

Employment Policy, Growth and Emerging Opportunities

The Case of NREGA

PS Vijay Shankar

Key Issues Discussed in the Paper

This Presentation will discuss

- History of Rural Employment Programmes in India
- NREGA: A Historic Opportunity
- Current Trends in Employment Growth
- Cost of Employment Guarantee in India
- Two Years of NREGA: Some Lessons
- “Reforms” Needed to make NREGA Effective
- Potential of a Reformed NREGA

Employment Programmes in India

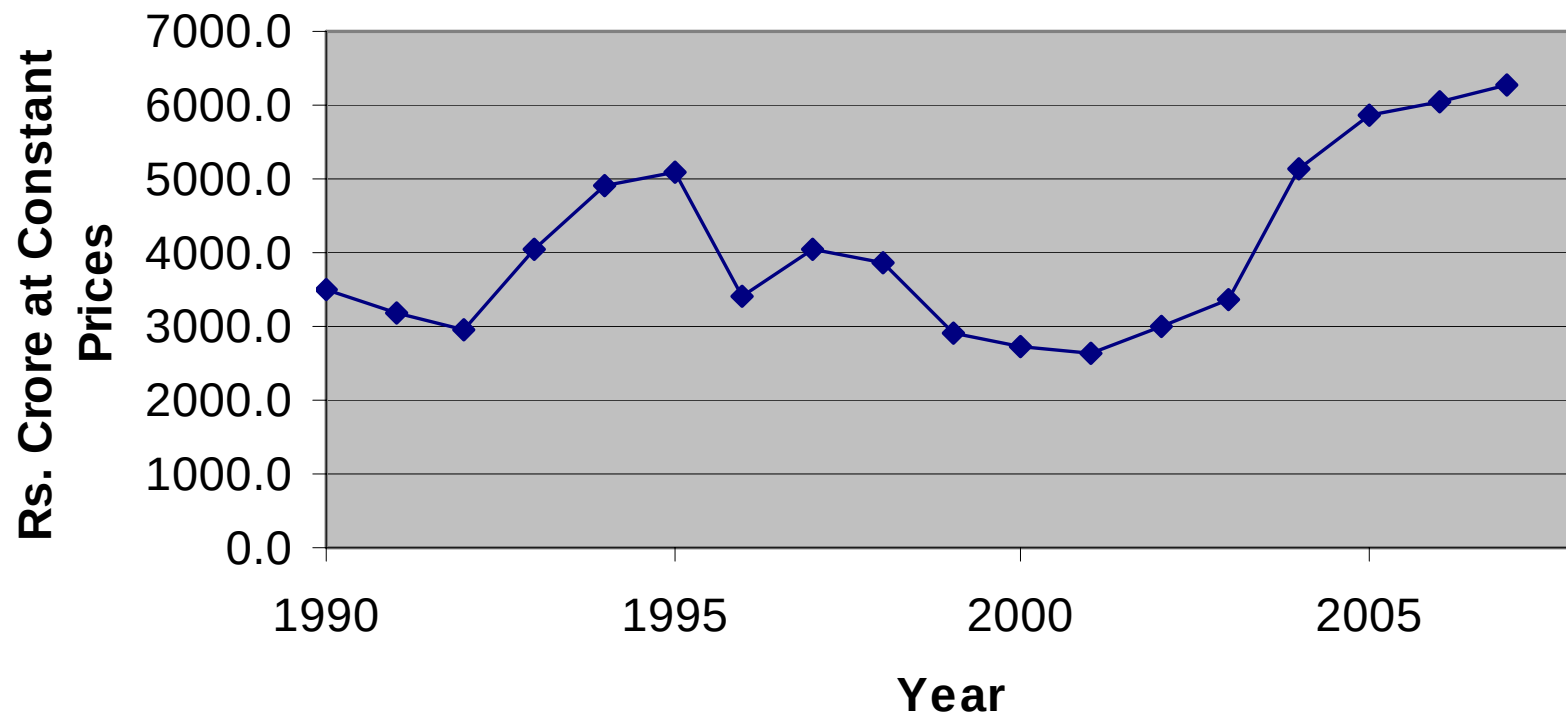
- “Growth First” Strategy in the first 3 Plans
- Employment Perspective: A Variant of the Lewis Model
- Rising Employment and the Need for Employment Generation Programmes
- Maharashtra EGS of 1972
- The Series of Programmes culminating in the NREGA

Current Trends in Employment and Unemployment

- Workforce in Agriculture: A Delayed Transition
- Unemployment in the 1990s: “Jobless Growth”
- Casualisation of the Workforce
- Declining Employment Elasticities
- Growth and Fluctuations in Agriculture
- Rainfed Agriculture: A Neglected Potential₄

