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MASTER'S DEGREE THESIS

**EFFECTIVENESS OF THE NATIONAL RURAL EMPLOYMENT GUARANTEE
SCHEME:A CASE STUDY OF RAJGARH DISTRICT, INDIA**

Ljubljana, January 2009

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Author's STATEMENT

I Ajay kumar Sharma hereby certify to be the author of this Master's thesis that was written under mentorship of Prof. Dr. Nada Zupan and in compliance with the Act of Authors' and Related Rights- Para.1, Article 21. I herewith agree this thesis to be published on the website pages of the Faculty of Economics.

Ljubljana, January 2009

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INTRODUCTION

Poverty and unemployment have been the major problems of rural India and its eradication has been one of the most enduring public policy challenges in India. In the initial years of independence, India has a development model called Mahalanobis model. It was thought that the benefits of economic growth will automatically percolate down to the poor and as the capital was accumulated and growth stimulated, poverty would be alleviated through the trickledown effect of growth. The strategy emphasized investment in heavy and capital goods industries to achieve rapid industrialization and economic development. Development along socialist lines was presumed to expedite economic growth, expand employment opportunities and reduce poverty. But the experience later showed that this development strategy failed to meet the basic needs of the millions of poor. It was realized in the seventies that there was a need for a more specific and targeted approach and therefore many wage employment schemes and also some self-employment schemes were launched.

1.1 Scenario at the Turn of the Millennium

Though there has been a reduction in poverty, it has happened at an undesirably slow pace. The approach paper to the tenth five year plan (Planning Commission, 2001, p.30) mentions inadequate employment and thin spread of resources, and violation of prescribed norms as the serious weaknesses of the program. The draft approach paper to the eleventh five year plan (Planning Commission, 2006, p. 83) also mentions that employment programs in the past have suffered from poor design of projects and large leakages including misuse of funds arising from false muster rolls. As a result, these schemes could not make a major dent into the problem of poverty and unemployment and the idea of creating durable community assets did not materialize to the expected level. The official estimates of the Government of India show that still, after sixty years of independence about 27% of Indian population lives below poverty line. But the incidence of poverty is even more, if we use the international norms. Saxena and Farrington (2003, p. 2) estimated that one third of world's poor live in India - 44% of Indians fall below the internationally recognized dollar a day standard, and 86% of people earn less than \$2 a day. Shah (2007, p.43) comments that the latest national family health survey for 2005-2006 shows that over the last seven years, the proportion of anemic under 3 years children has gone up from an already staggering 74% to 79%. The survey also shows that nearly half of our children under 3 years continue to remain malnourished, a figure virtually unchanged over the last 15 years.

The deteriorating employment situation as well as the unsatisfactory performance of the Indian economy in alleviating poverty has remained quite disturbing. The average rate of growth of employment in India during the planning period 1951 to 1987 has been lower (2.1%) than the average rate of growth of labor force (2.5%). Moreover, the rate of growth of employment has been continually declining during the last two decades, from an average of 2.82% in the period 1972-73 to 1977-78 to 1.55% during the 1982-83 to 1987-88 periods (Hirway and Terhel, 1994, p. 37). But the 1990s saw the sharpest accentuation of this trend. Himanshu (2007, p. 497) observes that the preliminary estimates from the published reports of the 61st round of the National Sample Survey suggest that while poverty did reduce during 1993-2005, the annual rate of reduction in this period was lower than in the 1970s and 1980s. More importantly, the bulk of this decline occurred in 1999-2005, with little or no reduction in poverty in 1993-2000, confirming the earlier consensus that the

1990s were indeed the lost decade for poverty reduction. Unni and Ravindran (2007, p. 196) have computed the annual growth rate of employment after adjusting for the population in corresponding population census, which shows that the annual growth rate of employment was 1.72% between 1982-83 to 1983-84 and only 0.47% between 1993-94 to 1999-2000. The absolute number of rural unemployment was 244.4 million in 1983, which grew up to 292.5 in 1993-94 and became 343.1 million in 2004-05. This is also significant enough to deserve mention here that, though, the open unemployment is only 2.23%, the percentage of population below the poverty line is as high as 27%. Thus the fact of being employed is obviously no guarantee of escaping from poverty, which in Indian situation, refers to a very basic level of subsistence. Hence the working poor, i.e. the persons employed at a low level of productivity and wages needs to be provided work at a higher level of productivity and wages.

