



A Warli village

## From the bottom up

**The national rural employment guarantee scheme completes two years and moves to cover all the districts in the country. Has it been worth it?**

**T**he plateau above Mokhada is a denuded forest, an ecological disaster. This taluka in the Thane district bordering Gujarat was once a lush forest. Now there are only a few scattered trees in the dustbowl it forms in the summer heat. Between contractors cutting down the trees in connivance with forest officials, and adivasis cutting them down for firewood, the hills in Mokhada are fast turning into barren tracts. The abundant rain only washes off the topsoil every year.

The national rural employment guarantee scheme (NREGS) came to

Thane last year. Dhokala seemed like an area that needed the infusion. Some 61,000 of its 67,000 residents are adivasis, mainly Warlis. People here are poor, need the money, and the land needs to be restored so that at least the top soil would be conserved. If this hasn't happened it is not from lack of trying. In the month till 18th April some 11,800 people were employed for works done under the NREGS by the forest, irrigation and agricultural departments in the block.

The results at the ground level of the work undertaken under the NREGS have been mixed. In April this year the

scheme entered its third year, and was being extended to all the 604 districts in the country. When it first started functioning in 2006, only 200 of the poorest districts were included. The next year another 130 were added.

On the eve of the scheme being extended to cover the country this April onwards, the Comptroller and Auditor General (CAG) sent a draft report to the state governments pointing out the deficiencies in the way the scheme had been implemented in 2006-07. A copy of the 91-page report was leaked to a section of the press in mid-January, and was seemingly a

damning indictment of the NREGS.

Apart from reporting a number of minor irregularities in the Rs12,600 crore annual expenditure of the NREGS, the CAG report contended that barely 3.2 per cent of the 50 million registered households could get the full 100 days employment under the scheme in the period from February 2006 to March 2007. Further, the CAG report, based on a six-month performance audit conducted in 513 gram panchayats spread across 68 districts from 26 states said that the average employment provided under the scheme was just 18 days.

The ministry of rural development was quick to react. It said, "Only negative statistical data is being reported out of context and without a proper understanding of the programme, its challenges and the visible contribution it has made in generating employment in rural areas." The ministry contended that 21 million families had asked for and been provided work for an average of 44 days and that 2.2 million families had been given work for their full entitlement of 100 days.

Others such as Jean Dreze, the economist who has written several books along with Nobel laureate Amartya Sen, and is one of those who proposed the scheme in 2004, stated, "The report does not present any evidence of massive leakages in the NREGA, nor was this the objective of the investigation. The main focus of the report is on the conformity of the programme with the provisions of the Act as well as with the operational guidelines."

A report *Two years of the National Rural Employment Guarantee Act (2006-08)* brought out by the ministry of rural development lists the achievements as seen by the government. It says that in the nine months of 2007-08 till December 2007, 855 million person days of work were generated, compared to 905 million person days in the 12 months of 2006-07, 1.23 million works were undertaken compared to 0.84 million in the earlier period, and Rs9,106 crore was spent in nine months (or 60 per cent of available funds) compared to Rs8,823 crore in the previous period (73 per cent of available funds).

Employment demanded was the

highest in states like Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, MP, Orissa, UP and West Bengal, all of which are poor states except AP. The lowest demand for employment came from Maharashtra, Gujarat, Punjab and Haryana, all rich states.

Of the assets created, 57 per cent were in water conservation, 13 per cent in irrigation, 17 per cent in roads, and 14 per cent for land development. Of the water conservation works, 347,000 or 43 per cent of the total value were for water harvesting, 13 per



to register with the local gram panchayat, which will then issue it a job card, a booklet which is a kind of identity card with photos of all adult members and would also record the work given and the wages earned by the members of that family.

A job card holding family must then apply for employment, and must be given employment within 15 days of the application for a minimum period of 14 days. This would be paid by the Central government. If it is not given the work it has to be paid a daily unemployment allowance to be paid by the state government. The panchayats are to be involved in a major way by seeing to it that at least half the work is given by them and not by government departments like irriga-

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ARUNA ROY, Rajasthan-based activist

tion, PWD, agriculture or forestry. Thus while the scheme is funded by the Centre, the states and the panchayats share in its implementation.

