

A Study on Implementation of National Rural Employment Guarantee Act for Social Security in India

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Abstract:

The National Rural Employment Guarantee Act (NREGA), enacted by the Government of India in 2005, is perhaps the most ambitious anti-poverty scheme launched anywhere in the world. However, the scheme has shown several anomalies when it comes to its implementation in the right manner. Some of the problems are discussed in our paper.

Introduction:

India has been taking ample of measures to alleviate poverty and achieve the goal of rural development since its independence. All such programmes, measures and schemes can be divided into two categories asset endowment schemes and employment generation schemes. Needless to name them all, however, employment related programmes which gained popularity were Food for Work in 1970s RLEGP in 1980s, *Jawahar Rojgar Yojana* in 1990s and many others. National Rural Employment Guarantee Act, Commonly known as NREGA, has been the recent and most effective attempt for employment generation with almost giving right to work to the rural poor. The Act passed in 2005 has brought almost a revolution among rural poor. It has been renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) in 2006. It has been devised as a public work programme to address the issue of a rights-based approach to development provide income security to the rural households through guaranteed wage employment reduce/check distress migration from the rural to urban areas and create durable community assets (in the rural areas) to trigger an overall development of about six lakh Indian villages. The jobless growth of the 1990s, stagnation or even decline in the growth of "agricultural productivity, distressed farmers committing suicide in various parts of the country and increased migration from the rural to urban areas was the larger socio-economic contexts of this Act. The economists have been of opinion that lack of rural infrastructure has been the main reason of arrested pace of development. This Act caters to the need and created an sample of rural infrastructure friendly to agriculture.

Plan of Act:

The act directs state governments to implement MGNREGA "schemes". Under the MGNREGA the Central Government meets the cost towards the payment of wage, 3/4 of material cost and some percentage of administrative cost. State Governments meet the cost of unemployment allowance, 1/4 of material cost and administrative cost of State council. Since the State Governments pay the unemployment allowance, they are heavily incentivized to offer employment to workers.

However, it is up to the State Government to decide the amount of unemployment allowance, subject to the stipulation that it not be less than 1/4 the minimum wage for the first 30 days, and not less than 1/2 the minimum wage thereafter. 100 days of employment (or unemployment allowance) per household must be provided to able and willing workers every financial year.

Provisions under NREGA:

- ❖ Adult members of a rural household, willing to do unskilled manual work, registration in writing or orally to the local *Gram Panchayat*. (elected village level organization)
- ❖ The *Gram Panchayat* after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA and is free of cost.
- ❖ 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 days of employment have to be at least fourteen.

- ❖ 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
- ❖ Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid liability of payment of unemployment allowance is of the States.
- ❖ Work should ordinarily be provided within 5 km radius of the village. In case work is provided beyond 5 km, extra wages of 10% are payable to meet additional transportation and living expenses
- ❖ Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labourers in the State, unless the Centre notices a wage rate which will not be less than 60 per day. Equal wages will be provided to both men and women.

Achievements of Act:

Launched on February 2, 2006, the National Rural Employment Guarantee Act (NREGA) provides at least one hundred days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. A quick look at the achievements and consolidation of the program showcases its strength:

- ❖ **Maximizing Work Opportunities:** Livelihood Security : Under the NREGA, in 2008-09, 4.5 crore households were provided employment and 216.01 crore person days were generated. In FY 2009-10 upto July, 2.53 crore households have been provided work and 87.09 crore person days have been generated.
- ❖ **Inclusive Growth:** NREGA has provided employment particularly for marginalized groups. The participation percentages were 55% (SC/ST) in 2008-09 and 53 per cent (SC/ST) up to July 2009. Women workforce participation has also

surpassed the statutory minimum requirement of 33 per cent. In FY 08-09, women participation was 48%, which has increased to 52 per cent upto in 2009-10.

