



NREGA

Opportunities and Challenges

Natural Resource Management and Livelihood Unit



CENTRE FOR SCIENCE AND ENVIRONMENT

NEW DELHI

The National Rural Employment Guarantee Act (NREGA) Opportunities and Challenges

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NEW DELHI
2008

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Foreword

A tool for ecological regeneration

NREGA: An opportunity to make jobs work for village development

Sunita Narain

It was the mid-1980s. Environmentalist Anil Agarwal was on a mission: track down the person who had conceptualized the employment guarantee scheme in Maharashtra. His search—I tagged along—led him to a dusty, file-filled office in the secretariat. There we met V S Page. I remember a diminutive, soft-spoken man who explained to us why in 1972, when the state was hit with crippling drought and mass migration, it worked on a scheme under which professionals working in cities would pay for employment in villages. This employment was guaranteed by law, which meant it provided an entitlement and put a floor to poverty. Since work was available locally, people did not have to flee to cities.

Anil was excited—by the fact of employment during acute stress, but also saw potential for ecological regeneration. We had just visited Ralegan Siddi village where Anna Hazare was overseeing work to dig

I realized that in Delhi's obsession to deal with inefficiency and corruption, the nature of the work was almost forgotten. Nobody could explain if the squares dug each day would add to a tank that functioned. Nobody cared if the channels that brought the water to the tank were de-silted. Nobody even cared if the 100 days employment would lead to the work being completed

trenches along contours of hills to hold water and to recharge groundwater. On our visit, we saw the first bumper onion crop because of increased irrigation. Page agreed to the scheme's ecological potential, but explained that since the scheme was designed for employment during acute distress, the district administration looked for the easiest way out, in most cases breaking stones, building roads or public work construction.

In the next few years, the idea to use this same labour for natural asset creation gained ground in Maharashtra, emphasis changed to soil and water conservation—building check dams, bunding fields, trenching hills and even planting trees. The Central government employment programmes—clones of the Maharashtra scheme—followed suit, mandating in some cases the minimum percentage to be spent on planting trees for ecological regeneration.

This was also the time when the country was learning how to plant trees that survive; or build the tank that would not get silted next season. Bureaucrat N C Saxena worked out how many trees would there be in each Indian village if all the trees planted survived—a veritable forest, which existed only on paper. Anil wrote on how employment programmes had perfected the creation of perpetual unproductive employment—dig a hole, plant a sapling, the sapling is eaten or dies; next season dig the same hole again and plant again. Follow this procedure each year.

This lesson led to new understanding—village communities had to take ownership over fragile natural assets. People had to be involved in decisions and, most importantly, benefit directly from regenerated fodder grass, trees and water structures. Fractured bureaucracies—forest departments, agriculture departments or irrigation departments—did not lead to holistic planning at the village level. It was a time when development experimentation blossomed – states such as Madhya Pradesh created a single agency to work at village watersheds. This was also the period when research revealed the enormous economic

gains for villages that better utilised their land and water resources.

Why am I recounting all this? Simple: the National Rural Employment Guarantee Act (NREGA) is built on the same premise. It even improves on past schemes by incorporating the need to invest in natural asset creation (soil and water conservation); by making village level planning mandatory; and by making the elected panchayat (not just fractured departments) responsible for public works. But two years after the scheme's launch, I must ask: do these improvements incorporate past lessons?

Travelling in Rajasthan in peak summer, I found women working on the village 100-day scheme (as it is known locally) in droves. Under a blistering sun they were digging the defunct village pond. The local engineer explained the scheme, formulated by the panchayat, was to desilt the structure and then build its wall. I saw each woman was digging what looked like a square. Why? The supervisor explained this was the requirement, based on a 'scientific' estimation of how much each person could dig daily—how many cubic feet of earth could be moved. The square the women were digging was this task rate, used then to calculate the amount of work done and so the wages. The women I spoke to explained this only meant they never knew how much they would be paid at the end of the week or fortnight, for the task done would be individually calculated.

