

NREGA as an Inclusive tool for Development

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Introduction : The attempt by institutions of the State to provide employment is not new in countries like India. Only the nature of the programmes has differed over the decades. During the colonial period, the devastating impact of famines forced the British administrators to reconsider some of their long held beliefs that providing subsidies during a crisis would make people more lazy. The Famine Commission appointed in 1859 noted that "Indian famines are not famines of food but famines of work". Gradually the British evolved a system wherein during famines they would offer work in which instead of wages, they will provide food rations. India has a rich history of wage employment programmes over the decades. These include Rural Manpower (RMP) 1960-61, Crash scheme for Rural Employment (1971-72), National Rural Employment Programme (NREG), Rural Landless Employment Guarantee Programme (RLEGP), Jawahar Rozgar Yojana (JRY), Sampoorna Grameen Rozgar Yojana (SGRY) and National Food for Work programme.

The National Rural Employment Guarantee Act, NREGA, is a rights based social security legislation that was notified on 7 September 2005. It was implemented in a phased manner with the first phase notified on 2 February 2006 for 200 districts. In the second phase 130 additional districts were notified. It was subsequently renamed Mahatma Gandhi National Rural Employment Guarantee Act. The Act guarantees work for a fixed number of days to people in rural areas. Since it is rights and demand based work, the Act assures, at least on paper that work will be provided within 15 days of demand. The act guaranteed 100 days of employment in a financial year for unskilled manual labour at wages notified by the government. The underlying twin objective was provision of wage employment in rural areas

and a concurrent building up of durable assets based on the local conditions and needs. The importance of NREGA rests in the fact that by its design and conceptualisation it is inclusive in nature with a focus on the poorest sections with a supervisory network from the panchayat and the administrative machinery.

Participation in NREGA

NREGA is one the largest entitlement programme of its kind in the world. It has led to a paradigm shift in the labour markets in post-harvest rural India. The post-harvest period is considered a 'lean period' where economic activity decelerates in rural areas. It has generated more than 2300 crore person days of employment entailing a total expenditure of more than Rs.3.90 lakh crores since its inception. Most of the beneficiaries are women and Dalit sections of the populace. As per recent statistics, NREGA is currently implemented in 685 districts across the country spread over 6,863 blocks and 262,838 gram panchayats. A total of 12.49 crore job cards have been issued to a total of 25.18 crore workers. Approximately half or 6.64 crore job cards are active in which about 10.29 crore workers are participating¹.

The inclusiveness is visible in the nature of works and the modalities in the implementation process wherein grassroots empowerment along with providing employment and creating durable assets are emphasised. The nature of works include those related to water management, water conservation, drought proofing, flood protection, land development, minor irrigation, rural roads and connectivity, sustainable agriculture, livestock, fisheries, rural sanitation,

¹NREGA Dashboard (Accessed on 12 May 2017)
http://mnregaweb4.nic.in/netnrega/all_lv_details_dashboard_new.aspx

solid and liquid waste management². Paramathesh, et al (2008) opine that NREGA "is a development initiative, chipping in with crucial public investments for creation of durable assets, without which the growth process will not get the requisite momentum in the most backward regions of rural India. The emphasis on water conservation, drought and flood proofing is also critical as it underscores water security as the pre-requisite and foundation for rural transformation", further they argue that "with certain modifications, the NREGA programme holds out the prospect of not only transforming livelihoods of the poorest people of our country but also heralding a revolution in rural governance in India"³.

Convergence is stressed in the programme and the works are to be designed in such way that labour cost should be not more than 40 percent of the cost of the work. The inclusiveness of the programme is largely responsible for the large scale participation in the programme. The following table highlights the participation of the large numbers in the programme.

Table 1
Progress Report of NREGA in India (as on 12 May 2017)

Progress of NREGA	FY 2017-2018	FY 2016-2017	FY 2015-2016	FY 2014-2015	FY 2013-2014
Approved Labour Budget[In Cr]	215.5	220.9274	239.112	220.67	258.57
Persondays Generated so far[In Cr]	14.82	235.3584	235.1465	166.21	220.37
% of Total LB	6.88	106.53	98.34	75.32	85.23
% as per Proportionate LB	29.24	0	0	0	0
SC persondays % as of total persondays	19.97	21.26	22.29	22.4	22.81
ST persondays % as of total persondays	18.18	17.6	17.8	16.97	17.52
Women Persondays out of Total (%)	55.93	56.1	55.26	54.88	52.82
Average days of employment provided per Household	14.34	46	48.85	40.17	45.97
Average Wage rate per day per person(Rs.)	160.16	161.69	154.08	143.92	132.7
Total No of HHs completed 100 Days of Wage Employment	1,045	39,73,148	48,47,975	24,92,654	46,59,347
Total Households Worked[In Cr]	1.03	5.1167	4.8134	4.14	4.79
Total Individuals Worked[In Cr]	1.4	7.6542	7.2261	6.22	7.39
Differently abled persons worked	1,07,090	4,68,329	4,59,597	4,13,316	4,86,495

Source: NREGA Dashboard; Data as on 12 May 2017

²NREGA Dashboard (http://nrega.nic.in/Circular_Archive/archive/guidelines_for_New_works.pdf)

³Prathamesh Ambasta, P S Vijay Shankar, Mihir Shah, "Two Years of NREGA: The Road Ahead", *Economic and Political weekly*, 23 February 2008, pp.41-50.

