty more effectively. NREGA was later renamed Mahatma Gandhi National Rural Employment Guarantee Act on 2/10/09 to mark the birthday of the father of the nation. It is the first ever law internationally, that guarantees wage employment to adult members of every household who are willing to do unskilled manual work. The choice of work suggested in the Act addresses causes of chronic poverty like drought, deforestation and soil erosion, so that the process of employment generation is maintained on a sustainable basis.

Based on secondary sources of data, this paper intends to assess NREGA for alleviating rural poverty. It will attempt to address issues like whether NREGA has lived up to its full potential, what the challenges are in the implementation of the Act and how it can address those challenges.

When India won its independence, the impact of colonized rule was already showing on all aspects of the Indian economy. Rampant poverty and unemployment required a welfare orientation in the public economic policy. The social and economic challenges before the country were enormous. Poverty reduction and the provision of basic needs to its people has been one the major aims of independent India.

Decades after independence, India is still struggling to address the issue of poverty. This is evident from the fact that India is ranked 134 among 182 countries in the Human Development Index (HDI) (UNDP, 2009). Despite India's booming economy, which is now 12th largest in the world, 302 million people (27.5% of the total population) were living below the poverty line in 2004-05 (61st NSSO round). The poverty line is Rs356 monthly per capita consumption expenditure for rural areas and Rs539 for urban areas. According to the Human development Report (HDR),2003,of the United Nations Development Programme (UNDP2003), India has the largest number of poor among the countries of the world and is the home to one-fourth of the world's poor.

The Indian government has taken up various measures to overcome the problem of poverty. Poverty alleviation programmes comprising of wage employment programmes, rural housing schemes and a public distribution system have been initiated from time to time. Some were partially successful in addressing the issue of poverty whereas others suffered from major flaws in their implementation. Important programmes worth mentioning are the Integrated Rural Development Programme (IRDP), Indira Awas Yojana (IAY), Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS) and Sampoorna Grameen Rozgar Yojana (SGRY).However these programmes could not provide social security to the rural poor.

The Federal Government passed the National Rural Employment Guarantee Act

in September 2005 and launched NREGA on February 2, 2006. The Act guarantees the right to work to by providing 100 days of guaranteed wage employment in a financial year to every rural household whose adult members are willing to do unskilled manual work. NREGA is the first ever law internationally, that guarantees wage employment on an unprecedented scale. Its auxiliary objective is to strengthen natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable development. The outcomes include strengthening grassroots processes of democracy and infusing transparency and accountability in governance. NREGA covers the entire country with the exception of districts that have 100% urban population.

NREGA provides a statutory guarantee of wage employment and is demand driven which ensures that employment is provided where and when it is most needed. The legal mandate of providing employment in a time bound manner is underpinned by the provision of an Unemployment Allowance. The Act is designed to offer an incentive structure to the States for providing employment as 90% of the cost for employment provided is borne by the Centre. The right to work brings security in people's lives. Today, labourers cannot count on employment being provided to them during the lean season. The result is massive seasonal migration, especially in dry land areas. An employment guarantee gives labourers more confidence in the prospect of local employment, and discourages seasonal migration.

1. Provisions of NREGA

1.1 Right-based framework

Adult members of a rural household willing to do unskilled manual work may apply for registration in writing or orally to the local Gram Panchayat. The Gram Panchayat, after due verification, will issue a Job Card which is free of cost and will bear the photograph of adult members of the household willing to work under NREGA. The Job Card should be issued within 15 days of application. A Job Card holder may

submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought. The minimum period of employment is fourteen days.

1.2. Time bound guarantee

The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates. If employment is not given within fifteen days of application, then a daily unemployment allowance as per the Act, has to be paid.

1.3. Minimum Wages Act

Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labourers in the State, unless the Centre notifies a wage rate which will not be less than Rs.60 per day. Equal wages will be paid to both men and women. They are paid according to piece rate or daily rate. The disbursement of wages has to be done on a weekly basis and not later than a fortnight in any case.