The panchayats are to have a major role in planning and deciding upon the work needed under the NREGA. Each district has to prepare a shelf of permissible projects from water conservation, drought proofing (including plantation and afforestation), irrigation works, renovation of traditional water bodies, land development, flood protection and rural connectivity. Thus a crucial aspect of the NREGA is building up agricultural assets to increase productivity besides providing employment.

Aruna Roy, of the Rajasthan based NGO, Mazdoor Kisan Shakti Sangathan (MKSS), which has played a leading role as a watchdog for the NREGS in Rajasthan, says, "This is the only programme that mandates absolute transparency and because of this a number of cases of leakages have come to light. In most government schemes corruption works invisibly

cent or 98,000 for water bodies such as ponds and 20 per cent to irrigate land owned by SC/ST's. There were 113,000 tree plantation works and 206,000 for roads. What it cannot say is how many of these assets were lasting ones.

### **Panchayats have a major role**

The NREGS has many features that make it different from other rural employment schemes of the government. Firstly, it is set up under an act of Parliament, the National Rural Employment Guarantee Act (NREGA) 2005. This gives it the status of a law, and it cannot be dismantled, except by Parliament. Its main USP is that under it any family that applies for work will be entitled to a total of 100 days of unskilled agricultural work at specified minimum wages for any of its adult members. Furthermore, every family that wants work will first have

like white ants and you don't know of it till the tree comes crashing down. Here it is revealed right at the start and is thus curtailed."

Roy also feels that one reason for its failures is that the scheme is poorly administered. "Administrative expenditure of the NREGS should be 4 per cent of the total cost but only 2 per cent is being spent. So the scheme is under administered. They'll have to ensure there is enough staff to administer the scheme."

### Lack of administrative skills

The CAG would tend to agree. It had also noted in its report, "The main deficiency was the lack of adequate administrative and technical manpower at the block and gram panchayat (GP) levels. 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."

At the ground level there is a consensus. Jaikrishna Phad is a young man with a PhD in agricultural economics. He is also the tehsildar of Mokhada taluka and says he spends six hours a day dealing with problems with the NREGS. "There is no work for the panchayats because they do not know how to supervise it. We need to employ technical people for measurement so that we can get cost estimates and approve the work."

In Mokhada, none of the work is being implemented by the panchayats, though they are meant to do at least half of it. Instead the irrigation department is digging much needed wells, and the agricultural department is levelling land to make it suitable for cultivation. And on a denuded hill that had once been a forest, trenches were dug along contour lines so that rainwater would not wash away the topsoil. The work, as it is being implemented, is not likely to help and could even make soil erosion worse.

Abhijit Sen, member of the Planning Commission and former chairman of the Agricultural Prices Commission, says, "The panchayati raj system does not have enough manpower to do the NREGS. The main

message of CAG is that something as big as this should have more resources to administer this programme. There is not enough manpower because compensation at cost has not happened. The technical people needed are not being paid what they expect to get."

The literature is full of examples of the NREGS not being able to function effectively because of lack of technical staff. One study maintains, "Every state government was required to appoint, in each block, a full-time programme officer (PO), exclusively



dedicated to the implementation of NREGA, with the necessary support staff. However, the CAG report finds that 19 states had not appointed these officers in 70 per cent of the blocks it surveyed."

Another study *Status of NREGS implementation 2006-07* prepared by the Centre for Development Support observes, "There are reported cases where technical sanctions are being used to pressurise the panchayats to provide commissions to the block level functionaries. There are also cases where the panchayats are not given technical sanctions for the works planned by them unless commission is paid to the block level functionaries."

There are other aspects of the NREGS which have not received sufficient attention. The MKSS says in a report, "The NREGA can never meet its

objectives without the active participation of people in its implementation. And it is here that another legislation, the Right to Information Act 2005, is an indispensable tool in the hands of the poor to fight leakages, claim entitlements, and make the NREGA meaningful for themselves."

Wajahat Habibullah, the commissioner for the Right to Information Act, agrees. "The RTI has a vital role to play in the NREGS," he says. In the Mokhada block, tehsildar Phad says one reason for the scheme not taking off is that there have not been demands made under the RTI Act.