The participation in NREGA in Andhra Pradesh is given in the table below.

Table 2
District wise NREGA outcome in Andhra Pradesh 2015 to Present

District	No of Households who demanded employment	No of Households provided employment	Average person days per household	No of households availed 100 days employment
Ananthapur	334262	274421	63.50	59198
Chittoor	221554	187039	57.64	37925
Cuddapah	229850	188423	53.28	24353
East Godavari	341633	319149	35.99	10918
Guntur	290108	234796	26.85	3919
Krishna	244606	185796	27.16	3533
Kurnool	323855	241560	45.28	22427
Nellore	240010	179960	44.75	18248
Prakasam	406607	338993	44.62	26434
Srikakulam	408072	347398	51.01	31119
Vishakhapatnam	207497	303983	58.26	40646
Vizianagaram	305990	350449	54.09	26022
West Godavari	265775	230591	36.04	7967
Grand Total	3819819	3382558	46.68	312709

Source: NREGA Dashboard as on 12 May 2017; Data is for the period after bifurcation.

NREGA and Inclusion

The type of works undertaken in NREGA is complemented by the planning process that lays emphasis on local body empowerment and large scale participatory democracy. There has been much debate on the impact of NREGA, especially in the labour markets and its role on poverty alleviation though not much focus has gone into an analysis on its role to build a more inclusive economy. The sheer numbers of poor taking advantage of NREGA is an indicator of the inclusiveness of the programme. Any programme of inclusion needs to include in its broader scope its ability to help the poorest sections, viz., the Dalits and women in the Indian context as well as to bring out transparency while concurrently possessing the ability to include the gram panchayats which are grass roots elected representatives. Apart from these factors a parameter for inclusion is the changes that any programme introduces in the

larger labour market and the programmes ability to facilitate better bargaining power to those it is targeted towards.

The importance of NREGA as an inclusive tool is reflected its ability to help the landless agricultural labourers in the rural areas. NSSO reports attest to the important role of MGNREGA in this direction: about 44 percent of the total agricultural households in the country possessed a MGNREG job card⁴ while in the case of Andhra Pradesh, Chhattisgarh, Madhya Pradesh, Rajasthan, Tamil Nadu, Telangana and West Bengal it was more than 65

⁴NSS Report, 70th Round (January – December 2013), "Key Indicators of Situation of Agricultural Households in India", Ministry of Statistics and Programme Implementation, New Delhi, 2014, p.16

percent⁵. The importance of this in the labour market is substantial and often overlooked. The significance of NREGA is that it tends to provide employment during the lean period (post-harvest summer months) in the rural areas. The significance which is further reflected in the success of NREGA is that it reduces the need to undertake distressed migration on the part of rural landless agricultural labourers. In the process it offers them a better bargaining position vis-à-vis the local labour market. Distressed migration for work in the pre-NREGA days meant pressure on the labour markets in urban areas due to the influx of rural migrants resulting in lower wages all round. Once NREGA came into effect and distressed migration reduced, it automatically means a tightness in labour supply in the urban labour markets if there is the slightest pickup in economic growth. This facet of NREGA has largely been missed and it is an important aspect of empowerment that expands the scope of inclusion. Sainath discourses that two major issues that confront the programme is (a) why only 100 days of work and, (b) the provision of work only to one member of the household while poor households often work and live as a collective⁶. Kamath aptly highlights certain important salient feature of NREGA. She proffers that NREGA therefore has to take into account the seasonality of agriculture and the part-time availability of workers. Not only will works have to be provided in the slack period of agriculture, but demand projections will have to be made taking into account the rainfall and agricultural performance for each year. Demand for works will also differ from region to region, depending upon the agro-climatic conditions. Since the NREGA has to be aligned closely to micro factors like agricultural output and agro-climatic

conditions, its effective implementation will hinge on local community participation in planning of works and effective decentralisation (political, administrative and financial)⁷.

India boarded on an aspiring attempt to fight rural poverty. The National Rural Employment Guarantee Act created a justified "right to work" for all households in rural India through the proper implementation of the scheme. Building inclusive societies are the enduring goal of the developed and developing countries of the world, to reach that goal every nation are implementing welfare policies to give some financial assistances to deprived sections in every societies. In the same government launched an exclusive and innovative scheme of National Rural Employment Guarantee Act (NREGA) for the welfare and inclusive of the most deprived sections in the society with the objective of eradication of poverty, suppression of migration, individual and social empowerment, to create assets for individual as well as community, building of inclusive societies and women empowerment with equal wages. Through these awesome objectives, the act is showing its impact on rural people in different aspects directly and indirectly for wellbeing of the rural poor, there was never such type of programs before NREGA emerged. The scheme has resulted in very positive impacts on Dalits which helps them to include in the mainstream society. Though the scheme mainly targets the enhancing the livelihood security of people in rural areas by guaranteeing hundred days of wage employment in a financial year to a rural household whose volunteer to do unskilled manual work, it spreads its roots to various aspects that are creating the problem in the country like poverty, gender inequalities, empowerment of vulnerable groups, women empowerment, environment issue etc. Scheme played vital role in all these problems and succeed its best in curbing those problems.