1.4. Women's empowerment

At least one third of the beneficiaries who have registered and requested work under the scheme should be women and they should receive equal wages. There must not be any gender discrimination of any kind.

1.5. Permissible Work and worksite facilities

Permissible works predominantly include water and soil conservation, water harvesting, afforestation, irrigation of canals, renovation of traditional water bodies, flood control and protection work including drainage in waterlogged areas, rural connectivity to provide all weather access and land development work. Worksite facilities such as crèches, drinking water, shade, etc. should be provided.

1.6. Right to Information

All essential information must be displayed in a public notice.. All accounts and records relating to the Scheme should be made available to any person wanting a copy of

such records, on demand and after paying a specified fee.

1.7. Transparency and Accountability

A Social Audit has to be done by the Gram Sabha. Grievance redressal mechanisms have to be put in place for ensuring responsive implementation processes.

1.8. Wage – Material Ratio

The wage-material ratio should not be less than 60:40. The wages of skilled and semi-skilled labourers should be included in material costs.

1.9. Cost Sharing

Central Government to pay for:

- Ø Wage costs, 75% of material costs, and some administrative costs.

State governments to pay for:

- Ø 25% of material costs, Other administrative costs and Unemployment allowance.

2. NREGA – An assessment

The first Millennium Development Goal (MDG) of 'Eradicating Extreme Poverty and Hunger' aims, by 2015, to reduce the proportion of people whose income is less than \$1 by half. India's 11th Five Year Plan, reiterating the country's commitment to the MDGs, has set socio-economic targets for inclusive growth and development. These include: reducing the headcount ratio of consumption poverty by 10 percentage points, raising the real wage rate of unskilled workers by 20 percent and creating 70 million new work opportunities. So NREGA will be an instrument for supplementing wage employment opportunities as envisaged in 11th Five Year Plan of the Government of India.

2.1: Status of NREGA

Table 1: Progress of NREGA*

Employment provided to households	4.84 crore
Persondays (In crore)	
Total	46.55
SCs	74.05(30.04%)
STs	53.13(21.55%)
Women	118.87(48.21%)
Others	119.36(48.41%)
Total works taken up	40 lakhs
Works completed	16.23 lakhs
Works in progress	23.77 lakhs

Source: MoRD, GOI

*Accessed on 27.3.2010

The figures in Table 1 are based on official data for the financial year 2009-10 provided by the website of MoRD. The data indicates that 4.84 crore of employment has been provided to households so far. It is interesting to note that women's participation rate of 48.21% is more than the mandatory 33%. The Government has proposed an allocation of Rs.39, 100 crore for the year 2009-10 for NREGA which marks an increase of 144% over 2008-09 budget estimates. The enhanced wage

earnings have led to a strengthening of the livelihood resource base of the rural poor; in 2008-09, more than 67% of funds utilized was in the form of wages paid to labourers. Less than 50% of the work was done in the last month of the current financial year.

The widely publicized CAG report revealed lapses in the implementation of the Act. The key findings were that the delivery of NREGA has deteriorated significantly. There are two aspects to this. First, very

small numbers of poor people who have sought jobs under the NREGA have actually received employment. From April 2006 to March 2007, 10% of all such applications received minimum wage jobs. Between April and December 2007, the number of actual beneficiaries dropped to just 3.3% of total job seekers registered under the scheme. Secondly, even within the beneficiaries, only a small minority received the full promised deal. The CAG's sample reported that the average employment per person under the scheme was 45 days in April 2006-March 2007, which dropped to just 38 days during April-December 2007. In addition, the CAG reported that NREGA is afflicted with corruption and misutilization of funds, as well as inefficiency and unreliable documentation in most according to the country's Eleventh National Development Plan, districts covered by the study. The worst performance in this regard has come from the poorest states of Bihar, Orissa, Jharkhand and Uttar Pradesh. These are the very states that have the greatest need for a comprehensive rural employment scheme (Goswami, 2008).