I realized that in Delhi's obsession to deal with inefficiency and corruption, the nature of the work was almost forgotten. Nobody could explain if the squares dug each day would add to a tank that functioned. Nobody cared if the channels that brought the water to the tank were de-silted. Nobody even cared if the 100 days employment would lead to the work being completed.

In another village, located close to the Sunderban tiger reserve, I saw a rainwater channel built under NREGA; it had changed the village economy to the extent that people do not depend on illegal fishing any more. The water structure provided them with irrigation for an extra crop. This was the real potential of the scheme. Excited, I asked if the panchayat had planned the water structure. No, came the answer. "If we work under a panchayat-led programme, we do not get paid because the panchayat has to clear its payment with the district officials, who in turn require detailed proof that the work has been done." The procedures are complicated and, invariably, people are either not paid, or paid less. This development structure was implemented through the forest department, which has authority to plan and execute work.

The details, not the concept, of the NREGA need to be fixed. Urgently. For the God of ecological regeneration, too, is in the details.

**Fractured bureaucracies-
forest department,
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Executive Summary

Around three per cent of India's population has worked under the NREGA.



More than 1,00,00 villages are implementing the NREGA. During 2006-07 each village spent at an average of Rs 9,00,000 for creating six productive assets like water conservation structures (only completed works till December 2007). In the last two years, each district has spent around Rs 44 crore.



Many villages are reaping the benefits of using NREGA money for productive purpose like water conservation. But there are many more villages which have not been able to do so.



Governments are approaching the NREGA as a purely wage employment programme thus negating the development potential of NREGA for a large portion of India's rural population.

Spring of development

NREGA is catching up people's development imagination. Policy makers have to focus on the Act's development effectiveness.

WHAT is the development potential of a public wage programme like the NREGA? It is enormous, as we found in a village called Hiware Bazar in Maharashtra's drought-prone Ahmednagar district.

The village has used the state's Employment Guarantee Scheme (EGS), the only predecessor to NREGA, for the last 14 years to increase per capita income by 16 times. It has become a water surplus village from a scarce one. The village now witnesses reverse migration from urban areas for better economic opportunities. The village has 54 millionaire households out of 216. And, now there is no demand of work under the employment guarantee scheme. It is said that a public wage programme's best indicator of success is declining demand for it due to rise in mainstream economic opportunities. One way we can say this is a contemporary fairy tale.

Hiware Bazar has achieved this turn around by investing their labour and money under the EGS on water conservation. A strong village institution treated the EGS as a development opportunity. It decided to spend all available money on fixing the village's key problems of water scarcity and soil degradation.

Is the potential achievable for the 100,000-odd villages implementing the NREGA? Yes, if we use the NREGA as a development opportunity as the above village has done. There is not much difference between Hiware Bazar and a NREGA implementing village. So there should not be any reason why Hiware Bazar cannot be replicated using the NREGA. Hiware Bazar has spent at an average Rs. 300,000 a year on creation of 45 productive assets like water conservation structures. Under NREGA, each village spent around Rs. 900,000 a year on creation of around six productive assets like water conservation structures (only completed works till December 2007). It means NREGA has been able to provide more money to conserve water in a village. Like in Hiware Bazar, NREGA has codified the dominant roles of local communities through Panchayats. Then the question arises: Is NREGA able to usher in economic boom in villages in the last two years?

It is in this context CSE has focused its policy brief on the development potential of NREGA. It is more than two years since the Act was implemented in 200 backward districts to begin with. CSE researchers traveled to 12 districts spread over nine states to assess the development impacts of NREGA. Though it may be early to quantify the impacts, but studying the implementation process can surely hint about the future impacts. So the policy brief has studied the NREGA implementation on its focus on creation of productive assets, the involvement of communities in designing their local development using the NREGA and the stumbling blocks in unlocking the development potential of the Act.