Agriculture that houses nearly sixty percent population is stagnating and lagging behind. Patnaik (2005, p.203) opines that the most obvious is the decline in the rate of growth of agriculture in the 1990s, and especially of food grains, which are highly labor intensive. The 1990s are the first decade since independence over which the per capita food grains output declined in absolute terms. Shah (2007, pp. 43-44) looks at it as a collapse of agriculture in recent years and finds agriculture productivity in deep crisis. It is for the first time since the mid 1960s that food grain production grew slower than population in the 1990s. Both the per capita food grain production and its availability have fallen below the 1960 levels. And it appears no longer possible to see further large dam or tube well-based irrigation as answers to this crisis. After reaching a high in the early 1980s, there has been a steady and massive decline in public investment in agriculture. The rate of expansion of irrigated area in India today has fallen to half the levels of the early 1970s. The pocket boroughs of the Green Revolution have seen a plateau of yields. But the worst hit have been the dry land crops, grown and eaten by our poorest people - coarse cereals, pulses and oil seeds. The 1990s saw each of these registers a negative rate of growth. The net per capita availability of pulses has fallen to less than half of what it was in the 1950s. If the overall output and employment in the economy are to be raised, the most effective means would be to raise the productivity of agriculture, since it represents a slack in the economy. The key to employment planning in India can, therefore, be seen to lie in raising the productivity of the agriculture sector. Within agriculture, it is the sizeable but low productivity dry land segment, which arguably represents a huge untapped potential for growth. The potential of dry land can be tapped if we concentrate our investment in this area on labor-intensive works, which raise productivity through the process of environmental regeneration. This will also take India a long way towards making the overall growth path of the Indian economy both employment oriented and sustainable in the long run. Indian agriculture is now dominated by small holdings. Small and marginal operational holdings now form 80% of all cultivated holdings and these cover 40% of the agricultural land. If undertaken in the lands of small and marginal farmers, the productivity enhancing and labor intensive works would make a threefold contribution to employment generation by providing short run employment, by increasing the productive capacity of the economy which would create demand for labor in the next round and by raising the ability of the land to sustain the household, which would reduce the dependence of these farmers on wage labor, thereby improving prospects of other workers in the labor market.

The excessive pressure of population and injudicious exploitation of natural resources like soil and forest, around which the livelihood of vulnerable sections of Indian society is linked, has depleted and degraded to an alarming level. The depleting underground water table at a dangerously fast rate is a matter of grave concern and it demands immediate attention. To quote Shah (2005, p. 599), “we need to understand that we are on the verge of an impossible water crisis. In the dry land water tables are falling, there is a growing scarcity of water. Whether you are a votary of big dams or tube

well irrigation or low cost local solutions and however bitterly you may oppose each other, you cannot deny that we need to undertake a massive program of catchment area treatment and rain water harvesting. This is because if big dams have to live as long as planned, if they are not to silt up prematurely, we need to arrest the unbounded flow of water over their degraded catchments at every possible point. If we want to raise the rapidly falling water levels in wells and tube wells, we must impound rainwater where it falls, so that it can recharge ground water, which is the main source of water in India today. In other parts of the country, water logging and floods are the major concerns. Here too, we need location specific interventions to provide safe drainage for the excess water based on the principle of watershed management. We must also accept that no private party working for profit is going to make the massive investments needed in these public goods. These investments have to come from the state. I see the EGA (Employment Guarantee Act) as a good way to embody these investments, which are both productive and labor intensive.”

The worsening condition of poverty and deprivation among scheduled tribes is another issue that needs to be addressed on an urgent basis. Poverty and distress, in India are clearly concentrated in certain geographical areas and among specific social groups. Sundaram and Tendulkar (2003, p. 5263) observe that in terms of changes in poverty in the 1990s, it is found that while scheduled caste, agricultural labor (rural) and casual labor (urban) households experienced declines in poverty at par with the total population, scheduled tribes households fared badly. A study based on the 55th (1999-2000) and 61st (2004-2005) round employments surveys of the National Sample Survey (NSS) by Mukhopadhyay and Rajaraman (2007, p. 3116) reveals that, of the four disadvantaged groups tested for, scheduled tribes face the highest incremental unemployment, which remains unchanged in to the 61st round. Though the scheduled tribes have a high man- land ratio, they hold land of very poor quality. Land development in land owned by scheduled tribes could go a long way in the direction of amelioration of their condition.

It is in the above backdrop, that the Parliament of India enacted the National Rural Employment Act, 2005 in order to address the problems of rural unemployment and poverty keeping in view the weaknesses and failures of the earlier wage employment programs and the challenges ahead. This Act provides for 100 days of guaranteed employment in a financial year to the adult members of any rural household willing to do unskilled manual labor at the statutory minimum wages. If employment is not provided within 15 days of demand, the applicant becomes entitled for an unemployment allowance payable by the state. This is a demand driven scheme expectedly fuelled by a high level of community participation at every level from planning and implementation to monitoring and evaluation. There are strong provisions for transparency and accountability at all levels. The stated objective of the Act is to enhance livelihood security while generating productive assets, protecting environment, empowering rural women, reducing rural urban migration and fostering social equity are other objectives. The permissible works under the Act primarily relate to water conservation, drought proofing including afforestation, land development, flood control, rural connectivity, development of irrigation facility, soil and water conservation works and horticultural plantation in the private land holdings of those belonging to scheduled castes and scheduled tribes households and also to Below Poverty Line (BPL) households of other communities. In the first phase, in the year 2006, the Act came into force in the country’s 200 most backward districts. It was expanded to another 130 districts with effect from April 2007. Since April 2008, the coverage of the Act has become pan-Indian. The district Rajgarh, whose case study has been undertaken, was covered in the second phase.