- ❖ **Augmenting household income, savings and investment:** Post-NREGA, there has been a revision of minimum wages across the country in last three years, and the average daily wage rate has increased from Rs. 75 to Rs 87 in 2009-10.
- ❖ **Financial Inclusion:** Over 7.33 crore NREGA bank and post office accounts have been opened so far. These accounts have helped bring the rural poor under the organized banking sector. Besides the agencies for wage payment are being separated from implementing agencies through accounts-based wage payment.
- ❖ **Regenerating Natural Resources:** Under NREGA water and soil conservations, plantation and afforestation has been given priority. Works relating to drought proofing and flood protection are aimed to provide resistance to climate shocks and natural disasters. Thus, NREGA can actually be seen moving towards its objective of food and livelihood security and long term sustainable development through ecological regeneration. In 2008-09, 27.20 lakhs works were undertaken, of which 46 per cent constituted water conservation. During the current year upto July-09, 21.76 lakhs works have been undertaken, of which 51 per cent relate to water conservation.
- ❖ **Drought mitigation:** Advisories were issued to all 11 droughts affected states to ensure that adequate funds and shelf of project have been made available to the Districts.
- ❖ **ICT as a growth trigger for rural development:** NREGA has used technology effectively for inclusion. Web enabled Management Information System (MIS) (www.nrega.nic.in), one of the largest data base of rural households, makes transparency intrinsic to NREGA by placing all critical parameters such as wage payments, number of days of employment provided and works under execution online for easy public access. 2.04 crore Muster Rolls and 7.88 crore Job Cards have been uploaded so far.

NREGA has also encouraged the transfer of local solutions and best practices through the online Knowledge Network. Currently District Program Coordinators, PRI functionaries, professional institutions are members of this network. The network also links up with Civil Society Organizations. Initial experiments in the use of smart cards for wage payment to NREGA workers in remote villages are being supported. With these initiatives that help in formation of social and physical capital, establishing ecological synergies, strengthening democratic governance projects, enhancing livelihood opportunities, NREGA is poised to progress from a wage employment to sustainable development program.

An Overview of NREGA Act:

NREGA was launched on February 2, 2006 from *Anantapur* in Andhra Pradesh and initially covered 200 "poorest" districts of the country. The Act was implemented in phased manner - 130 districts were added in 2007-08. With its spread over 625 districts across the country, the flagship program of the UPA Government has the potential to increase the purchasing power of rural poor, reduce distress migration and to create useful assets in rural India. Also, it can foster social and gender equality as 23 per cent workers under the scheme are Scheduled Castes, 17 per cent Scheduled Tribes and 50 per cent women. In 2010-11, 41 million households were employed on NREGA worksites.

Problems of NREGA:

The National Rural Employment Guarantee Act (NREGA), enacted by the Government of India in 2005, is perhaps the most ambitious anti-poverty scheme launched anywhere in the world. However, the scheme has shown several anomalies when it comes to its implementation in the right manner. Some of the problems are as follows:

1. Poor administrative and planning skills:

Under NREGA, villages are the basic unit of planning. *Panchayats* (the village local bodies) are required to prepare project estimates that involve extensive mapping of village resources and making an annual plan every year to identify works that can be taken up for local resource improvement. However with limited skill in planning, resource management, handling of monetary resources and poor leadership skills, village *Panchayats* fail to implement the scheme in the desired manner.

Since it involves rigorous planning and resource management, many *Panchayat* members are hesitant to implement NREGA as it greatly increases their workload. In many places, *Rozgar Sevaks* have been appointed to advise gram *panchayats*, to provide technical inputs, preparing the budget or village level planning needs, but they themselves are not trained adequately.

Even the report by the Comptroller and Auditor General (CAG) has highlighted the lack of administrative capacity of the village *panchayat* members to run this scheme in the desired decentralized manner. It also focused on the need to build this capacity quickly and effectively. The CAG report highlights the deficiency of adequate administrative and technical manpower at the Block and *Gram Panchayat* levels, especially at the Programme Officer, Technical Assistants, and Employment Guarantee Assistant level. “The lack of manpower adversely affected the preparation of plans, scrutiny, approval, monitoring and measurement of works, and maintenance of the stipulated records at the block and GP level. Besides affecting the implementation of the scheme and the provision of employment, this also impacted adversely on transparency”, said the report.