The All-India Report on the evaluation of NREGA: A Survey of Twenty Districts carried out by the Institute of Applied Manpower Research for the Planning Commission, assessed the effectiveness of the Act. The study revealed that 80% of households did not get work within the stipulated 15 days nor were they paid any unemployment allowance. An enquiry was also made to assess the impact of the scheme on the overall quality of life of the beneficiaries. Due to income generation from this scheme, the numbers of beneficiaries at the low earning level were reduced to nearly half resulting in the rise of households with marginally higher incomes.

2.2 Challenges in the Act

1. Lack of awareness among the rural poor: As most of the rural poor are illiterate, they are not aware of their basic rights which include employment on demand, minimum wages, payment within 15 days

and basic worksite facilities. A survey was initiated in 2008 by the G.B.Pant Institute, Allahabad in association with Allahabad University and the National Commission for Enterprises in the Unorganized Sector (NCEUS). It showed that awareness levels among workers were still low. Less than half of the sample workers were aware of their rights.

2. Payment of wages: Delay in the payment of wages has been reported from time to time in various newspapers. Under the Act, workers are entitled to payment within 15 days. In reality, workers wait for weeks if not months. This defeats the purpose and, worse, it saps people's motivation to apply for work. Where wages are delayed, compensation should be paid under the Payment of Wages Act. In many states, workers do not earn minimum wages. For instance, in Gujarat's Sabakantha district, the paid wage is as low as Rs.40 to Rs.70. (Status report on implementation of NREGA in Gujarat, Sabar Ekta Manch and Janpath, April 2006). Women are paid even less, about Rs.30 per day. Equal remuneration for both sexes is still a big question.
3. Women's Empowerment: It was observed in an exploratory field visit to Rajasthan that husbands were collecting the wages of their wives who worked under the scheme. Although women are given equal opportunities, control is still with their male counterpart. This shows a weakness in the implementation of the scheme in which women's empowerment is one of the main provisions. In states like Uttar Pradesh and Bihar, women are often even not allowed to work.

4. **Transparency and accountability:** The biggest challenge NREGA is facing is to put in place effective grievance redress systems. NREGA talks the language of rights but there is virtual silence on available remedies when rights are violated. The state governments don't seem to be interested in making themselves accountable.
5. **Absence of worksite facilities:** In most states, worksites facilities like crèches, drinking water, and shade for resting and a first aid-box were absent. Some reports from the field in Orissa (Kalahandhi district), Chhatisgarh (Jashpur district), Jharkhand (Palamau district) and Gujarat (Sabarkantha district) observed a complete lack of facilities at the worksites.
6. **Over burdened administrative machinery:** As appointments of additional staff were not made, there are not enough to implement the Act. This has resulted in existing staff being burdened with additional work. It delays the process of providing jobs and payment of wages.
7. **Corruption:** Many newspapers have constantly reported on corrupt officials and middlemen in the implementation of the act. A Panchayati Raj update reported that in Manipur the Minister and local MLAs are taking away the rights of the Pradhan. The sanction order of working 100 days under NREGA was not given to the Panchayat.

NREGA was enacted with lots of hope and aspirations for the poor and the vulnerable. It is shocking to know that there are still various loopholes in this right-based pro-poor policy. There are differences in the implementation of the Act state-wise. Some states tell success stories while some are still unable to address the poor. The voices

of the poor are unheard in many poor states. The nature of the work doesn't motivate people to improve their skills as it is not skill-based. It is not mandatory to follow operational guidelines. As a result, state governments implement the act according to their convenience. There are many challenges in implementing the act. Unless and until, these loopholes are taken care of, poverty eradication will remain a distant dream.

