

Letter to Chief Minister

24 May 2007

Shri Madhu Koda
Chief Minister
Government of Jharkhand

Respected Chief Minister,

Implementation of NREGA in Jharkhand

A delegation of the Central Employment Guarantee Council visited Jharkhand on 20-23 May to assess the status of the National Rural Employment Guarantee Act (NREGA) in the state. We visited Ranchi, Palamau and Saraikela Districts and held extensive discussions with NREGA workers and other local residents, as well as with government officials in Ranchi. We also participated in the social audit of Ranchi District on 14-20 May, which gave extensive insights into the functioning NREGA at the ground level.

Some members of the delegation had visited Jharkhand last year, and they observed some important improvements, such as better awareness of the Act, more extensive distribution of job cards, and higher levels of employment. A special note of appreciation is due to the Government of Jharkhand for extending full cooperation to the social audit in Ranchi District. This response, too, is an important sign of positive change.

Having said this, we would like to draw your attention to various issues that need to be urgently addressed if NREGA is to make further progress in Jharkhand. These include: (1) inadequate NREGA staff; (2) exploitative work measurement; (3) delays in wage payments; (4) institutional arrangements; and (5) monitoring systems. These concerns are discussed in further detail in the attached note.

A fuller report will be prepared soon, for the consideration of the Central Employment Guarantee Council as well as of the Government of Jharkhand. Meanwhile we urge you to ensure that prompt action is taken to address these concerns, as well as to deal firmly with the specific complaints that have emerged from the social audit (these have been conveyed separately to the Deputy Commissioner, Ranchi, and the Secretary, Rural Development).

Needless to say, political leadership at the highest level is also essential to ensure the survival and success of the Employment Guarantee Act. Everywhere we went, we have noticed positive signs of the tremendous potential of this Act in rural Jharkhand, whether it is in terms of providing economic security, or of empowering the rural poor, or of creating productive assets. The first step in realizing this potential is to ensure that this far-reaching initiative receives the attention and support it deserves.

Sincerely,

Jean Drèze, Annie Raja, Aruna Roy
(Members, Central Employment Guarantee Council)

Implementation of NREGA in Jharkhand:

*Some Major Concerns

- 1. Inadequate staff:** In spite of NREGA having come into force more than 15 months ago, no staff has been appointed to address the enormous requirements involved in implementing this Act. A financial provision of 4% of total expenditure has been made for administrative expenses, which needs to be used immediately to appoint key personnel such as Rozgar Sevaks, technical assistants and Programme Officers. While the Chief Secretary informed us that 5,500 posts were about to be created for this purpose, experience elsewhere shows that the process of hiring new staff can take a long time. Therefore it is crucially important that this process is completed within a specified time frame, without compromising on principles of transparency and fairness in appointments.
- 2. Work requirements and measurement:** One of the most confusing and arbitrary aspects of the implementation of NREGA relates to the norms and work measurement under the "task wage" system. Visits to many worksites made it clear that (1) the work norms are far too demanding (making it impossible for most workers to earn the minimum wage by working for seven hours at a normal pace, as required under the Act); (2) arrangements for measurement are not in place and it is unreasonable to expect competent, fair and transparent measurement from the implementing agencies; (3) due to obscure norms and measurement, the task-rate system is being used as a means of exploiting labour. Some of the steps that are urgently required to address these issues include: time and motion studies to revise the "schedule of rates"; demystification and wide publicity of the schedule of rates; training of a panel of worksite supervisors ("mates") for supervising and measuring the work as well as for related tasks such as muster roll maintenance.
- 3. Wage payments:** The main complaint of most of the NREGA workers we met is delayed payment, under-payment and even non-payment of wages. The current payment arrangements are deeply flawed. In particular, (1) the payment agency is the same as the implementation agency, make it much easier to fudge muster rolls and siphon off wages, (2) even where payments are made through Post Office and bank accounts, funds are routed through the implementing agency in the first instance, defeating the main purpose of payments being made by a separate agency, (3) in any case the Post Office and banks are utterly unequipped to perform this role, especially in the remote and deprived areas where NREGA is most needed, (4) NREGA arrangements for advance funds being available at the District level to ensure timely payments do not seem to be working (implementing agencies at the ground level are being squeezed between labourers demanding payments on one side and cheques not being released on the other). [**]
- 4. Institutional arrangements:** The absence of elected Gram Panchayats and Panchayati Raj Institutions in Jharkhand makes it extremely difficult to implement NREGA properly. In the absence of Gram Panchayats, "Abhikarta Samitis" (supposedly constituted by the Gram Sabha) have been formed to implement NREGA works. However, this arrangement is deeply flawed. Once the money is transferred from the Block office to the Samiti, there is no institutional means of ensuring that the workers get their due. The Samiti itself is in a position of disadvantage vis-à-vis the Block officials, and this opens up possibilities of corruption. Finally, when the workers don't get their due, they have no-one to turn to for justice. This arrangement also enables government officials to escape responsibility by placing the blame on the Samiti. As the name itself indicates, the "Abhikarta Samitis" are really de facto contractors, which are banned under the Act. While there is no substitute for elected Gram Panchayats, it seems clear to us that the 'Abhikarta Samiti' system needs immediate and radical change. For instance, "mates" should be in place at each worksite to record attendance, maintain muster rolls, ensure regular measurement, etc., so that power and responsibility are not concentrated in the hands of the Samiti. Similarly, owners of land on which NREGA works are being implemented should be included in monitoring committees instead of being allowed to run the Samitis. The government itself, through its own staff, needs to take more responsibility for generating demand, monitoring the works and redressing complaints. In the present system, there is no way of ensuring adequate implementation and fixing accountability.
- 5. Monitoring:** Extensive overhaul of the monitoring arrangements is another urgent task. As things stand, the records maintained by the Samitis do not lend themselves to verification, making the entire system vulnerable to corruption. For instance, there are duplicate muster rolls, and while payments are usually made on a "piece-rate" basis, muster rolls record attendance rather than tasks.

Similarly, there are extensive problems of record maintenance and verification in relation to Post Office payments, work measurement, and so on. An entire system of "parallel records" has developed, whereby implementing agencies maintain their own records for operational purposes, while official records are massaged to satisfy the formal requirements and hide the irregularities. Major improvements could be achieved by learning from recent experiences of effective record maintenance and monitoring in states such as Rajasthan and Andhra Pradesh. Needless to say, it is also important to insist on strict implementation of the NREGA transparency safeguards, such as keeping muster rolls at the worksite, entering wage payments in the job cards, making wage payments in public, and so. Very little of this is happening as things stand.