It is well known that employment schemes have high administrative costs. However administrative cost under NREGA has been kept low. This must be increased. There is an urgent need to ensure more administrative assistance for the programme at all levels, which means both resources and personnel devoted to the actual implementation, monitoring and financial management of the programme. Much needs to be done to

strengthen village-level planning. *Panchayats* need to be equipped with the necessary personnel and funds for effective implementation of the programme.

2. Inadequate awareness:

NREGA is a rights based programme, which guarantees 100 days of employment to poor household in rural areas. However due to poor awareness among rural population, people are not aware about their basic entitlements such as job cards, minimum wage amount, minimum number of employment days, unemployment allowance, etc. Even *Panchayats*, *Rozgar Sevaks* and block development officers are ignorant about all the details of the scheme. They are poorly informed about various processes like registering household, forming vigilance committees, making muster roll, etc.

Under NREGA there is a provision of unemployment allowance in case the local authorities fail to provide employment, however there is a widespread ignorance about how to avail the allowance. Sometimes even the officials deliberately do not give out this information as they fear punishment for not providing jobs.

Poor awareness not only leads to corruption but also to poor management of the scheme and thus true potential of NREGA is not being realized. At the local level, officials have made inadequate efforts to raise awareness about the scheme. The government must carry out an intensive training and awareness-building programme to make the officials and citizens fully aware of all the details of the programme. People at the grassroots level must be made aware of Right to Information (RTI) Act and be encouraged to use it.

3. Plagued with discrimination:

NREGA has provided a unique opportunity to people from rural India to earn their own income without any discrimination of caste or gender. Most remarkable feature of NREGA is that it pays women the same as men, something that was virtually

unimaginable in rural India. However cases of discrimination against women and people from backward groups are reported from several regions of the country. Some states such as Kerala and Andhra Pradesh have registered high percentage of women workers getting enrolled in the scheme whereas others have registered a very low percentage of women availing benefit under NREGA.

It has been reported that in some regions few job cards are issued when the applicants are women, or there are delays in the issue of cards. Women are sometimes told that manual labour under the NREGS is not meant for women. Women are told that they could not participate in ongoing works as it entailed digging and removing soil. Sometimes workers are expected to bring their own tools, such as spades and shovels and this becomes difficult for women carrying infants. Moreover lack of facilities such as drinking water, a crèche at the worksites, etc adds to the problems of the women workers. No specific tasks for women have been identified. More thought must be given to ensuring that a larger number of women get work which they can do easily. Also facilities like drinking water and crèche must be ensured at the worksites.

4. Corruption and irregularities:

There are several cases of fake muster roll entries, overwriting, false names and irregularities in job cards. Even the names of dead people have been entered in the muster rolls. Similarly, the names of people who have not registered often feature in the muster rolls, or the same name is repeated more than once. There are cases of payments being made without taking the worker's signature. In most of the States there is a huge gap between job card distribution and actual provision of employment. In Madhya Pradesh more job cards have been distributed than the number of households and only 35 per cent of rural households actually received some employment under the scheme

There should be a strict enforcement of transparency safeguards. Muster rolls must be kept at the worksite, job cards must be regularly maintained, wages be paid in public,

implementation agencies should be separated from payment agencies, formation of vigilance committees should be done, muster roll record must be verified periodically etc. Also, *Panchayats* must be directly involved in making payments. Lack of credible and participatory social auditing with active people's participation is a major problem. Government must encourage independent auditing through CSOs and academic experts.

5. Delay in payment of wages:

According to the NREGA guidelines, payments for the work should be made within 14 days of the completion of the work. However delay in payment and incorrect payments are a common problem under NREGA. This delay can be from several weeks to sometimes months. Often workers have to make several visits to the post office or the co-operative bank only to find that their wages have not been credited into their accounts. Sometimes delay is also caused because works are carried out without proper approval and thus the payment is withheld.