3. Prospects in NREGA

NREGA has great potential to revolutionize rural livelihoods in India. It can generate large employment opportunities and lead to capacity building and thus to an increase in the total national income. Some of the thrust areas in NREGA are discussed below:

3.1: *Democratic Decentralization:*

NREGA provides an opportunity to rural people to plan the work to be carried out and the implementation of the act themselves. The Gram Sabha recommends the work to be taken up under NREGA and identifies the persons to work under the scheme. It also brings about transparency at the grass root level through social audits on implementation of the Act conducted by the Gram Sabha. The Act sets an example of democratic decentralization. In this regard, it is worth quoting the Minister of Rural Development, C. P. Joshi, who addressed the Association of Local Governance of India (ALGI) and stressed that the "panchayati raj will get strengthened through NREGA. It is the first act, which has given an excellent opportunity to the panchayats to prove their spirit. For the first time, panchayats have got the power to make schemes, implement them and money is no more a constraint".

3.2: *Sustainable Development:*

Water and soil conservation works continue to be given priority. Drought proofing and flood protection aim to provide resistance to climate shocks and natural disasters. Thus, NREGA can actually be seen moving towards food and livelihood security and long term sustainable development through ecological regeneration. In the financial

year, 2008-09, 27.20 lakhs works were undertaken, of which 46% constituted water conservation. In the financial year, 2009-10, up to December 2009, 33.84 lakhs works were undertaken, of which 51% related to water conservation. Besides these, NREGA has been involved in various public works related to agriculture, water resources, land resources, environment and forest and rural connectivity under the related departments and institutes for sustainable development. The availability of untied funds for Local Area Planning also encourages convergence for sustainable development. NREGA can bring about both economic and ecological sustainability.

3.3: NREGA as an instrument to fight migration

As NREGA provides work within the village, the rural poor prefer to work in their own sphere. NREGA is also based on a demand driven approach which allows rural households to demand work during the lean season. As a result, there is a decrease in the migration of rural workers to urban areas which in turn will result in the decline of urban poverty. This will also stop farmers' suicides.

3.4: Socio-Economic Changes

NREGA gives economic empowerment to the rural poor and such meaningful employment makes them feel that they matter to society, and increases their confidence, which is necessary for social and human development. Their sense of belonging to society increases. The scheme has the potential of reducing exploitative phenomena like child labour and gender discrimination. In particular, it holds the powerful prospect of bringing major changes in the lives of women. Women's work participation rate has increased over the years. The wider acceptability of NREGA work derives from several factors: it is locally available, being government work there is regularity and predictability of working hours, less chance of work conditions being exploitative and work is considered socially acceptable and "dignified" (Khera and Nayak, 2009).

3.5: Impact on Education:

NREGA also has a positive impact on education specially pre-primary and primary. As all the adult members of the family work under NREGA, children of the family are sent to government schools. Government schools also provide mid day meals which makes the school the best place for parents to keep their children. Subsequently, there is an increase in the number of students enrolled in school.

4. Conclusion

This is an era of globalization and every one is talking about socio economic changes. In India, the Liberalisation, Privatisation and Globalisation(LPG) era is characterized by a high economic growth rate (at 6%) which is termed the "jobless era" with job growth of only 1%. Under such circumstances NREGA is trying to address the issue of unemployment in rural areas where unemployment is higher. India's NREGA is the only Act which gives its rural people such a right and that too in this era of LPG. It has a vital role to play because of its humane approach. It serves as an effective safety net for the unemployed especially during famine and drought. It has enabled them with sufficient purchasing power and they are able to at least to supports their basic necessity i.e. food. The Act has confined the rural poor to their areas and stopped migration to the cities. It is not only giving rural livelihoods but also involving them in other non-agricultural work. This has helped in handling disguised workers. Employment in other non-agricultural work will also improve the rural infrastructure i.e. rural asset building. It will ultimately lead to sustainable development.

The Act will be very effective in addressing the acute problem of poverty in India. The need of the hour is to take this Act seriously and check the loopholes of the Act. The responsibility of checking the loopholes should not only rest with the government. Civil society, local communities and Panchayati Raj Institutions should be actively involved in its planning and implementation. This will help in checking the implementation problems and also prevent any wastage of public money invested in the scheme.

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