

# NATIONAL RURAL EMPLOYMENT GUARANTEE IN INDIA – LESSONS FROM IMPLEMENTATION

September 8-9, 2009, Bangalore

## Organised by

Institute for Human Development (IHD) & Institute of Social Studies Trust (ISST), New Delhi

under the

Social Protection in Asia (SPA) Programme

## DAY 1

### Inaugural Session

While elaborating on the uniqueness and immense relevance of the NREGA, the Inaugural Session charted the intention of the workshop as sharing of findings of various regional field studies of the NREGA to learn lessons for further strengthening the scheme's implementation for the future. In particular, through the exchange of the initial observations of the studies undertaken by IHD and ISST, issues of hurdles in implementation and governance and gender specific and gender differentiated outcomes of the programme were sought to be examined.

The Indian experience of NREGA was highlighted to be particularly important, as it was illustrative of a social protection innovation *going beyond* the formal systems of social insurance and pensions, absent in informal sector work arrangements in Asia. However, it was pointed out that *the language of social protection was not institutionalized for describing programmes like the NREGA in India, even though in their functioning they constituted an important part of the social protection agenda.*

In his Inaugural Address, Mihir Shah elaborated that current issues in implementation of the scheme were important for mapping out the path to traverse for the years to come. He explained that the philosophical underpinnings that had initially inspired the NREGA were markedly of two broad perspectives - (i) ***Rights Perspective and the*** (ii) ***Transformational Perspective.***

In keeping with the rights framework, it was observed that the differentia specifica of the NREG Act is that it imposes a binding constitutional obligation on the state to provide work on demand, – thus departing from relief schemes of the past. In particular, its reformed architecture of implementation with Gram Sabhas as major actors and also unprecedented financial support in terms of budgetary allocations made it a “right with teeth”. More importantly, Dr. Shah stressed that the NREGA *transcends* the rights perspective, through its four fold transformational perspective, encompassing the following broad components:

(a) **Ecological Transformation** - through long term drought proofing and flood proofing of rural India)

(b) **Transformation of sustainable livelihoods** - through its 'multiplier accelerator' synergy, enabling restoration and increased productivity of both community and private lands, through NREG income-led investment, ultimately reducing the demand for NREG employment. The architecture of the programme could be further tweaked through its convergence with other nature based livelihoods such as dairy and pisciculture.

(c) **Technological Transformation** - improving delivery of the scheme by using the ICT led bank payment model as instituted in Andhra Pradesh, experimenting with the banking correspondent model by using mobile telephony and hand held computer devices, using the unique ID in job cards and muster rolls, thereby stemming malpractices in the issue of duplicate cards and the phenomenon of ghost workers etc. These would, in turn, help in reducing leakages and wage delays.

(d) **Democratic Transformation of rural governance structures** – by further empowering the local implementation agencies to actively engage in the NREG process and design. A combination of two distinct models of social audit – MKSS I (as popularized by civil society attempts in Rajasthan) and MKSS II (as popularized by state initiative in Andhra Pradesh) – was suggested to achieve a balance in terms of top down and bottom up pressures.

## **Session I**

### **ISST presentation - Examining the NREGA: Women's Participation and Impacts in Kerala**

The session was based on the findings of the ISST study focusing on women's participation in NREGS in Palakkad district, Kerala.

Observations/ Discussion/ Comments included:

- Women were found to respond differently to the programme, depending on their local contexts
- Women's participation in NREGS was more than one third in Kerala. In particular women were also the implementers of the scheme through the Kudumbashree (state poverty eradication mission). Kudumbashree comprised women organised into groups, embedded in the panchayat structure and having prior experience with managerial roles.
- Management of worksites was entrusted to Kudumbashree and the Area Development Supervisors (women) were found to maintain muster rolls etc.
- In Himachal Pradesh, despite a long established tradition of mahila mandal activity, it had not been considered to involve these groups in encouraging women to more actively participate in NREGA.
- NREGA was particularly attractive for women as market wages for women were only about Rs 70-80, and hence the NREGA wage of Rs 125 was appealing. Market wages for men were Rs 200+ and so the NREGA wage of Rs 125 had little impact on male

work choice/ migration. Resultantly, a reported shortage was observed in female labour for work on farms.