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1.2 Description of the Problem

There is a growing feeling that the implementation of the scheme is marred with many problems and its effectiveness to achieve the desired objectives has become impaired. The scheme has not been able to deliver the entitlements provided by the Act. A recent report from the Comptroller and Auditor General of India (2007, p. 44) points out that on an average the registered households received only 18 days of employment as against the stipulated 100 days. It has also been pointed out that only 3.2 percent of registered households worked for the full hundred days. The heart and soul of the Act is the active participation and vigilance to be exercised by the community itself to ensure that the failures of the old wage employment programs are not repeated. But the mobilization and empowerment of the community has remained one of the most neglected aspects of the implementation process. Dreze (2008), referring to his visit to the worksites in the state of Jharkhand, observes that he was amazed to discover that even after two years of implementation of the Act, only less than 30% knew that they were entitled to 100 days of employment per year under the Act. It is a common observation that even the basic safeguards to ensure transparency are not complied with. The dated receipt for demand of works is usually not given thus frustrating the very provision of legal guarantee. Except in one district of Madhya Pradesh, nowhere in India has ever been a single case of payment of unemployment allowance. The muster rolls are not kept at the work site and tampering with muster rolls and corruption has aroused serious doubts to the success of the program. Another most important drawback relates to the selection and quality of assets taken up under the scheme. The primary focus at the field level is on employment generation and not on the long-term asset formation. There is no inbuilt mechanism in the system to assess the potential of works undertaken in terms of creating a multiplier effect to ensure long-term productivity and resource sustainability. The government money spent on employment guarantee program, besides employment generation, should equally focus on the creation of such assets that have a potential to remove poverty in the long run. The lack of mobilization, awareness, information and capacity building at the grass root level is reflected in the selection of works also. The community is not educated and informed that this scheme is not another relief program. The employment guaranteed under the Act has to be planned in such a way that it keeps creating assets that generate sustainable employment avenues in the mainstream economy. This will gradually tend to reduce the demand for work under the Employment Guarantee Act. If this does not happen, the Act will not only become a permanent drain on public exchequer but it will also be difficult to generate one-shot employment opportunity for those who will keep demanding it year after year. The implementation of the Act cannot afford to neglect creation of long-term sustainable employment avenues in the mainstream economy. But in the absence of adequate attention to these aspects of implementation of the Act, there is a growing fear that the tremendous potential of the scheme can be in danger of being wasted. Therefore, there is a dire necessity to search for ways and means to make NREGS more effective.

1.3 Purpose of the thesis

Way back in 1948, the General Assembly of the United Nations adopted and proclaimed the Universal Declaration of Human Rights. The article 23 of this resolution reads:

- Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- Everyone, without any discrimination, has the right to equal pay for equal work.

- Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
- Everyone has the right to form and to join trade unions for the protection of his interests

Eradication of extreme poverty and hunger finds the first place in the United Nations Millennium Development Goals. The UN resolution sets the following targets to be achieved by 2015:

- Reduce by half the proportion of people living on less than a dollar a day.
- Achieve full and productive employment and decent work for all, including women and young people.
- Reduce by half the proportion that suffers from hunger.

The Constitution of India refers to the Right to Work under the “Directive Principles of State Policy.” Article 39 urges the State to ensure that citizens, men and women equally, have the right to an adequate means to livelihood. Further, Article 41 stresses that the State shall within the limits of its economic capacity and development, make effective provision for securing Right to Work.

Pursuant to these goals and directive, the Government of India created a number of labor intensive rural works programs in the last six decades but they were not based on the Right to Work that could be enforced by law. They were just additional employment opportunities provided by the State as and when possible. With the National Employment Guarantee Act, 2005, the country has created a historic opportunity for eradication of poverty and unemployment. But what is necessary to fulfill its objective is to have a strategy focused on the development of the local resource base by cost effective investments with a long-term objective to generate sustainable livelihood opportunities.

The thesis would try to make an evaluation of the implementation of the scheme to find out the constraints and problems relating particularly to provision of hundred days employment to all those who are eligible and ask for it in accordance with the entitlements provided under NREGA and creation of quality assets with a potential to generate livelihood opportunities so that poverty and unemployment could be eradicated in the long run. The purpose is to achieve the above-mentioned ideals by suggesting ways to improve the effectiveness of the scheme as an instrument of poverty alleviation.

1.4 Objectives of the thesis

The thesis seeks to study, analyze and evaluate different aspects of program design and implementation and propose appropriate measures to not only provide wage employment in the desired manner but to develop the resource base in such a way that the program could make a significant contribution towards the cause of poverty eradication. To achieve these goals, the thesis would focus on the following sub goals:

- To identify criteria for measuring effective implementation of the scheme.
- To study and analyze the present status of the implementation of the various aspects of the scheme.
- To identify reasons of deficiencies in the implementation of the scheme.
- To suggest ways to improve the effectiveness of the scheme.

1.5 Research Questions

To achieve these ends, the thesis will seek to answer the following research questions:

- What are the measures of the effective implementation of the scheme?
- How effective has been the implementation so far?
- What are the deficiencies in the implementation of the scheme?
- How can these deficiencies be rectified?

1.6 Methodology

To develop a theoretical framework of the effectiveness of the National Rural Employment Guarantee Scheme, I have studied thoroughly the literature available on the wage employment programs with the help of books, journals, government publications and Internet. I have studied the evolution of wage employment programs in India through its long history of more than 60 years and have also made a study of the similar programs implemented in other parts of the world to develop a broader theoretical perspective. I have also discussed the subject with my colleagues and senior officials who have a long experience of implementing poverty alleviation programs. I also attended three monthly meetings of Panchayat secretaries in three of the blocks and also visited six worksites to interact with the villagers.