⁵NSS Report, 70th Round (January - December 2013). "Key Indicators of Situation of Agricultural Households in India", Ministry of Statistics and Programme Implementation, New Delhi, 2014, p.17

⁶P Sainath, "NREGA: A Fine Balance", *The Hindu*, 2 June 2008 (<http://www.thehindu.com/todays-paper/tp-opinion/NREGA-A-fine-balance/article15234036.ece> Website last visited 14 May 2017).

⁷Rajalaxmi Kamath, "National Rural Employment Guarantee Act: An effective safety net?", *IIMB Management Review*, Volume 22, Issue 1-2, March-June 2010, pp.42-55.

Any discussion of NREGA and its inclusiveness will not be complete without a mention about the effort to bring in larger participation concurrent to transparency by way of social audits. Any attempt at inclusion should also be transparent thereby improving its implementation which in turn can bring all round efficiency. Social audit is the mechanism that has been built into the NREGA processes to improve transparency and bring about increased participation at the grass roots. The gram panchayat is expected to convene at least one such gram Sabha annually and this will work as a form of social it on the working of the programme. As in any other gram Sabha, the village officials are expected to place the records in the public domain which in turn can be accessed by any person who can raise issues that may have affected the programme.

The working of these social audits has been a matter of debate. Farzana Afridi opines that the bite in these community monitoring of programmes can vary across different states and it depends on the credibility of possible actions that could be taken against public servants found to be corrupt by the audits as the threat of sanctions creates pressures for better behaviour though political will on the part of the government machinery is punishing corrupt officials might result in greater impact on reducing errant behaviour⁸. However, Rajsekhar (2013) opines that they are not effective most of the time⁹. Gopal (2009) believes that the social audits have achieved much less than advertised and they have ignored many important aspects of implementation of NREGA and believes that the social audit process has a long way to go before it can claim to have contributed to transparency, empowerment and good governance¹⁰.

⁸ Farzana Afridi, "Can Community Monitoring Improve the Accountability of Public Officials?", *Economic and Political Weekly*, October 2008, pp.35-40

⁹ <http://www.isec.ac.in/WP%20294%20-%20D%20Rajasekhar.pdf>

¹⁰ KS Gopal "NREGA Social Audit: Myths and Reality", *Economic and Political Weekly*, January 17, 2009, pp.70-71.

This is not claim that the introduction of social audits has solved all the problems that NREGA faces in its implementation. As with any programme that involves millions of people, especially, the poorest with little or no education, there are and will be obstacles in its effective implementation. A more problematic issue for beneficiaries of NREGA is the issue of delayed payments which hinders it from becoming a more effective and inclusive programme. The law stipulates that payments for the job completed have to be completed within 15 days of the creation of the muster roll and any delays are to be compensated by way of additional compensatory payments. However, recent reports indicate that this does not happen at the ground level. Recent reports pointed out that in 2016-17 Rs.19455 crores worth of wages or about 55 percent of the total wages paid in that year were paid after the mandatory and stipulated days¹¹. The delays can be contextualised in the fact that about Rs.3, 836 crores was paid after more than three months while another Rs.2, 758 crores was paid after two months. This indicates that delays tend to hurt the possibility of greater inclusion since it does not solve the problem of delayed payments for work completed in the lean season. Hence, there is an urgent need for the government to revisit the manner in which the government calculates compensation which presently require that the compensation is calculated only till the date on which the demand is raised by the district official rather than the actual date of payment.

The other inclusive aspect of NREGA that has been subject of much inclusion is the payment of wages through a bank account. This aspect of financial inclusion often tends to cut out intermediaries. The impact and importance of this inclusive aspect of NREGA has to be seen in the context of the roll out of the banking

¹¹ Government affidavit filed in Supreme Court cited in Business Standard, "Govt pares MNGRGA compensation for delay in payment of wages", http://www.business-standard.com/article/economy-policy/govt-pares-mnrega-compensation-for-delay-in-payment-of-wages-117050201458_1.html (website last visited 14 May 2017)

channel in the rural areas wherein various government benefits programmes are linked to the bank account.

Conclusion : NREGA, despite all its implementation related deficiencies has helped begin India's journey towards a more inclusive society. Due to the sheer scale and geographic scale of its implementation as well as the logistic-cum-administrative issues that it has to overcome means that the problems will be overcome only gradually. Despite all its drawbacks, NREGA has led to a paradigm shift in the way issues of inclusion of lower classes are dealt with in the country.

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