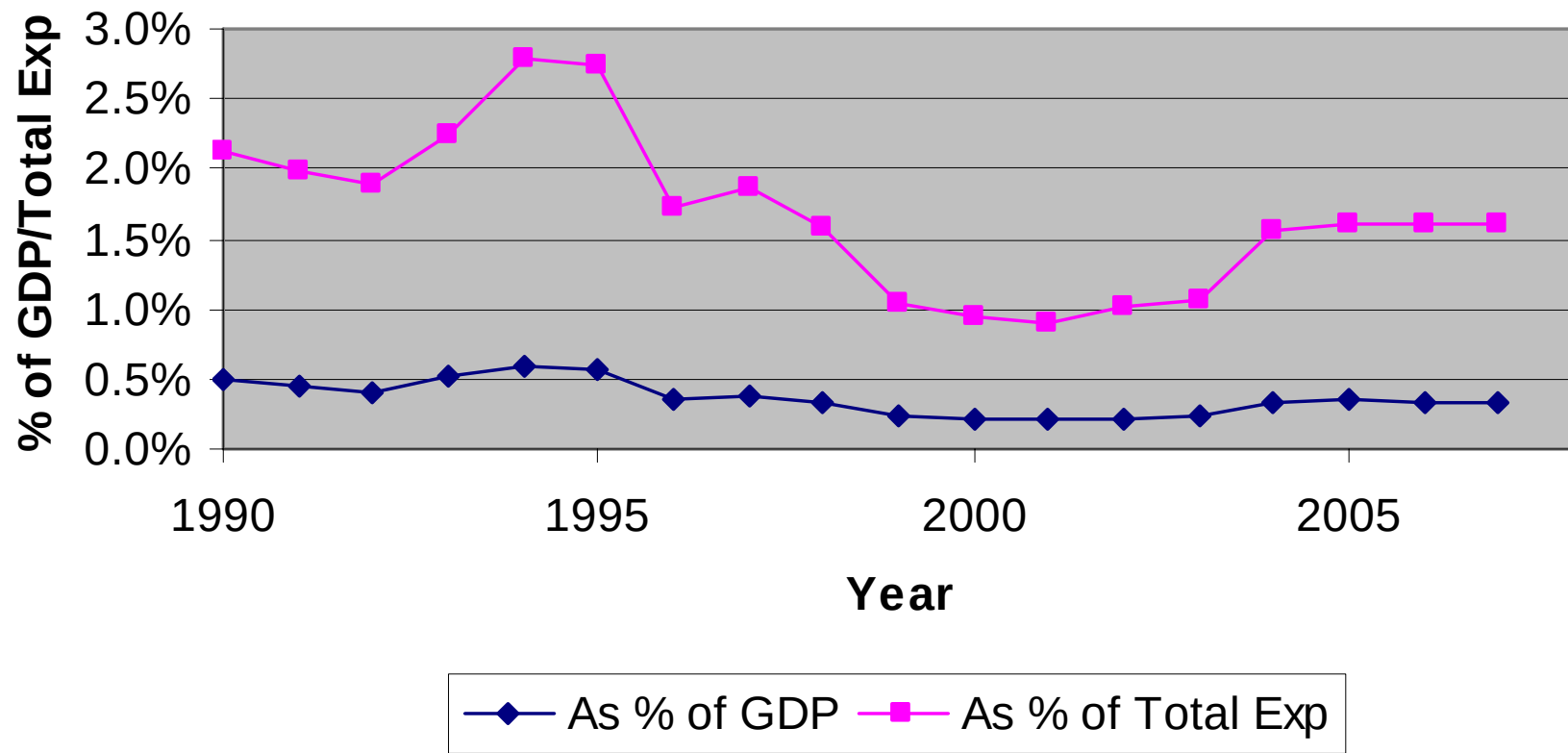
Trends in Expenditure on Employment Programmes

**Expenditure on Rural Employment Programmes,
1990-2008**



Trends in Expenditure on Employment Programmes

Expenditure on Rural Employment Programmes as % of GDP and Total Expenditure



Cost of Employment Guarantee in India, April 2008

Rural Labour Households (RLH) in India (crore)	6.42
RLH Seeking Work (crore)	5
Daily Minimum Wage (Rs)	70
Days of Work Guaranteed per year	100
Wage Cost (Rs crore)	35000
Wage Cost as % of Works Cost	70%
Total NREGA Works Cost (Rs. crore)	50000

Two Years of NREGA: Some Lessons

- Lack of Dedicated Staff - “Part-Timers”
- Delays in Sanction and Release of Funds
- Perspective Plans not Prepared
- Low in Participatory Planning
- Poor Quality of Works: Tanks, Roads and Plantation - “ditch-digging” programme
- Inappropriate Valuation: The SoRs
- Mockery of Social Audit

Reforming NREGA Implementation

- Dedicated Support Staff: Full-time Persons at all levels - Village, Block and District
- Carefully Developed Perspective Plans to suit the Needs of the Area
- Mobilisation to Raise Demand for Work
- Timely Release of Installments
- On-site Handholding of Implementors
- Increase Stakeholder Participation
- Support Cost @6% of Total Cost

Reforming NREGA Implementation

- Intensive Capacity Building Effort of PO, TA and EGA
- Continuous Monitoring and Evaluation
- Strengthening Reporting Systems
- Use of IT for Monitoring: The Case of AP
- Revising Schedule of Rates
- Mandating Civil Society Organisations to Work as Support Agencies to PRIs
- Costs: Capacity Building (2%) and Admin (2%)

Potential of a Reformed NREGA

- Fund Flow to NREGA is on the rise
- The Content of the Programme: Water Security in Rainfed Agriculture
- Building on Water Security: Allied Livelihoods
- Linking the Poor with Markets
- Producer Institutions for Self-Help
- Hence, there is no need for “Switch Off”

Are the Reforms Possible?

AP Shows the Way

- Increase in Personnel for Implementation
- Mate System - one per 45 Job Seekers
- Capacity Building of Staff at all levels
- Strengthening the PRIs - the Block Level
- Revision of Schedule of Rates (Rs. 80 + 20% Extra for Summer)
- Special Resource Persons for Social Audit
- Use of IT for Monitoring

Are the Reforms Possible?

AP Shows the Way

Personnel	Source	Number
Mate per 45 Job Seekers	Wage Fund	100000
Field Assistant	Wage Fund	20000
Technical Assistant	Administration	3000
Assistant P.O.	Administration	964
Accounts Officer	Administration	1928
Programme Manager	Administration	100



THANK YOU