This study is based on secondary as well as primary data. The secondary data regarding the NREGS is available on the web site <http://nregs.nic.in/> of the Ministry of Rural Development, Government of India. Supplementary secondary data has been collected from the office of the District Panchayat, Rajgarh. In order to collect the primary data regarding the qualitative aspects of the implementation of the NREGS, a questionnaire survey has been done. Twenty Panchayats in each block have been selected randomly for the survey. Due to very poor level of literacy, the collection of information by sending the questionnaire by post could not work. Hence five field surveyors were selected for each block and were given training regarding filling up the survey questionnaires. These surveyors went to the Panchayats on pre decided date and time when a meeting of the village assembly was organized to be convened, discussed the questions with the villagers and filled up the questionnaire.

In order to understand the administrative side of the problems and be able to suggest ways to improve the effectiveness of the program, I have also interviewed the key officials at the state, district and block levels. The broad themes of these semi-structured interviews are as follows:

- Reasons for poor progress of the scheme.
- Poor planning and selection of works and need for capacity building for grass root planning.
- Lack of awareness at the receiving end - the labor families are not in a position to exercise or assert the rights given by law due to illiteracy or ignorance. Strategy for community mobilization.
- Receipt of application for work not generally given thus making the legal guarantee meaningless. This is why there has been not even a single case of compensatory allowance for not providing employment within the stipulated period.
- Muster rolls not being kept at the work sites. Complaints of muster rolls being forged.
- Problems relating to schedule of rates and delay in payment of wages.
- Poor compliance for provisions for arrangements of drinking water, shed for shelter, crèche etc. at the worksite.
- Monitoring and Vigilance committees are not properly formed and not effectively working.

- Poor compliance of transparency safeguards, social audits and poor progress of Information Technology applications.
- Evolving strategy for solving the above problems.

1.7 Structure of the Thesis

The thesis consists of eight chapters. The first chapter introduces the topic of research discussing the research problem, questions, objectives and methodology. The second chapter discusses the theoretical framework of wage employment programs. The third chapter describes the evolution of wage employment programs in India and some of the international experiences of such programs. The fourth chapter is devoted to outline the administrative arrangements and operational mechanism of the scheme. The fifth chapter focuses on the evaluation of the implementation of the program. In chapter six, the issues relating to the effective implementation of the scheme have been raised and discussed. The chapter seven contains the findings of the thesis and also the recommendations made by the author to increase the effectiveness of the program. The last chapter records the conclusion of the thesis.

THEORETICAL PERSPECTIVES OF EMPLOYMENT GUARANTEE

The claim that society has an obligation to guarantee all its members' access to the material and social supports necessary to maintain a dignified existence is a foundational principle of economic and social human rights theory and law (Harvey, 2003, p.1). The United Nation Universal Declaration of Human Rights includes the right to work not only because it is important in its own right, but also because many of the other economic and social entitlements proclaimed to be human rights cannot be secured without a job or income guarantee. Joblessness creates a long list of problems – both for the individuals and for society as a whole; self pity, self loathing, absolute and relative poverty, damage to social status and self respect, adverse psychological and physical health effects stress, suicide, crime and rage at society. Sen (1999, pp.242-247) supports the right to work because the economic and social costs of unemployment are staggering with far reaching consequences beyond the single dimension of a loss of income. He has discussed three positive aspects of employment. First, the income aspect – employment provides income security for the employed. The second is the production aspect – employment results in increased production of goods and services. And the last, but not the least important is the recognition aspect – the employed person is engaged in a worthwhile activity. When members of the community are employed at productive jobs, the person employed has income and recognition and the community gets more goods and services. In addition, there are not only the initial benefits of job and income security and more public and community services; there are also the numerous indirect benefits, the economic and social multipliers that accompany these. On the economic side, the initial job and income growth associated with employment translates into further increased spending and rising incomes throughout the community. Public employment may be directed towards public works and other infrastructure development and improvement that may promote private sector productivity growth. The social multipliers concern the benefits to individuals, families, neighborhoods and communities of decreased crime, drugs and family disruption, and increased and strengthened security, education, healthcare for the infirm and the elderly. Wray (2007, p. 3) observes that it is difficult to conceive of a policy that secures a greater range of social and economic rights than full employment policy. Forstater's fundamental welfare theorem of political economics claims that there is no single policy that carries with it more potential benefits than true full employment, or a guaranteed job for everyone ready and willing to work.

2.1 Theoretical Perspectives: The Developed World

The idea of government as the guarantor of employment or the employer of the last resort (ELR) has been present in economic literature since the seventeenth century. The need for an employment guarantee program became more urgent after the Industrial Revolution. The Capitalist economies lack an inherent mechanism to create full employment. The Great Depression was the worst episode of the system's failure to deliver full employment. At that time, John Maynard Keynes was one of the few economists who challenged the conventional wisdom by arguing that capitalism, when left to its own devices, will not gravitate towards full employment, and suggested that the government intervention was required in order to jump start the economy and help achieve and maintain full employment. The unemployment of the great depression proved to be disastrous at all level. The government had to do something. In the United States, after several attempts to promote market forces, the policy makers came to realize that laissez-faire economics was not the solution to the problem at hand and that the government had to act as the employer of last resort. This finally led to the introduction of the famous New Deal program and the goal of the Works Progress

Administration (the largest New Deal agency) was to employ most of the unemployed people on relief until the economy recovered. The late sixties and seventies again witnessed a period of economic slowdown, stagflation and cycles of larger unemployment.