- Even with good management systems, some young women with children (< 30 years) were found to participate to a much lesser extent
- Work instruments were not found to be women friendly, and less coverage of tribal women was observed
- Convergence of NREGA with women and child development programmes, literacy programmes, with the help of panchayats and SHGs was suggested
- It was suggested that NREGA be abolished altogether in Kerala because barring a few areas, Kerala is mostly constituted by high wage pockets, and therefore NREGA may not be a preferred source of employment (given the multiple sources of livelihood that exist), or even relevant. Suggestion was put forth that rather than spending on NREGA, money should be dedicated to skill development in Kerala
- Other issues deserving clarity included
  - Whether the NREG minimum wage should be less/more than market wage (and its repercussions on women's participation in the scheme)
  - Whether there is a relationship between proportion of women in total NREG person days and method of work measurement (by daily wages or piece rate)
  - Whether there is a difference in the hours that men and women spend in NREGA employment
  - What is the opportunity cost of women's work participation of women in NREGA
  - Whether the scheme is in fact reaching the most needy

## Session II

### **IHD presentation – Institutional and Governance Challenges in Social Protection: Designing Implementation Models for the Right to Work Programme in India**

The main aim of the IHD study was to identify critical process issues in implementation of NREG, and the role of institutions and governance mechanisms in further enabling or disabling these. The study was conducted across 3 selected states – Andhra Pradesh, Bihar and Rajasthan.

Observations/ Discussion/ Comments included:

- Regional variations in scheme performance were attributed to differential institutional and delivery capacities of the local level bureaucracy and PRIs, mobilization of civil society, administrative preparedness of the state and political will. Simultaneously, institutional and knowledge gaps were observed in terms of procedural lapses, lack of awareness at different levels, along with operational deficiencies such as lack of guidelines to undertake works, varying interpretations of rules and procedures and missing institutional capacities at all levels.
- The real objective of the NREGA was questioned – was it to ensure security in times of distress or was it to be viewed as a fundamental, desirable entitlement, where all rural persons *should* be engaged in the NREGA?

- Character of the scheme and indicators of scheme success deserved much needed clarity - is increased demand for work indicative of scheme success or is less demand the ultimate goal? Similarly, was more person days worked reflective of more demand for work or better implementation?
- Role of Gram Panchayats/ PRIs needed further probing, especially their role as elected bodies and their local governance function
- District Rural Development Agency, Panchayats and the general anatomy of the institutional structure was found to vary across states, and because of this, state and district specific recommendations were needed
- Ad hoc selection of shelf of projects needed to be examined and also quality of assets created
- The role of the Right to Information Act (RTI) needed examination in scheme implementation
- Process dimensions and non negotiable elements in scheme implementation needed to be clearly mapped out and identified rigorously
- Conceptual clarity was needed in demand driven aspects by workers and demand driven works decided by the line departments (e.g. in an experience of convergence in Karnataka, the PWD and Irrigation departments earmarked/ kept a quota of certain no. of work days to be filled by NREG work)
- Impact of NREGA was suggested to be linked to agriculture and drought
- Difference between the NREGS and the status of the EGS in the 1980s was probed

## Panel Discussion

### State-Wise Experiences and Challenges in Implementation of NREGS

A *worker centric perspective* of the NREGS was advocated by Dr. K.S. Gopal, who emphasized the following as essential for taking the NREG forward – (i) Time motion studies to rectify the schedule of rates (else wages would remain too low) and also to especially make visible the contribution of women. (ii) Suitable cost estimate and tracking software could be tapped to attain significant reduction in corruption levels (iii) Revamping of decision making and delivery structures and (iv) Biometric payment devices for wage payment

