



National Rural Employment Guarantee Act (NREGA 2005)



सत्यमेव जयते

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30 yr history of WEPs...but Problems

- ❑ Low programme coverage
- ❑ More than 50% beneficiaries not from most needy group.
- ❑ Bureaucracy dominated planning; little participation of community in planning
- ❑ Work to women lower than stipulated norm of 30%
- ❑ Only 16-29 days employment provided to household
- ❑ Assets created not durable
- ❑ Corruption: Reports of false muster rolls; Contractors persisted; Payment often less than prescribed wages



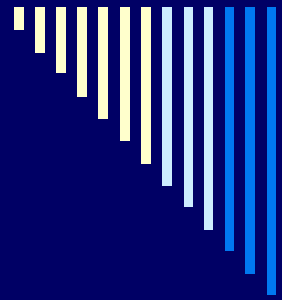
So why another wage employment progr?

- Political imperative: Previous govt's 'India Shining' campaign failed to win votes in May 2004 elections. Cong govt came to power on a rural/agr dev vote
- Econ imperative: Agr growth slowed since latter half of 1990s – despite overall GDP growth. Rural wages/inc stagnating; Gini coeff of income worsening; 300 mn poor in 1973 and 2005; farmers committing suicide; Maoist insurgency in 160 of 600 districts



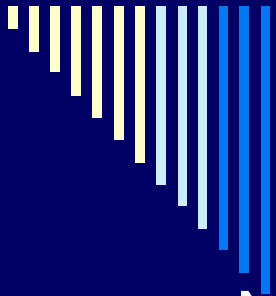
NREGA

- The Government of India launched National Rural Employment Guarantee Act (NREGA) on February 2, 2006.
- For 2006-07, 200 poorest districts were covered of total 619 districts in the first phase.
- In 2007-08, 330 districts were covered in the second phase (additional 130 districts added)
- In rest of country a pre-existing WEP continues; April 2008 cover whole country



Objectives

1. Provide 100 days of employment for poorer sections i.e., landless labour and marginal farmers
2. Improve land productivity, income and employment over time



Paradigm Shift-differences from earlier schemes

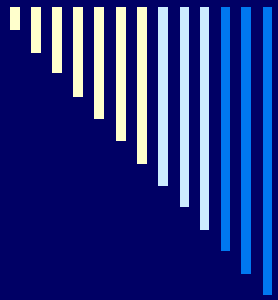
NREGA introduces Rights Based framework:

- Legal Guarantee
- Time bound action to fulfill Guarantee
- Incentive structure for performance (Centre funds 90% of costs of generating employment)
- Disincentive for non performance (Unemployment allowance is state liability)
- Demand based resource availability
- Accountability of public delivery system



Works listed in the Act

- Water Conservation and water harvesting
- Drought proofing including afforestation
- Irrigation canals
- Provision of irrigation facility to land owned by SC and ST, land of beneficiaries of land reforms and of Indira Awaas Yojana (rural hshg for poor)
- Renovation of traditional water bodies
- Land development
- Flood control works
- Rural connectivity to provide all weather access
- Any other work which may be notified by Central Government in consultation with State Government



Actual Composition of works

Water conservation – 60%

Land Development - 13%

Drought proofing – 6%

Road connectivity – 16%

...Quality ?



Volume of Employment Provided

- » Average no. of person days per HH 43 for India in 2006/7 (1st yr), 26 in case of SGRY
- » In 2006/7 the share of SCs which received employment is 27% whereas STs share is 32%
- self-targeting
- » Women are 46% of all persons working in 2006/7. But not in UP (14%), WB (16%), Bihar (19%) and Assam (23%)



NREGA has generated more employment than SGRY and NFFWP TOGETHER

Under SGRY and NFFWP (all districts)

- 7482 lakh person days in 2002/03
- 8560 lakh person days in 2003/04
- 9124 lakh person days in 2004/05
- 11161 lakh person days in 2005/06

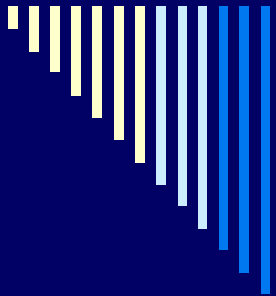
Under NREGA

- 9050 lakh person days in 2006/07 (200 districts)
- 11022 lakh person days in 2007/08 (upto Dec)
(330 districts)