Government must ensure easier availability of funds through a backup fund at the district level. There must be a provision of compensation for any delay in payment. In case of delay in payments workers must be compensated as per the Payment of Wages Act of 1936. There is only one instance where compensation was paid to the workers only after the intervention of the social activists. There must also be an independent grievance redressal system under NREGA.

6. Challenges in creating useful assets:

So far, works related to rainwater harvesting and conservation, desilting of canal distributaries, desilting and renovation of old ponds/tanks and digging up of new farm ponds are mainly being carried out under NREGS. There is a need of improvisation in creating/identifying new employment opportunities and dovetailing various programmes

run by the Central and the State Governments with NREGA. Importance should also be given to afforestation under NREGA by linking it to other forestry programmes. Rural Sanitation is another area which can be dovetailed with this programme. This will also help in the rural health policy and achieving the goals of National Rural Health Mission (NRHM).

Several works that were taken up under NREGA remain incomplete even after two years of their start. Since there is no provision to factor in the completion of work in the overall planning, state governments have initiated a large number of new works and abandoned the old incomplete works mid-way. In many states, buildings and other structures built under the programme were washed away during monsoons. This led to enormous wastage of financial and human resources. Completion and maintenance of works under NREGA should be made compulsory.

Success of NREGA should not only be assessed in terms of employment provided but also the asset created. Village development through productive asset creation should be made an important objective of this scheme. Premium wage must be provided for development programmes. This will ensure that work done is completed and is useful. With so much money involved in this scheme the government should take serious measures to see that the money is utilized to create assets villages, thus bringing about a real change in the rural economy. Record of the assets created under NREGA must be maintained at the district headquarters. A national/state level audit needs to be done to see what all productive work has been done under NREGA.

7. Problem of labour availability and inflation

Many economists attribute increasing labour scarcity in agriculture, rising food price and inflation to NREGA. NREGA has no doubt raised rural daily wage rates, reduced migration and led to several other positive social effects in rural India. But at the

same time it has also contributed to rising farm input costs, withdrawal of labour from the farm sector and therefore impacted agricultural operations and food prices. Farmers in Punjab and Haryana now find it increasingly difficult to get labour and are left with no other choice but to increase the wage rate to attract the labourers.

High labour costs due non-availability of labour is resulting in high cultivation cost and thus leading to higher food prices. Many critics feel that by focusing on the employment and not on the production, the scheme merely redistributes the proceeds of a limited production. The scheme no doubt inflates demand but, without corresponding increase in production of useful asset, leads to inflation. Minimum wage under NREGA should be cautiously increased keeping in view its impact on other unorganized sectors, especially agriculture and that it must be ensured that it is targeted at only the really poor and needy. Possibilities of NREGA being dovetailed with the farming activities, so as to minimize its adverse effect on agriculture, should be explored.

The constructive impact of the 100-day employment guarantee must be confined strictly to months when there is no harvesting or sowing activity so that it does not affect agriculture adversely. With the rural workforce drawn into this scheme the mechanisation and modernization of agriculture needs to be focused upon. Government must study the impact of NREGA on various other sectors and take corrective measures so as to ensure that this programme doesn't exacerbate the problem of food price rise and inflation.

Conclusion:

We must understand that NREGA cannot be a long-term solution to the unemployment problem of rural India. A comprehensive and a more sustainable solution that creates large-scale self-employment opportunities in the secondary and tertiary sectors in the rural areas, stimulates demand and last but not the least, increases rural productivity still need to be found. The following interventions are suggested from my study:

Suggestions of the Study:

1. Build large scale citizen's awareness campaigns for generating demand side of NREGA:

There are two ways to generate large scale awareness amongst citizens. The first is the model used in large scale education programmes, which involves building a cadre of volunteers and taking up village level campaigns to educate citizens on their rights and informing *Panchayats* on their responsibilities. The other kind of mass mobilization is an intensive targeted campaign using electronic media, like the pulse polio programme that reaches out to almost every family in the country. The NREGA campaign could be a mixed approach where, on one hand, electronic media could be used to make the scheme popular while on the other, traditional communication methods - village level meetings, street play, and local folk media - could be used to reach the most disadvantaged sections of society, along with the support of civil society organizations.

