



National Rural Employment Guarantee Act (NREGA)

What is NREGA?

- ❖ NREGA is designed as a safety net to reduce migration by rural poor households in the lean period through A hundred days of guaranteed unskilled manual labour provided when demanded at minimum wage on works focused on water conservation, land development & drought proofing.
- ❖ Notification of the National Rural Employment Guarantee Act came in September 2005. It was launched on February 2, 2006.
- ❖ NREGA is the flagship programme of the UPA Government that directly touches lives of the poor and promotes inclusive growth.
- ❖ The Act aims at enhancing livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.
- ❖ The ongoing programmes of Sampoorn Grameen Rozgar Yojna & National Food for Work Programme were subsumed within this programme in the 200 of the most backward districts of the country, in which it was introduced in phase -1. In phase-2 it was introduced in 130 additional districts. The scheme was extended to 274 rural districts from April 1, 2008 in phase-3.
- ❖ NREGA is the first ever law internationally, that guarantees wage employment at an unprecedented scale. Dr. Jean

Drèze, a Belgian born economist, at the Delhi School of Economics, has been a major influence on this project.

What are Objectives of NREGA?

Augmenting wage employment. Strengthening natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable development. Strengthening grassroots processes of democracy Infusing transparency and accountability in governance. Strengthening decentralization and deepening processes of democracy by giving a pivotal role to the Panchayati Raj Institutions in planning, monitoring and implementation.

What are the Unique Features of NREGA?

Time bound employment guarantee and wage payment within 15 days. Incentive-disincentive structure to the State Governments for providing employment as 90 per cent of the cost for employment provided is borne by the Centre or payment of unemployment allowance at their own cost and emphasis on labour intensive works prohibiting the use of contractors and machinery. The Act mandates 33 percent participation for women.

How NREGA is implemented? The following image shows the key processes in the implementation of NREGA.

Cost sharing: Central Government 3/4th, State Government 1/4th Adult members of rural households submit their name, age and address with photo to the Gram Panchayat.

❖ The Gram panchayat registers households after making

- enquiry and issues a job card. The job card contains the details of adult member enrolled and his /her photo.
- ❖ Registered person can submit an application for work in writing (for at least fourteen days of continuous work) either to panchayat or to Programme Officer.
 - ❖ The panchayat/programme officer will accept the valid application and issue dated receipt of application, letter providing work will be sent to the applicant and also displayed at panchayat office.
 - ❖ The employment will be provided within a radius of 5 km: if it is above 5 km extra wage will be paid.
 - ❖ If employment under the scheme is not provided within fifteen days of receipt of the application daily unemployment allowance will be paid to the applicant.

NREGA & Union Budget 2009-10:

- ❖ During 2008-09, NREGA provided employment opportunities for more than 4.47 crore households as against 3.39 crore households covered in 2007-08.
- ❖ Govt. is committed to providing a real wage of Rs.100 a day as an entitlement under the NREGA.
- ❖ To increase the productivity of assets and resources under NREGA, convergence with other schemes relating to agriculture, forests, water resources, land resources and rural roads is being initiated. In the first stage, a total of 115 pilot districts have been selected for such convergence.

- ❖ Govt of India 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.

How Monitoring & Evaluation is done in NREGA?

- . The Ministry has set up a comprehensive monitoring system. For effective monitoring of the projects 100% verification of the works at the Block level, 10% at the District level and 2% at the State level inspections need to be ensured.
- . In order to optimize the multiplier effects of NREGA, the Ministry has set up a Task Force to look at the possibility of convergence of programmes like National Horticulture Mission, Rashtriya Krishi Vikas Yojana, Bharat Nirman, and Watershed Development with NREGA.
- . These convergence efforts will add value to NREGA, works and aid in creating durable efforts and also enable planned and coordinated public investments in rural areas.

Critical Issues of NREGA, how they are addressed?