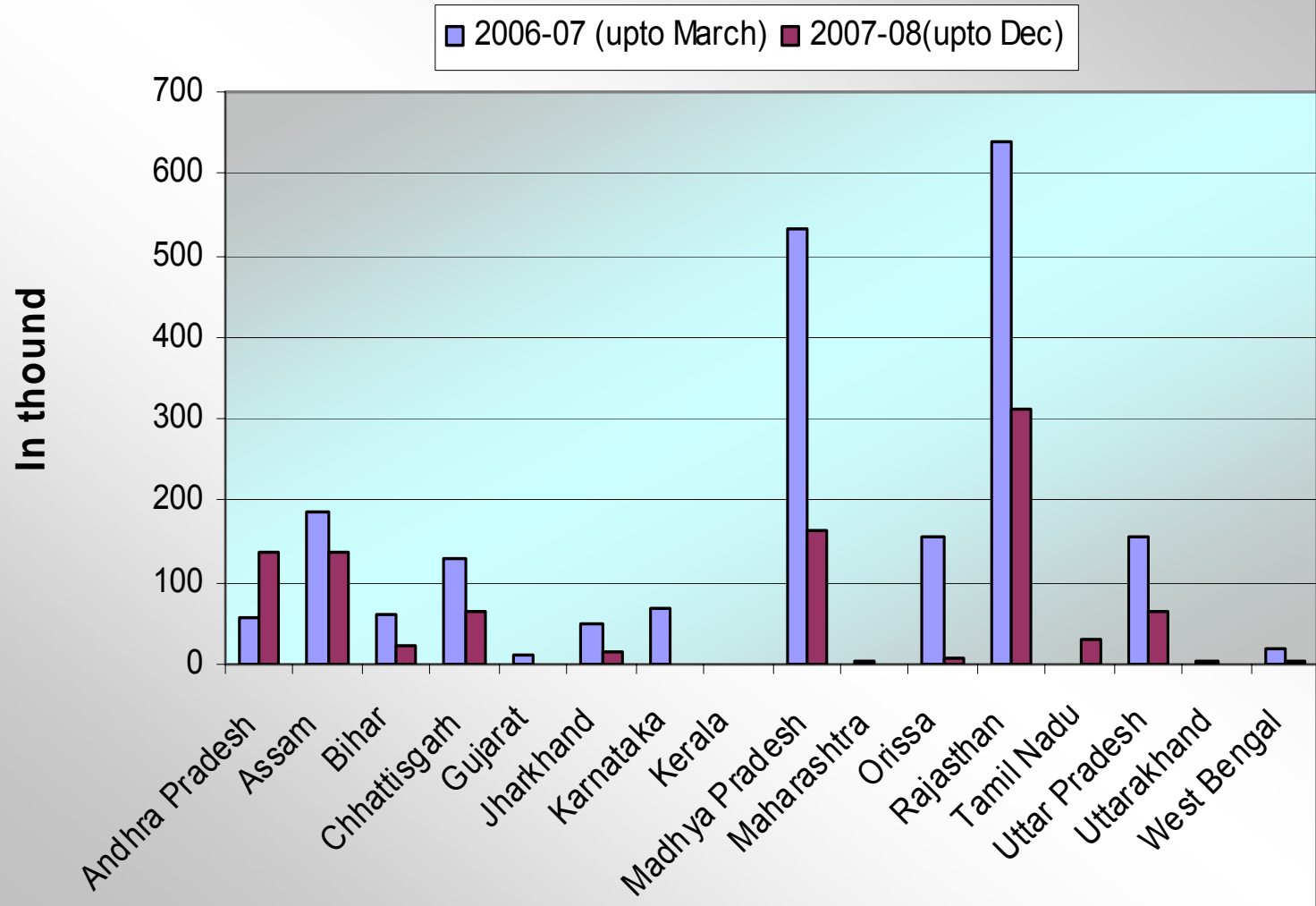
Number of Person Days per household under NREGA

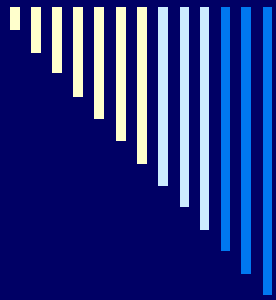
States	2006-07 (Up to December)	2007-08 (Up to December)
Andhra Pradesh	25.1 (31.4)	30.2
Assam	65.4 (72.5)	30.9
Bihar	10.3 (35.3)	29.8
Gujarat	43.0 (43.7)	32.4
Haryana	33.8 (48.2)	46.2
Karnataka	27.8 (41.1)	41.5
Kerala	76.0 (22.8)	29.4
Madhya Pradesh	61.0 (68.9)	47.9
Maharashtra	0 (40.8)	52.2
Orissa	37.5 (57.5)	35.6
Punjab	0 (52.0)	29.6
Rajasthan	68.2 (85.4)	55.2
Tamil Nadu	20.2 (26.9)	63.1
Uttar Pradesh	26.3 (32.0)	21.0
West Bengal	10.0 (14.3)	12.2
Chattisgarh	43.1 (55.6)	47.6
Jharkhand	0 (37.4)	42.7
Uttrakhand	21.5 (31.2)	28.9
All-India	32.7 (43.1)	40.7