Employment has emerged as an important subject in the development agenda of most of the national governments and several international organizations over the past two decades. In the developed countries, presently high and increasing unemployment rates have given rise to renewed concern for job creation, while in many developing countries productive employment is seen as a means for poverty alleviation. In recent years, the process of globalization have also resulted in certain trends in labor markets in both the developed and developing countries which have attained a lot of attention in the implications of international trade and investment flows on employment. In developed countries, concern has been raised over the relocation of jobs due to outsourcing and shifts of capital to developing countries. On the other hand, in the developing countries, fear has been expressed of displacement of workers in the hitherto protected sectors as a result of liberalization. The problem has thus assumed global dimensions and addressing it has become a pressing issue for the international communities. But since the nature of the problem is substantially different in the developed and developing countries and has country specific dimensions as well, different models of job guarantee programs have evolved. In USA, Harvey's proposal seeks to provide public sector job to anyone unable to find work, with the pay approximately at market wage whereby more highly skilled workers would receive higher pay. In Hyman Miniky's proposal, developed further at the Center for Full Employment and Price Stability, University of Missouri-Kansas city, USA and independently at the Center for Full Employment and Equity, University of Newcastle, Australia, the federal government provides funding for a job creation program that offers a uniform hourly wage with a package of benefits. The program could provide for part time and seasonal work, as well as other flexible working conditions as desired by workers. The Swedish full employment model is a good example of ELR that uses a variety of active labor market policies to ensure very low unemployment. Sweden even guaranteed a right to work for up to six months in public works to any individual who had exhausted all other employment and training options (Koboub, 2007 pp.2-8). France experimented with ELR in 2005 with a pilot program in six of its districts. The program not only guarantees activity income for those who are actively seeking work, but will also provide individualized coaching and follow up for the passive unemployment category in addition to a job training component to facilitate mobility to new occupations due to structural changes. In fact, in most of the developed countries, the employment guarantee is focused around compensating the unemployed and assisting and training and retraining them to make them more employable as per the demand of the labor market.

2.2 Theoretical Perspectives: The Developing World

In the context of the developing countries of the world, particularly of Africa and South Asia, unemployment, poverty and food insecurity are different facets of the same problem. Access by the poor to food and work, combined with construction of essential infrastructure and accumulation of assets, has long been seen both in economic theory and practice to be an effective approach to poverty alleviation and the attainment of food security (Braun, 1995, p. 252). Organizing the productive use of the most abundant and probably the only resource that poor people have, their labor, in order to increase their incomes and assets can lead to self-reliance and to equitable and sustainable social and economic development.

To a large extent, the rational and even the basic theoretical framework for public works employment and poverty alleviation in labor surplus economies could be attributed to Ragnar

Nurkse, a Russia born economist. His main concern is with the vicious circle of poverty in which underdeveloped countries find themselves trapped. Nurkse (1960, pp.5-47) argue that a circular relationship exists on both side of the problem of capital formation in the poverty-ridden areas of the world. However, he is hopeful enough that though the circular constellation of the stationary system is real enough, but fortunately the cycle is not unbreakable. And once it is broken at any point, the very fact that the relation is circular tends to make for cumulative advance. The Nurksian strategy mainly consists of developing the underdeveloped countries with surplus labor and scarce capital and in a way making a way through the vicious cycle of poverty. His main contention is that overpopulated peasant economies of the world suffer from large-scale under-employment in agriculture, implying that a large part of the population in agriculture could be transferred without significantly affecting the agricultural output. As such, these economies suffer from large-scale disguised unemployment. It has been pointed out by Nurkse that due to lack of employment opportunities, some 66 percent to 80 percent of the total labor force, work on land and roughly 15 to 30 percent constitute disguised unemployment in such economies. In order to make surplus labor gainfully employed for capital formation, Nurkse suggested methods by taking the surplus people away from the land to work on producing real capital. In this manner, he suggested that disguised unemployment represents a concealed fund and the surplus population was a potential asset, if they are organized to work on capital projects.

Nurkse was aware of the enormity of the problems involved in domestic mobilization of the resources for financing the capital projects. He was convinced that the mobilization of resources by means of taxation on the traditional as well modern forms of conspicuous consumption would be totally insufficient. He also considered foreign aid but did not put much emphasis on it due to its uncertainty and inadequacy. Nurkse suggested that it is possible to finance capital projects from the system itself. This could take place, according to him, if the productive peasants continue to feed the unproductive surplus laborers on capital projects. Nurkse further pointed out that the problem of financing this capital formation resolves into two parts, part one consists of providing them consumption goods which the system will provide, and secondly, the need for tools to work with. Nurkse stressed the need that as far as possible labor-intensive methods should be used in such projects. In fact, he had gone to the extent of saying that before the workers start working on their projects, they should themselves make the most necessary primitive tools with their own hands. He was not in favor of importing tools and machines from developed countries as they would be highly capital intensive and more suited for areas where there is a scarcity of labor. By and large, he was against using heavy equipment in capital investment projects. In fact, he favored simpler tools and equipment that may be appropriate to the relative factor endowment of the countries of this type, in the early stages of industrial development. He emphasized that if consolidation of holdings were carried out in such an economy, it would result in the release of these simple tools for use in the capital projects. He suggested focusing on the use of local labor and local materials for capital investment projects.