One of the presentations dealt with whether the *NREGA has affected supply of labour to the knitting and powerloom sectors*, and its other implications for labour markets in non-agricultural sectors such as that of knitwear garment exports in Tiruppur district of Tamil Nadu. Workers employed in the export garments and power loom sectors complained of labour shortage, particularly in the last 2 years, attributing this shortage to NREGA and other state govt welfare schemes. It was observed that the Tiruppur Exporters Association (TEA) demanded a scheme similar to NREGA for urban areas to prevent reverse migration, especially with *global recession affecting the sector leading to reduced employment. It was seen that owing to the recession, the quantum of employment offered in the knitwear cluster of Tirupur had reduced and resultantly there were instances of*

*reverse migration, with some workers having gone back to work in agriculture/NREGA.* However, respondents stated that the income from agriculture or NREGA was not adequate to meet their long term needs and many workers hoped to return to work in Tiruppur once the employment prospects improved. Broad conclusions included that NREGA and other welfare measures may have contributed to increasing the reserve price of labour and that in turn the scheme may have a real linkage with labour markets in the manufacturing sector as well.

The experiences of the women of ***Grameen Mahila Okkuta (GMO), Kolar District, Karnataka*** were shared, an organisation comprising about 8000-9000 women whose main activity is to provide economic and social rights of women in rural areas. It spans 4 taluks and has 500 SHG participants. When the NREGS was initially implemented, GMO took up awareness generation activities at the ward level, including pamphlet distribution. Being a drought prone area, with low groundwater level, GMO organised themselves and pushed for lake development work under NREGS, as this would help rectify their situation while also providing livelihoods to them. It was stated that outwardly scheme performance was celebrated with records indicating works completed and payments made, but in actual fact there were instances of delayed payments of more than a month and lack of a consensus driven approach in the selection and decision making of NREGS works. It was elaborated that in one case, machines were employed to do NREGS work at night, and in the morning photographs were taken of workers labouring at worksites! It was observed that there was pressure on the functionaries of the programme to provide jobs soon, release funds quickly and utilise them efficiently so as to be able to claim future NREGS funds. Further, though complaints were registered with the Gram Panchayat and CEO, these were to no avail.

In other experiences of the scheme at the ground level, ***Nagoo Bai Patil, Chairperson, Kannoor Gram Panchayat, Bijapur District***, elaborated on how the responsibility for organising meetings and spreading awareness of NREGS had been taken up at the Gram Panchayat level, but there was a major problem of fund release, as money never came in. There was the impression created among the NREGS functionaries and beneficiaries that works and processes under NREGS should be completed fast so that the Gram Panchayat doesn't lose the money. Reporting the positive impact of the NREGA, women participating in the scheme said they had become less dependent on their husbands for money and didn't need to submit the entire amount they earned to their mother in laws.

While responding to the state-wise experiences of these groups, the Joint Director of NREGA for Karnataka reported that the actual number of employment person days worked by a household is contingent on its demand. He highlighted instances where prospective labourers had given in applications for work, but these had been denied by the Panchayat Secretary, or even if accepted, dated receipts were not issued (making them eligible for unemployment allowance).

## DAY 2

### Session III

#### Thematic Issues and Concerns for Effective Implementation of NREGS

Presentations included an elaboration of the transparency and accountability initiative undertaken through *the Social Audit experience in Andhra Pradesh*. Conducted by an independent society - Society for Social Audit, Accountability and Transparency (SSAAT), Department of Rural Development, Govt. of Andhra Pradesh, the social audit has development as a best practice in terms of public accountability, serving as a model to be replicated in all states. As part of the social audit, state resource persons and district resource persons train village social auditors, who in turn are involved in monitoring and evaluating scheme processes such as verifying NREG related records with facts on the ground. They also play a key role in raising awareness of beneficiaries through creating a forum for discussion and dialogue among the testifying public and concerned officials, who are supposed to respond. In Andhra Pradesh, social audits have been conducted in 7000 habitations in all 22 districts, with the involvement of more than 150 NGOs and Civil Society Organisations. Moreover, there have been remarkable reported instances of corrective action imposed on erring officials due to their malpractices.