Figures in parentheses are number of person days per household during financial year (April - March)



Households completed 100 days of Employment





Comparing Emp generated in state with state's share of rural poor in India

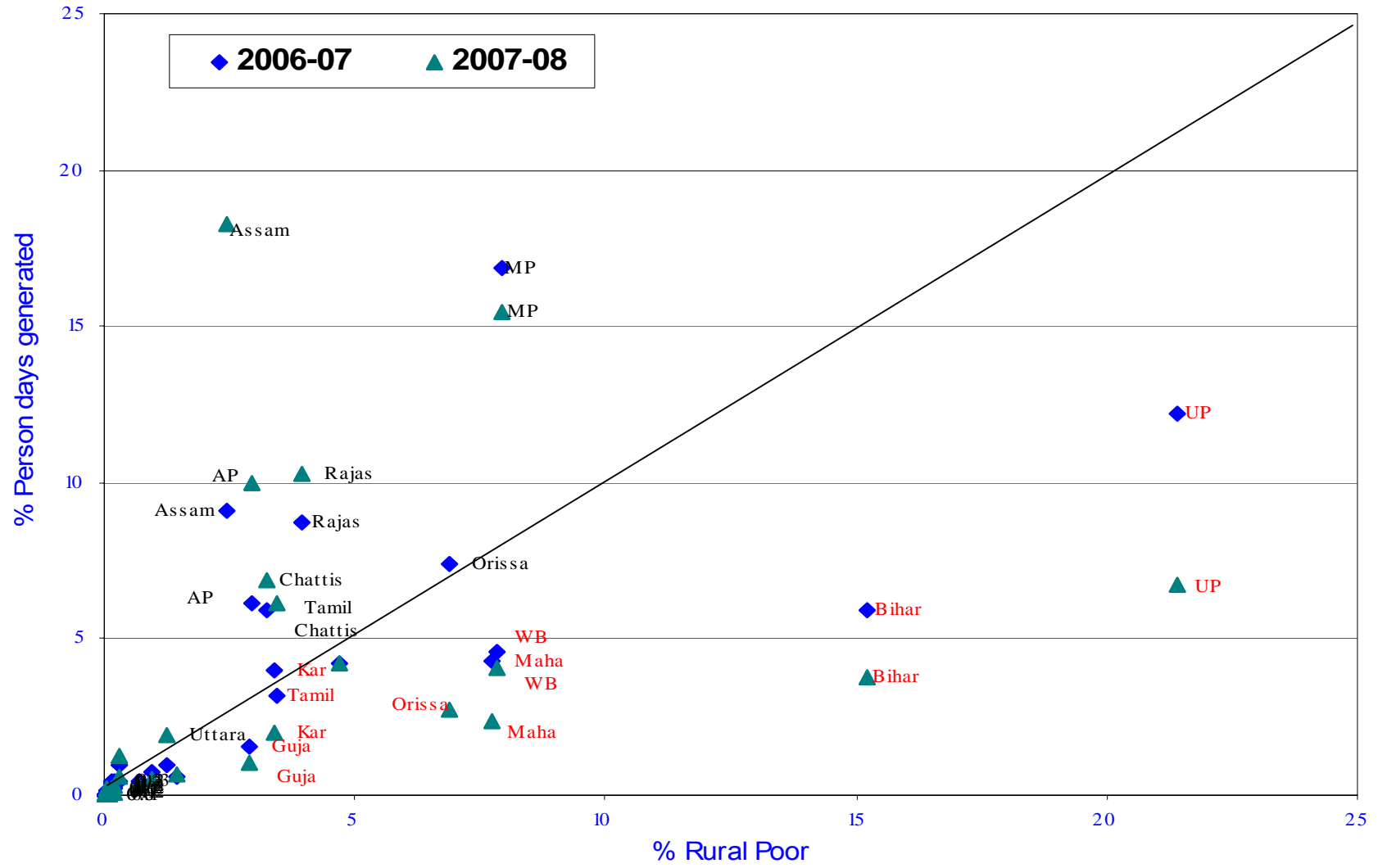
Good Performers:

MP, Assam, Rajasthan, Chattisgarh and Andhra Pradesh

Under Performers:

Bihar, UP, WB, Orissa, Gujarat, and Maharashtra

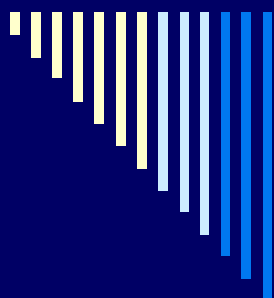
% Person days generated 2006-07 & 2007-08 Vs. % Rural Poor





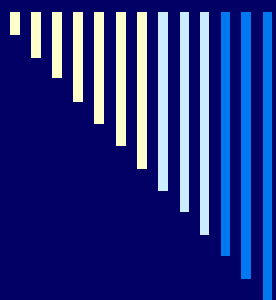
Wage Rates Comparison and Awareness

- » Raising wages in NREGA areas
- » Difference in market wage rates for Agri activity pre-and-post NREGA (esp for women, now paid the same rates as men under NREGA)
- » Awareness among workers about their entitlement has risen - do not need to migrate to other rural areas (eg. Bihar labourers do not find work in Punjab)



Comparison of Wage Rates in Rural India with NREGA Wage Rates

States	Average Daily Wage Rates Rural India, 2004-05 (Rs.)		NREGA Wage Rates (Rs.)
	Men	Women	
AP	36.61	27.83	80.00
Assam	30.23	15.52	66.00
Bihar	45.06	26.24	77.00
Gujarat	55.48	30.14	50.00
Haryana	57.83	23.35	99.21
Karnataka	49.00	27.85	74.00
Kerala	55.89	27.99	125.00
MP	40.61	26.54	67.00
Maharashtra	52.97	31.90	69.00
Orissa	44.86	14.02	70.00
Rajasthan	44.16	9.45	73.00
TN	60.79	31.23	80.00
UP	47.79	26.09	100.00
WB	44.58	32.35	70.00
All-India	61.23	44.59	



Households completed 100 Days of Employment

- » In 2006/7 21 lakh HH completed 100 day of empl. 9.8 lakh in 2007/8 (upto Dec)
- » Bihar, Chattisgarh, MP, Orissa, Rajasthan and UP have highest no. of HH completing 100 days empl. - all are poor states



Comptroller and Auditor General (CAG) Report

- ❑ Based on first 6 mths of NREG
- ❑ Focused on procedural matters
- ❑ CAG says no of days of emp 18 p days??
- ❑ NREGA is a superior programme for poor than earlier WEPS (reasons earlier)
- ❑ Procedural irregularities are much in the case of NREGA – officers afraid



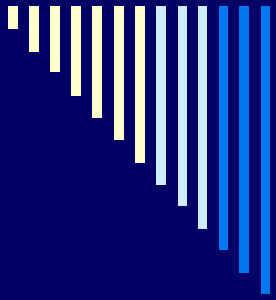
Current policy priorities

System of Social Audit: Shd be performed and owned by the GPs, NGOs can assist. Manual for social audit should be circulated to all GPs, block and district officials within 3 months

Lack of awareness: Information, Communication, Education (IEC) is urgently needed. The good example set by IEC strategies created for Bharat Nirman and for JNNURM should be used for NREGA

Administrative Costs: Most Govt progs allow for 10% of total expn for admn costs but under NREGA 4% is allowed, it should allow greater resources, perhaps 6% of the progms to cover **adm costs** and **technical support at local level**

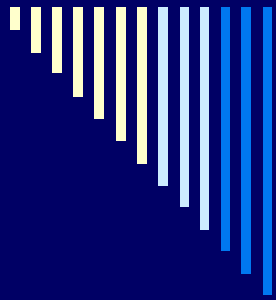
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Technical Support: Engineers need to be hired contractually as and when needed to provide technical handholding – ensuring quality and durability

Transparency in wage payment: Need to strengthen Sub-Post Office/Branch Post Office to avoid malfeasance (e.g AP)

Creating Assets on Private land: To undertake works on land owned by small and marginal farmers in addition to SC/ST/BPL farmers – ensuring maintenance



Summary

- Work generated much more than earlier WEPs
- Self-targeting working – SC, ST, women
- Geographical targeting working – but less well
- Rural Wages rising



But...

- ❑ States have overburdened existing staff – NREGA provides for new staff appointment
- ❑ Technical engineering support at local level essential for quality/durability of assets – to raise productivity (2nd obj)
- ❑ Leakage can be reduced if
 - ❑ wage payments are directly into PO/bank accounts in every state;
 - ❑ social audits institutionalized in every state
 - ❑ Grievance redressal rules/mechanism implemented