Issues Related to Job Cards: To ensure that rural families likely to seek unskilled manual labour are identified & verify against reasonably reliable local data base so that nondomiciled contractor's workers are not used on NREGA works. What is done for this problem? Job card verification is done on the spot against an existing data base and reducing the time lag between application and issue of job cards to eliminate the possibility of rent seeking, and creating greater transparency etc. Besides ensuring that

Job Cards are issued prior to employment demand and work allocation rather than being issued on work sites which could subvert the aims of NREGA.

Issues related to Applications: To ascertain choices and perceptions of households regarding lean season employment to ensure exercise of the right to employment within the time specified of fifteen days to ensure that works are started where and when there is demand for labour, not demand for works the process of issuing a dated acknowledgement for the application for employment needs to be scrupulously observed.

In its absence, the guarantee cannot be exercised in its true spirit.

Issues Related to Selection of Works: Selection of works by gram sabha in villages and display after approval of shelf of projects, to ensure public choice, transparency and accountability and prevent material intensive, contractor based works and concocted works records.

Issues related to Execution of Works: At least half the works should be run by gram panchayats. Maintenance of muster roll by executing agency -numbered muster rolls which only show job card holders must be found at each work-to prevent contractor led works.

Issues related to measurement of work done: Regular measurement of work done according to a schedule of rural rate sensitive Supervision of Works by qualified technical personnel on time. Reading out muster rolls on work site during regular measurement -to prevent bogus records and payment of wages below prescribed levels.

Issues related to Payments: Payment of wages through banks and post offices -to close avenues for use of contractors, short payment and corruption.

Audit: Provision of adequate quality of work site facilities for

women and men labourers Creation and maintenance of durable assets adequate audit and evaluation mechanisms widespread institution of social audit and use of findings.

Some Points:

- ~ **Rozgar Jagrookta Puruskar** award has been introduced to recognize outstanding Contributions by Civil society Organizations at State, District, Block and Gram Panchayat levels to generate awareness about provisions and entitlements and ensuring compliance with implementing processes.
- . The government has engaged professional institutions like IIMs, IITs and agricultural universities to assess the implementation of NREGA across the country.

Criticism of NREGA:

Here are some points raised regarding the implementation and success of NREGA in various news papers and magazines:~ In last 3 years on average only 50% of the households that registered under the scheme actually got employment.

- . There is a wide variation of performance across states. In terms of the percentage of registered households provided work, Maharashtra has averaged an abysmal 13% over the three years while Rajasthan at the other end of the spectrum has averaged 73%.
- . The rural poverty line, which is now in the region of Rs 400 per capita per day, means that an average household that is below the poverty line (BPL) will have an income of something in the range of Rs 24,000 per annum or less,

assuming a five-member household. In other words, if a BPL family were to get the full promised benefit of NREGA they could earn the equivalent of more than 40% of their annual income from this one scheme alone. That should be enough to see why NREGA should not be seen as just another of the plethora of poverty alleviation schemes that India has had since Independence.

- . If this scheme is implemented the right way, there will be no need for MP and MLAs funds. Look at the figures: At Rs 2 crore per 543 MP, the allocation comes to Rs 1086 crore (most times this remains underutilized). In his budget, finance minister Pranab Mukherjee has increased the NREGA allocation by 144% and it's now Rs 39,100 crore.
- . The Planning Commission has sought the Reserve Bank of India's intervention in streamlining the mechanism of paying wages under the NREGA. In a letter to the central bank, the Commission said that the RBI should give directions to banks to ensure that payments to the beneficiaries of the NREGA are made only through banks or post-offices. The Commission has pointed out that disbursing funds under the NREGA, which has an annual allocation of Rs30,000 crore, needs to be strengthened to ensure that no leakages happen as the canvas of the programme is bound to expand in the near future.
- . Despite the political and economic importance NREGA has generated, there is lack of studies on the working of public employment programmes.