Egs.

- 1428 Field Assistants and 144 Technical Assistants have been dismissed
- Criminal Action has been initiated on 203 people
- 10 Mandal Parishad Development Officers have been suspended
- 1171 Departmental Enquiries have been initiated
- Upto Rs.3 crores amount has been recovered voluntarily

The *impact of NREGA on social exclusion* in particular was examined in Alunthur Panchayat, Tiruchirappalli District, Tamil Nadu. Different types of exclusion were observed in the implementation of the scheme:

- Only 12% of the total Dalit population was found to be employed
- Works undertaken such as desilting of the lake were found to benefit only the landed farmers, belonging to higher castes and residing in the main village. There was lack of identification of works to strengthen the livelihood opportunities of Dalit communities
- Most of the rural NREG work was done by women. Men only engaged in selective work offering better wages. Though women benefited from opportunity for work participation through NREGA, they remain lacking in leadership roles and whilst contributing to project identification
- No clear records about the number of disabled persons and widows engaged in NREG work existed among the list of beneficiaries
- Distance was not considered adequately as often workers had to walk for more than 3 km to reach the working spot, and were not given any traveling allowance

Another presentation examined how large-scale rural development programmes such as NREGA are inherently confronted with governance challenges owing to elite capture, misuse of funds, and corruption. Based on a study of a village in Nalanda district of Bihar, an analytical framework of '*Process-Influence-Mapping*' was suggested as a participatory tool to be used with focus groups or individuals, to help map the malpractices in the implementation process. This involves identifying the actors and actions needed for implementation and also factoring in how much influence the actors have on the outcomes. This helps in identifying the critical entry points and strategies to increase transparency and empowerment. For instance, it was observed that too much power was concentrated in the hands of the village employment worker, coupled with limited accountability. Similarly, differences among castes were found to be affecting the processes of issuing and distributing of job cards, leading to inequitable access to the Scheme. Other reported discrepancies in implementation included:

- Missing details in employment registers regarding type and duration of employment demanded, allotted and actually taken up
- Lack of details of identification no.'s on muster rolls
- Fictitious & unregistered workers
- Duplication in payment
- Shortages and lack of full time, dedicated staff
- Knowledge & skills of elected representatives was found to be lacking
- Lack of capacity of administrative & technical staff in planning, designing and estimation of NREG works

Discussion/ Comments included:

- Shift in emphasis was suggested from processes and procedures of the scheme to focus on *outcomes* in terms of improvement in the lives of beneficiaries as a result of the scheme
- Institutional structures were important only if they positively impacted the livelihood security of the vulnerable sections.
- Public meetings such as the Gram Sabha conducted at the Mandal level were pointed out as being exclusionary as Dalits and tribals would not attend these
- Frequent complaints were received by the Labour Commissioner regarding the delay of wages or non payment of unemployment allowance
- A possible convergence between the NREGA and the Unorganised Sector Workers Social Security Act was suggested
- Employment conditions offered under NREGA were considered inadequate from the decent work perspective (only provision for worksite facilities)
- The term "beneficiaries" should be replaced with workers/ right-holders in keeping with the entitlements framework
- It was asked for which section was the Monitoring and Information Systems (MIS) designed – in terms of who was it most useful to – workers/ civil society organizations
- The AP experience of transaction based MIS was upheld as an example for how to capture the entire NREG process in IT architecture and in turn keep the officials accountable to the people

- Participation of communities in the design and subsequent benefit sharing of assets was emphasized
- Certain types of political and social mobilization were found to hamper other types of mobilization to avail of scheme related benefits (caste mobilization in Bihar where a bourgeois political structure had developed even at the Gram Panchayat level)