2. Improve institutional capacities of Gram Panchayat:

The *panchayats* has been identified as the key implementation organization for NREGA. Under NREGA, a *panchayat* of 100 households willing to work under NREGS will receive around Rupees 10-lakh as wages and material cost. Since this amount is almost 3 times more than what they usually receive, it has serious implications, especially their capacity to use such a big amount meaningfully by generating employment as well as creating productive assets. Moreover, *panchayats* are required to maintain multiple registers to keep records of NREGS as prescribed by the Centre/state. It is imperative to build their capacity to handle the record keeping system as per norms, as many *Panchayats* continue to use the single entry system for their accounts. In order to build *Panchayats* as an effective executing agency for NREGA, it is an essential pre-requisite to invest heavily on strengthening their perspective, knowledge and skills in the following areas:

- ❖ Developing perspective/ development plans of villages with *Gram Sabha* participation of NREGA Implementation.
- ❖ Basics of civil engineering and preparing cost estimates of works.
- ❖ Perspective on relevance of social audits/ transparency in business transacted.
- ❖ Sensitivity and vision in involving the disabled, women and other disadvantaged sections.
- ❖ Skills in book-keeping and accounts, maintenance of created assets, including tax collection.

3. Pro- active planning for effective engagement of block and district Panchayats:

A clear role must be carved out for *Zilla Panchayats* (District level electing body) and *Janpad Panchayats* in order to involve them under NREGA. The higher tiers of PRIs need to be more actively involved in NREGS implementation for visioning districts as a unit of development. The piecemeal approach of treating village *Panchayats* as units of development will affect comprehensive livelihood planning keeping in mind the advantages of economies of scale.

Increasingly, it is being realized that basic work that can be done within the boundaries of the *panchayat* will be exhausted in the coming few years, following which a majority of work will involve boundaries of multiple *panchayats*, viz. link roads, large irrigation systems, common markets, etc. Consequently, the higher tiers of *Panchayats* will have a more important role in receiving funds for multi-*Panchayat* projects, and will have to actively engage households in partnership with the concerned village *Panchayat*. The higher tier of *Panchayats* are also better suited to levy taxes, build mechanisms of operation & maintenance of large scale assets, and hire staff at the block level for more efficient & cost effective delivery of services. There is also a need to build mechanisms for handling joint responsibilities of the three tier system.

4. Adequate attention to strengthen village level:

The success of the programme will heavily depend on active engagement of the *Gram Sabha* to make elected *Panchayats* accountable for proper utilization of available resources by effective monitoring. As the *Gram Sabha* is a broad assembly of all citizens, it is important to recognize the role of village/ *Panchayat Nigrani Samiti*. Village monitoring committees need to be formed as per the guidelines in most of the *panchayats* in NREGS states. The members of such committees need to be oriented towards their role and should be empowered to make their *panchayats* display basic information of NREGS implementation in the *Gram Sabha*. The committee can share some of the responsibilities of *panchayats* viz. conducting social audits, identifying families deserving work under NREGS and resolving conflicts between beneficiaries and *panchayats*.

5. Improved technological options for performance and monitoring:

The website of NREGA is not regularly updated and provides inadequate information on employment generated, funds allocated, state-wise average utilization etc. There is also a need to include break-up of the social category of families benefited, i.e. SC/ST and women-headed households under NREGA. This break-up is essential if the scheme aims to reach out to the poorest of the poor. In aggregate terms, such differentiated realities of vulnerable sections go unnoticed. There are several poor widow women and disabled persons who are not getting employment. They have a right to be employed as helpers etc. They will be unable to avail of such jobs unless regular reporting formats create a space for getting official information on these parameters so that questions can be asked on inadequate representation of such categories in the list of benefited persons or families. Currently, the available data is not provided below the district level i.e. block-wise and *panchayat*-wise details of funds transferred, families benefited and works completed. It is necessary to expedite the establishment of computerized system of data recording and enable its access at the district level as well as keep information below the district level so that more transparent ways of functioning may be developed at the lower level of decentralized governance.

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