The RTI Act can make a difference to implementation. Villagers can demand work and theoretically monitor it. While this is still at a stage where not many people have come forward

**In some states, there is evidence of substantial progress in this transition towards a transparent and accountable system.**

JEAN DREZE, Economist

to ask for information, many NGOs and others are making use of the RTI provisions to get more information on how the scheme is being implemented. The 'social audit', in which officials answer questions posed by villagers at public meetings, has become a way of involving the poor in the NREGS. If used effectively as in Andhra Pradesh, it has led to officials confessing they were guilty of misappropriating funds and even returning them in some cases.

There are those who see the main benefit of the NREGS, not so much in the employment it generates as in the productive assets it creates. A policy paper *NREGS: problems and challenges*, brought out by the Centre for Science and Environment in 2008 says, "In 2006-07 alone NREGA has created more than half a million productive assets, mostly water and soil conservation structures. Each of them has the potential to herd out poverty from villages." Sunita Narain of CSE adds in the paper, "This is the world's largest ecological regeneration programme

## Sirsa: wages go up

In the district of Sirsa in Haryana, wage rates have increased appreciably after the NREGS started being implemented there. Being a cotton-producing district, the daily wage for cotton-picking workers was around Rs85 when the scheme was launched. While the scheme offered Rs95, workers shifted to projects run under the scheme. The large farmers had no choice but to increase wage rates and, at present, the scheme offers a wage of Rs135, while cotton picking rates stand at Rs200.

Sirsa was one of the two districts selected in Haryana for implementation, when the scheme was launched. V. Umashankar, deputy commissioner, Sirsa, admits that there have been hiccups initially. "While digging for ponds, many of them were dry, as we didn't conduct a technical evaluation." In another case, a block officer was investigated on complaints that he was demanding money for signing cheques.

Balraj Singh, BDO, Odha block, says: "Initially, even we were sceptical. As with government schemes, we thought that it would be a non-starter. However once people became aware, they came out in numbers to register".

for building assets – water conservation structures and afforestation – for economic change and we have to realise its potential and make it work."

In fact, the argument goes that as the NREGS proceeds and continues to increase the productivity of the land the demand for employment under it will reduce. This is already seen in the lack of demand for work in the richer states like Punjab and Gujarat. Even in the cotton growing areas of Maharashtra, the NREGS hasn't really taken off. Vijay Jawandia, Shetkari Sangathna leader from Wardha in Maharashtra, says, "Labour is not available for the scheme in Vidarbha because cotton is labour intensive. Also wages are low. NREGS pays Rs 60 per day while normal wages are Rs 70 to 80 per day. There is a need to increase minimum wage in NREGS." He adds, "We want that labour for upgrading a farmers land and it should be paid for under the scheme."

It would seem that work given and

In Sirsa, the gram sabha decides what the requirement for the village is and, accordingly, an application is forwarded to the district office. However, the focus has been on rural connectivity, water management and tree plantation. Also novel is the concept of social audit, non-existent in other plans and schemes. Workers like Raja and Harjinder from Odha village seem happy with the opportunity, as it gives them work during the lean season. Harjinder says that the scheme is a boost for her family, as she has an extra source of income. Gurtej, a worker in a Kinnoo orchid spread over five acres of land, acknowledges that "Payments are made after every 15 days, without any delays".

Of the four districts of Haryana, under which NREGS was implemented in 2007-

08, a sum of Rs67 crore has been incurred, with Sirsa district leading in implementation, with Rs31.1 crore spent. But, "not all villages were doing well," says Umashankar. Villages are given money in two instalments, the first directly from district headquarters and second through the block development officer.

Payments are made through banks, effectively minimising leakages, with 60 per cent of the cost going towards paying wages. The *sarpanch* of Jagden Kaluana village agrees that the scheme has brought in social benefits too. "We have divided labourers into groups and asked them to create a fund from their savings, which they could avail while faced with health or financial hardships." For the people of Sirsa, the scheme has been a boon.

♦ JUSTIN THOMAS



Labourers digging a pond

wages earned under the scheme have helped the needy. Ramesh Som Dhangade is a 30-year-old man living in a Warli village Dhamanseth in Mokhada. He is one of over a dozen men digging trenches on a hillside ostensibly to prevent soil erosion. He is the only one who spoke Hindi, the others could only converse in the Warli dialect of Marathi. He says he got 15 days of employment last year for which he was paid a month later. This year he has so far worked for 14 days and been paid for 11 days at Rs68 per day. When he gets his money the first thing he does is buy rations for

the family. Until work under the NREGS came along, he used to migrate to a nearby town during summer to look for work.