## **Session IV**

### **Panel Discussion on “NREGA and the Way Ahead” and Valedictory Address**

#### **Concluding Observations**

- Most important contribution of the NREGA was setting of a wage floor in the rural areas
- If NREGA were to be considered as a better delivery mechanism to transfer incomes to the poor than conditional cash transfers, this had to be illustrated by its wider, non wage benefits such as its impact on migration, asset creation in the rural economy, changes in women’s status and position etc
- NREGA could be looked upon as a channel through which the frustration and despair of the alienated, rural poor (manifest as Naxal type movements) could be alleviated
- It was observed that NREGS had performed better in those regions where there was active political and social mobilisation (Kerala, Andhra Pradesh, Rajasthan)
- Assertion of the people themselves, demanding the right to work, was seen to be instrumental in ensuring success of the programme
- Wages offered under the scheme were found to be more attractive for women vis a vis the wages offered for female wage labour in the open market, though not as favourable for men
- Innovations needed to be devised to find suitable support structures for working women, enabling them to leave their children in other’s care
- The tenure for which NREGA would be operational was debated – whether it would/could be withdrawn with less demand over the years or whether there would always remain pockets among the unemployed for whom the programme would be valuable. The question remains whether in the long term there is the need for a programme like this, or whether this is useful only in times of distress (e.g. in case objective was acquisition of skill, there would be no use for this kind of NREGS work).
- Links/impacts of the programme on agriculture needed exploration
- With the scheme being extended to small and marginal farmers, it was thought that its political acceptability may increase (otherwise farmers may remain antagonistic to the programme due to tensions between the labouring class and the farmers owing to fall in the supply of agricultural labourers, being diverted from farm operations to NREGA chasing higher wages)
- Deliberately low wage setting for NREGA while protecting the interests of farmer lobbies was cautioned against

**Suggestions for improving scheme implementation that emerged during the course of the conference included:**

***General Implementation***

- Devising innovative and imaginative solutions in implementation of the NREGA (by involving different actors and agencies) to protect it from the failings of past employment programmes
- Differentiating between process and procedural modalities when mapping scheme implementation
- Strengthening information dissemination to increase awareness of scheme entitlements
- Exploring role for co-operatives to boost scheme implementation
- Converging NREGA with other schemes (taking particular care not to undermine or compromise the fundamental bottom up architecture of the scheme)
- Forging tie ups in implementation of NREGS with community groups otherwise disassociated with the scheme (e.g. women's groups, SHG'S and others in Himachal Pradesh)
- Dovetailing NREGS with the Right to Food Campaign, and also advocating popular mobilisation from below
- Focusing on the scheme beyond the employment and wage lens and more towards the non wage benefits of the scheme
- Envisaging a greater role for state governments, especially the elected PRIs

***Work, Wages and Worksite Related***

- Demand management of the scheme was needed, so that employment demanded and employment provided may be equivalent
- Expanding the list of permissible works under the scheme
- Examining the quality of works
- Planning the correct timing of works was needed in keeping with considerations of peak and lean labour demand for the scheme
- Wage rates needed to be revised to amount to Rs 100 in real wages (freezing of wages was absurd and was only being passed on to the poorest as they were not in position to bargain)
- Understanding of the nature of work was needed, requiring rest after frequent intervals so as to rebuild the workers calorie count
- Linking of wage to productivity, through piece rated work, for the poorest sections was questioned
- Revising the Schedule of Rates scientifically and undertaking pilot time and motion studies for ascertaining the extent of this revision was recommended; differently abled persons could be given different responsibilities (e.g. mates position reserved for disabled in Andhra Pradesh)
- Scheme should be centred around workers and their rights. In particular, worksite facilities contributed to dignity of employment of workers, and should be improved through:

- a) Adherence to standards for worksite materials – e.g. canopy size and direction of shade of tents needed to be scientifically designed for serving the required purpose
- b) Cool water could be stored in a container with a cover
- c) Tools needed to be provided that reduced work drudgery; additionally tool banks could be initiated
- d) Arrangement for range of tools and materials to handle injuries at worksites could be made
- e) Convergence with other schemes/ departments regarding crèche

#### ***Post Work Processes***

- Exploiting the use of IT maximally in scheme delivery
- Necessarily conducting social audits by village social auditors as they alone have a true grasp of micro level village problems
- Pro active disclosure of NREG related documents to be promoted so as to strengthen transparency
- It was suggested that the programme be seen as an entry point for organising the rural proletariat

#### ***Personnel Related***

- Making adequate provisions for human resource appointments and technical personnel using the newly expanded contingency amount (6% of total NREG allocation), earmarked for administrative expenditure

#### ***Monitoring, Evaluation and Transparency***

- Real time monitoring and information system (MIS) should be employed. Currently, the website offers cumulative data, updated monthly and therefore malpractices can only be identified through a post mortem of the data.
- Periodic evaluation of outcomes needed in terms of quality of assets, benefit sharing of assets, empowerment aspects of individuals
- Increasing participation levels of the Gram Sabha
- Processing requested NREG related information without delays and a long turn around period
- Enforcing a grievance redressal mechanism with legal remedies and penalties; frequently evaluating the scheme so as to arrest and flag any irregularities, ensuring payment of unemployment allowance and compensation in case of violation of entitlements
- Appointing eminent citizens as ombudsmen
- Instituting a Gram Rozgar Diwas to check for accurate maintenance of records

#### ***Institutional Reform***

- Developing district level training facility to train and capacitate the PRIs
- Ensuring project identification is accompanied with resource mapping and vulnerability mapping carried out by the community

- Reforming and reviving two premier institutions – CAPART and NIRD – for training and capacity building of government functionaries, while involving different members of civil society
- Creating a National Authority on NREGA, serving as an independent and autonomous body, in charge of monitoring, evaluation, grievance redressal and social audit

**Policy Recommendations emerging from the conference included:**

- Making amendments in the executive order (of the Act) including:
  - Removing the ceiling of 100 days of employment
  - Changing employment provision from a household entitlement to an individual entitlement
- Ensuring the Centre involves the states in the running of the scheme in a truly federal manner
- Undertaking capacity building of locally elected bodies through advocacy efforts
- Incorporating skilled activities into NREGA
- Incorporating project mapping for the entire country in the next 3-4 years. For this, a shelf of projects needed to be developed so that works do not get exhausted within a few years. This requires convergence of NREGA with other programmes at the district level, by accounting for the labour requirements in other projects.
- Evolving of a NREGS employment calendar to tap the supply of labourers during the agricultural slack season
- Ranking NREG districts using appropriate performance evaluation criteria
- Developing recognition and reward mechanisms for NGOs, social actors, animators, civil society organizations etc

In his Valedictory Address Shri B.N. Yugandhar asserted that the NREG programme, having completed only 5 years, was still in its infancy. It was premature to go on examining the scheme as this in fact was stifling its trajectory, and in turn it would be wrong to consider NREGA alone as a panacea for the pervasive poverty of the country. It was elaborated that NREGA was one of the most *emancipatory legislations in post Independent India*, as it gave the poorest of the poor an independent source of income, for which they were not dependent on the mercy of landlords. ‘Costs’ of implementation failure were admittedly present in the form of leakages, muster roll discrepancies, and even death of social activists upholding the Act in the face of unyielding local power nexuses. The scheme was found to have worked well where “*osmosis of critical elements*” had occurred – in the form of awareness and mobilisation among the community, coupled with keen interest taken by concerned personnel. Remaining sceptical about convergence of the scheme with other departments owing to the segmented and fractured bureaucratic functioning, it was advocated that it was most urgent to develop spaces at the district level such as a People’s Monitoring Committee, comprising labour unions of peasants and workers that would help in checking scheme performance from time to time.