In 2006-07 alone NREGA has created more than half a million productive assets, mostly water and soil conservation structures. Each of them has potential to herd out poverty from villages. On the other hand, the Act has not been able to generate the kind of employment demand as expected. It has created an average 43 days of employment in 2006-07

There is excitement as well as disappointment over the implementation of NREGA. Excitement for those who see the Act's development potential. And disappointments for those who treat it as just another wage creation programme. In 2006-07 alone NREGA has created more than half a million productive assets, mostly water and soil conservation structures. Each of them has potential to herd out poverty from villages. On the other hand, according to Union ministry of rural development data, the Act has not been able to generate the kind of employment demand as expected. It has created at an average 30 days of employment for a rural adult during 2006-07 in 200 districts. During 2007- 08 it is around 40 days for an adult member.

Our study finds that in Ranga Reddy district in AP or Tsunami-stricken Nagapattanam district in TN, village communities have been proactive in using the Act for local development. But at the state level, there have been very few states that give importance to creation of productive assets under the Act. Under NREGA, each district, on an average, has spent Rs. 44 crore, but the bulk of this has not been on water conservation. Despite the officially stated 'non-negotiable' focus on water and soil conservation, funds in most states are being spent on roads and buildings. Three states – AP, MP and Jharkhand – accounted

for 96 per cent of water conservation works under NREGA. This negates the development potential of the Act.

There is a linkage between less focus on water conservation activities and the wage structure under the Act. Irrational wage calculation formula has made productive assets creation less lucrative to local communities in term of accessing minimum wage on time

There is a linkage between less focus on water conservation activities and the wage structure under the Act. Irrational wage calculation formula has made productive assets creation less lucrative to local communities in term of accessing minimum wage on time. Under NREGA wage is paid on the basis of task rate i.e. minimum wage based on completion of a specified amount of work. As reports pour in on irregular and less than the basic minimum daily wage payment under the Act, Panchayats are asking for more road construction works where wage payment is irrespective of work completion. This means in future more and more road construction works will be covered bypassing water conservation works. The experience of Sidhi district in Madhya Pradesh is an indicator of that. Sidhi took up digging of wells extensively using NREGA. But the wage earning from well digging was much less than wage from road construction. This resulted in Panchayats asking for more road construction works. However, a recent revise in wage rate has made earning from both the activities at par.

As the focus on productive assets blurs, communities may not find the Act relevant to them in long term. The basic tenet of the Act is to hold the villagers by offering jobs at the village in short term while using their labour for building long term productive assets. The irregular wage is already a disincentive. Less focus on productive assets will further make the Act irrelevant. We found that once soil and water conservation works allowed in private lands of scheduled castes and tribes (SC/STs), demand for works went up. Because people found the Act productive in long term. The dipping demands of jobs under the Act may well be due to less focus on productive assets.

NREGA was not designed to be a government officials led programme. Learning from EGS, it made provisions for the communities to design and implement development programmes in villages using their own labour. Conceptually, decentralisation is part of the scheme. The village has to make a development plan; the projects have to be cleared by the Gram Sabha and implemented by the Panchayat.

In all the states we found that the Act is still being implemented as another wage employment programme. The design of development at village level has become a ritual. This is due to the larger problem of devolution of power to Panchayat in the country. Though there are efforts from Panchayats to draft village development plans, due to various reasons they are not being used for taking up works under

the NREGA. The provision for adopting National Food for Work Programme (NFFWP) plans for NREGA during interim period has resulted in bypassing new village plans. This in long term will discourage local participation in NREGA, as our studies point out. There are reports of less and less people participating in Gram Saha meetings on NREGA works.

It is evident that the potential is huge for poverty-stricken villages. But it needs a change in our thinking and approach to NREGA. This has to first come from our policy makers who put in place this Act. Instead of hyping or discounting the Act's success in terms of employment generation only, it will be prudent to rethink its development agenda.

Chapter 1

In NREGA, for the first time, a public wage programme has given rural households the right to employment.



It comes at a time when there is a severe rural livelihood distress. The Act is supposed to fulfill the short-term need of casual employment while creating sustainable livelihoods in long-term.



The programme targets at raising the agricultural productivity of the rainfed areas in the country that account for 68 per cent of country's net sown area.



The Act aims at transforming a labour surplus economy to a labour using economy. It should use the labour demand to create village productive infrastructure.



Village communities are the drivers of the Act thus turning it into a major development instrument for rural India.