Nurkse also gave attention to the type of capital projects that could be undertaken through surplus labor. He emphasized that such projects could be undertaken in agricultural as well as manufacturing industry. He particularly favored the launching of community development projects especially designed to make use of local labor surpluses or of seasonal slack periods in the rural areas. In such projects he included public utilities, transport facilities, training schemes and various basic services. He also thought of projects in human skill, education and health.

The idea of using surplus labor for capital formation was favorably received by the Indian economists like Dandekar, Rath, Dantwala, Chakrawarty etc. However, they differ not only in

approach, but also in the finer details of using public works program for capital formation. Dandekar and Rath (1971, pp. 150-157) are primarily concerned with poverty and consider public works program as a means of redistribution. According to them, assurance of the desirable minimum to everybody should be an objective of balanced economic development and as such, it is advocated by them that the only feasible and immediately available solution appears to be to offer and assure employment to all those who are willing to work on a minimum wage on works which can be immediately undertaken. They pleaded that a large program of rural works organized as a permanent feature for some years to come will also enable some of the agricultural proletariat to withdraw permanently from agriculture and thus help rationalize the existing employment in agriculture. For effective delivery they pointed out that the program must be raised to a scale whereby one may honestly say that the country offers employment of a certain kind to every person who is willing to take it.

The rationale for such type of works and the central role which such programs can play in poverty alleviation is highlighted by Rath (1985, p. 245) in the following words: “ The most meaningful way the bulk of the poor can be provided greater income to enable them to rise above poverty is greater opportunity of employment at least at the basic subsistence wage rate. Anyone who is wanting employment at this wage rate and willing to put in the necessary amount of work should be provided with opportunity to earn his income in this manner. In this, there is no demand on his entrepreneurial skills, no worry about repayment of a loan and no demoralizing pursuit of a subsidy. Once large-scale opportunity for greater earning through wage employment is created for the poor, this will create purchasing power for them and large market for the commodities produced in rural areas. Then the more able and enterprising amongst them will explore possibilities of bettering their lives by producing such and other products for the market, be this milk or meat, foot-wear or garments, shops or services of various kinds. A special program for them will then be more productive, without the corruptive bait of large subsidy.”

Regarding the adoption of public works approach, it was felt by Chakrawarty (1974, p. 309) that a redistribution of consumption within a given total might in certain situations lead to an increase in the level of capital formation. However, he perceives difficulties connected with mitigating the inflationary pressure that might be experienced in the short period as a result of huge public spending on public works.

Dantwala (1977, p. 67) feels that the entire development strategy should be based on labor-intensive technology so that maximum labor absorption takes place through the regular development process, leaving a smaller backlog of unemployment for tackling through special employment projects. In his opinion, “a special or distinctive characteristic of these programs, namely, their emphasis on employment generation, especially such as would not require skills of higher order or to put it differently, as would utilize and in the process upgrade the traditional skills of the local community. But then a vast bulk of labor force in the country has only elementary skills and if employment of this component of our labor force is our concern, the entire development strategy will have to be geared to this purpose; special or supplementary program will not be adequate to meet the requirements of the situation”.

There is a little difference of opinion as to the degree of labor or capital to be used in the works undertaken under such schemes. While Dandekar and Rath (op.cit., p. 138) recommend that at least 75 percent of the project expenditure should go into payment of wages to unskilled labor. Dantwala(op. cit., p 53) has some reservations as to the insistence on 70:30 ratio of expenditure on wages and materials precludes the understanding of several worthwhile projects and/or adversely

affects the durability and utility of assets such as roads and, thus defeats the objective of creating productive assets. Therefore, he endorses the government's relaxation of the ratio to 60:40, while conceding that individual works may have even lower wage content. Thus in the process of ensuring durability of the assets created, some sacrifice has to be consciously made in respect of employment generation. If further relaxation in wage material ratio is conceded, the emphases on employment generation will begin to fade. If on the other hand, adherence to a substantial and a rigid wage component of the expenditure is insisted upon, there may be fewer and fewer eligible projects if we think of the durability of the assets at the same time.

In the selection of projects, Dandekar, Rath and Dantwala hold identical views. According to them, decision making process regarding selection of projects to be undertaken, local organizations like Panchayats should be consulted, but work must not be devised and delayed because somebody at these levels does not agree on the choice of works or their priorities. We should remember that these are the views expressed by those scholars much before the 73rd amendment in the constitution by which regular elections of Panchayats have been ensured by creating an independent authority for this purpose. The basic idea that is to be appreciated in the writings of these scholars is the need for grass root planning. Dantwala (Ibid, p.59) also observes about the limitations of consultation with local bodies, "while the local people would undoubtedly reflect the felt needs their understanding of the technical and economic feasibilities of their proposal is likely to be limited. There is also evidence to suggest that political and economic vested interests often apply undue pressures in decision-making. It is in this connection that the criterion as to who will benefit from the proposed work programs assumes importance." Dantwala(1979, pp. 1049-1055) , however, observes that an appropriate policy frame at the macro level is essential for the eradication of poverty and unemployment, meaningful planning exercise and an effective program have to be undertaken at a fairly decentralized level with the requisite devolution of authority and active participation of the disadvantaged groups. He emphasized that an important desideratum of this strategy of tailoring employment generation to the needs and aptitudes of the people within the limits of the development potential of the area is a genuine commitment to the establishment of a competent planning authority and implementation machinery at the district or block level.