Dhangade's story would seem to fit into the larger picture. Roy says that her experience with NREGS in Rajasthan shows that villagers have their priorities clear when they get money from the work under the scheme. "Their first priority is to buy food, then to pay for their children's education, spend on health care, and finally save what they can," she says, "The money is spent in the market in a much more organic way and comes

SUNDEET SAHANEY

back to the economy.”

“The real problem with NREGS is related to its strength. What it tries to do is to keep the contractors out and give 50 per cent of the money directly to the panchayats. The contractors are not giving up easily. They have bought into the panchayat system where panchayats are weak but where panchayats are strong this has not happened,” observes Sen, “Much depends on how strong the district magistrate is – if he is strong the scheme works better than when he is weak. He is in any way over worked.”

The NREGS is also notable for its extensive use of IT and management information systems to record and access data. Employment, total expenditure and nature of work done in various villages is entered at the district level after receiving it from the talukas. In theory this could give you a transparent and fast information system. Jaiinder Singh, secretary, Information Technology, GOI, maintains, “IT has worked very well in the NREGS. It has made monitoring of the scheme better, easier and faster.” Job cards are filled and put on the NREGS website by programme officers using a password. This information should theoretically be available to any citizen, but only works intermittently.

### Malpractices

A crucial question is how much of the money spent on the NREGS goes to the people it is meant to reach and how much is siphoned off by intermediaries. The CAG report, while it relates several cases of irregularities varying in amount from a couple of thousand rupees to a over a crore does not talk of labourers being denied or cheated of wages on a large scale, nor does it make an estimate of what must have been common practice. There is no way of knowing from the CAG report the extent of the malpractices, which range from inflated measurement to workers not being on rolls to work given to contractors against the rules. The only ones with some estimates are the NGOs. While they illustrate several other cases of contractors or officials finding ways to siphon off

funds from the NREGS, or of panchayats not having the capacity to handle the many problems, they do give some examples of places where the scheme has worked.

For instance, Dreze notes, “In some states, there is evidence of substantial progress in this transition towards a transparent and accountable system. In Rajasthan, for instance, contractors have virtually disappeared from NREGA and mass fudging of muster rolls is a thing of the past. Andhra Pradesh is also making rapid strides in



budget is not enough. Though the FM says that funds will be released as needed, this is not being done. This is having a huge impact at the ground level.”

For the scheme to function fully it needs a lot more resources to be released. There are an estimated 64 million rural labour households in the country. Even if 80 per cent of them, or 51 million offer themselves for 100 days of labour under the NREGS, at an average wage of Rs70 a day the wage component of the scheme would work out to around Rs35,000 crore. Assuming a 70 per cent wage component for the scheme it would total around Rs50,000 crore a year to implement the scheme fully. This more or less tallies with the

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ABHIJIT SEN of the Planning Commission

experience so far as recorded on the NREGA website.

The issue is whether we can afford to use the labour power of the poorest people in the country to build rural assets and give them a chance to better their lot. There are many positives for this strategy. Distress migration to cities has stopped from areas where the NREGS is working. It has put money into the village economy in the hands of the poorest.

Another comparison would be to take the subsidies for fuels like petrol, diesel, kerosene and LPG. These subsidies in the form of under recovery of costs amount to around Rs70,000 crore a year, of which nearly half are absorbed by the government in the form of oil bonds. These subsidies mainly benefit the middle classes and lead to excessive consumption of petroleum products. If the NREGS is to be fully operational it would change the lives of over 250 million people in the country at less than what it costs to subsidise the energy consumption of the better off.

♦ YOGI AGGARWAL

this direction through strict record-keeping, institutionalised social audits and the payment of wages through Post Offices. In a recent survey of the Surjguja and Koriya districts (Chhattisgarh), we found that in gram panchayat works, 95 per cent of the wages paid according to the muster rolls had actually reached the labourers concerned.”

Planning Commission member Sen says, “By and large the NREGS has functioned better than any other rural employment programme so far. While the CAG report points out leakages it also points out major structural flaws.” Some of these may have to do with money not reaching the panchayats. Sen further points out that, “For the last six months we have been getting complaints from the states that the money is not being released by the Centre. The expenditure in the