The 1980^s and 1990^s saw a tremendous proliferation of poverty reducing employment programs, especially in Asia and Africa and so increased the number of studies as to what impact have these programs had on poor people over the short term and on development, through asset creation, over the long term and more importantly how can the effectiveness, efficiency and sustainability of such policies and programs be enhanced. Since the international experiences relating to Afro-Asian and South American countries will be discussed separately in the next chapter, here the author intends to discuss some relatively recent studies focused on general issues or on Indian experience.

One of the important cross-country studies was made by Burke et al (1976). He studied twenty-four public works programs in fourteen countries. The potential of the public works instrument for absorbing unemployment, construction of required infrastructure and income impact of the program have been assessed. The general conclusion is that the expectations from the public works programs are unrealistic and that the observed actual performance has rarely matched the potential inherent in this instrument due to physical, budgetary and organizational limitations. In his opinion unless public works are part of a coherent development strategy favoring productive employment, they can have only minor impact on poverty and unemployment. Nevertheless, public works can make a significant contribution, provided there is a sustained political commitment and close attention to details of program design and administration.

Another cross-country study has been presented by Braun (1995) under the aegis of International Food Policy Research Institute (IFPRI), Washington D.C. He has not only presented the conceptual framework of the links between employment, poverty and food security but on the basis of studies made by some eminent scholars on the implementation of employment programs in China, India, Bangladesh and a few African and Latin American countries, has also recorded the findings obtained from the study of employment policies and programs in various countries. He has also prescribed actions for national governments and international donor organizations to improve the efficacy of the programs. He emphasized that it is the asset creating effect of employment programs that makes them sustainable development instruments, rather than merely a form of social transfer. To achieve these ends, he could see the necessity of having a strong political support base. Narrowly targeted programs, while theoretically desirable on the grounds of their economic efficiency, often lack such a support base. Nevertheless, a sustainable political support base may emerge from narrow targeting of short term benefits for those participating directly in the scheme, coupled with a wider distribution of benefits from created assets. He also suggested that there is a clear advantage of integrating employment programs into mainstream public planning. Programs that are planned separately and have independent budgets tend to be isolated and poorly designed because the responsible institution lack access to planning capabilities and technical skill. He advocated for participatory planning and implementation of programs. He also highlighted the need for a legal framework for employment program implementation to prevent ad-hocism. He acknowledged that assets often tend to favor the rural rich. He advised that, to some extent it might be necessary to accept this in the short run in order to make programs politically sustainable. It is necessary to identify optimal levels of such implicit leakage effects in order to strike the best possible balance between short-term poverty targeting and long term asset build up.

Another important work from the Indian perspective in this field has been done by Hirway and Terhel (1994). They have put forward a fairly comprehensive theoretical framework relating to the short term and long term roles of rural public works program comprising of three dimensions as to how can it affect the poor, how can it affect the economic development of a country and how can it affect environment protection and ecological generation. The immediate aim of the rural public works programs is to provide work and wages to the poor and thereby provide relief in the event of drought, floods etc. or in a situation of acute unemployment and poverty. They observed that the public works function in above manner only if the programs are labor intensive, they are not too small and wages paid are not too low and are paid regularly. The assets created by the rural public works program can also contribute directly towards poverty alleviation if they are directed towards the satisfaction of the basic needs of the community. For example, construction of houses for the poor, approach roads to the localities of the poor, basic amenities of sanitation and hygiene, schoolrooms and dispensaries under these programs can contribute directly towards improving the quality of life of the poor. These public works can be made to strengthen the productive asset base of the poor in several ways. They can provide individual assets to the poor, such as irrigation wells and promote land development on small and marginal farms. The common property resources could also be developed for the collective use of community such as irrigation or fishery tanks or earthen dams.

The second important role of the rural public works programs is to promote the general level of development of the economy by creating capital assets. Such assets can be directly productive assets e.g. irrigation works, land development and soil conservation works, infrastructure assets e.g. roads, culverts etc. and assets like schoolrooms, dispensaries etc. that contribute towards human capital formation. Equipped with this potential, the rural public works program can be seen as a tool to facilitate backward area development.

Thirdly, the rural public works can contribute towards appropriate environmental management. These authors have pointed out four areas of necessary environmental management for which rural public works can function as an important instrument: (a) basic ecological conditions, including the management of renewable resources, such as forests and ground water supplies, the protection of watershed from erosion and the conservation of the common pasture lands (b) agricultural technology, including the construction and maintenance of small scale irrigation systems and appropriate land preparation, such as terracing and land consolidation (c) energy supply, including the sustained yield management of existing forests and the reforestation of denuded areas, the construction of biogas plants and the installation of solar energy packages and (d) human environment, a comprehensive term that includes environmental sanitation, pest control, food control and also potable water supply and drainage systems. They observe (Ibid, p.25), “Especially in India, relatively backward regions usually suffer from environmental degradation such as poor quality of soil, sinking water tables and degraded forests. Arresting the process of degradation and ecological regeneration of the region mainly depend on better management of land, water and other natural resources. The rural public works program can play a very crucial role here as works for land development and afforestation can be constructed with relatively labor-intensive techniques. The ecological generation of these backward regions can lay a sound foundation for further development. The regeneration of these resources benefits the poor the most, as it ensures basic livelihood requirements such as availability of fuel, water and fodder.”

Hirway and Terhel (op.cit., pp.268-269) indicate specific areas where large- scale labor absorption is not only possible but also essential for the economic development of the nation pointing out that India has about 40.65 million hectares of cultivable wasteland and fallow land and 12 million hectare of permanent pastureland most of which is degraded, 66.7 million hectare of forest land (around half of which is classified as degraded) and 3.5 million hectares of land under miscellaneous tree crops and groves. In addition, about 110 million hectares of land under rain fed cultivation is neglected and subject to serious wind and water erosion. A variety of labor intensive activities such as land reclamation and land development (including land leveling, land terracing and contour bunding) soil conservation, minor irrigation works, flood control, watershed development, village forest, farm forestry, general afforestation etc can be undertaken on these lands. These works will not only generate employment in the short run, but also will protect the environment, strengthen the economic base of backward region and promote sustained employment in the subsequent phases.

Another possible area for massive labor-intensive works is the area where the irrigation potential has not yet been fully tapped and rain fed areas. If other land based activities such as fisheries, horticulture, sericulture etc. are promoted along with these activities; large sustainable employment opportunity could be realized. The third area that could generate substantial employment in the economy is the development of socio-economic infrastructure facilities and amenities such as approach roads, housing for poor, basic sanitation, school buildings etc. Hirway and Terhel, elaborating on the social-political implications of the guarantee, could foresee that the guarantee will not only provide the poor an income security or a social safety net, but will also strengthen the position of the poor in their dealings with the public authorities and in turn, with the exploitative richer rural classes. The poor would able to demand work as a right rather than be forced to wait for the administration to act. The guarantee also implies the government’s commitment to the poor and hence a political recognition of the poor finally, the rights also improve the bargaining strength of the poor in relation to other employers in the economy and in the final run, make them empowered enough to take advantage of the general growth of the economy.

Hirway (s.n., Unpaged) observes that there can be following four models which can be adopted for providing minimum incomes /living to these poor at the bottom through wage employment programs:

- **Communitarian model:** According to this approach, workers are entitled to their minimum needs by belonging to a communal society. Under this approach, which was adopted by China in the pre-reform period, it is obligatory for workers to work as per the needs of the community and in return, they are ensured of minimum level of living.
- **Right to income model:** According this approach, the unemployed or under employed has a right to a minimum income (i.e., social security) from the state. In return, they have to work whenever work is made available to them. This approach was adopted by Netherlands in the 1930^s after the Great Crash to provide employment to the masses of the unemployed in the country.
- **Right to work model:** According to this approach, the workers have a legal right to demand work from the state for wages. This approach has been adopted by the Maharashtra State under its employment guarantee scheme. The poor are insured of a minimum wage income for any number of days through this guarantee.
- **Wage employment model:** According to this approach, wage employment on public works is provided to the poor without any kind of guarantee. The poor are expected to earn some additional income through this employment. The Government of India has used this approach under its various wage employment programs like employment Assurance Scheme, Jawahar Rojgar yojna, National Rural Employment Program etc.

Hirway argues that the first and second approaches do not seem to be feasible in India because the first is not feasible politically and the second is not affordable financially. India has used the fourth approach for more than three decades now, without much success in the sense that even at the end of about three decades of wage employment programs, the country needs these programs on a larger scale .In opinion of these authors, the third approach of employment guarantee makes a strong case for India and they argue strongly in favor of an all India employment guarantee program. He emphasizes that the goal of poverty alleviation will not be achieved by running these programs on an indefinite basis. What is important is the issue of harnessing surplus human resources productively and utilize it to increase long-term mainstream employment in the economy. In other words, wage employment programs have to be made instrumental in promoting broad based sustainable development in the country.

Ravallion (1990) views public works as an attempt to alleviate poverty in both the short run (mainly by its direct employments effects) and the long run (through the second round effects on incomes of the poor arising from the assets created and effects on labor markets). He observes that such employment schemes have both transfer benefits and stabilization benefits to the poor. He describes that the transfer benefits can be both direct and indirect, the former comprises of the gross benefit to participants less any cost they incur in participating, while the latter includes the share of the poor in the extra incomes generated by schemes outputs, and any other second round effects on income from other sources. The stabilization benefits mainly arise from the scheme's effect on the risk facing the poor of a decrease in consumption. This may be particularly important in a poor agrarian

setting, plainly, the benefits of any policy, which allows those at the edge of survival to avoid down side risks, must be valued highly. To him, past experiences with direct intervention suggest that corruption and other forms of leakage to the non-poor can add greatly to the cost of a given impact of poverty. He suggests one way to the better reach of the poor is to build incentives for self-selection into the scheme. Labor-intensive rural public works have the potential to both screen and protect the poor, as well as to create and maintain rural infrastructure. The limited evidence from south Asia suggests that few non-poor persons want to participate and that both direct and indirect transfer and insurance benefits to poor can be sizeable. However, details of project selection, design and financing are crucial to success in poverty alleviation both in the short and long term. Benefits to the poor can be rapidly dissipated by a badly conceived and executed project.

Nayyer (2002) makes a distinction between rural public works programs and labor intensive infrastructure projects and maintains that both are required for poverty reduction at India's present level of development. In her opinion, the former addresses concerns of current poverty through provision of employment to those seeking normal work on public works, which also leads to the creation of community assets and rural infrastructure. She concludes that in order to improve the efficacy of Indian rural works programs and labor based infrastructure projects, two policy interventions are required, both of which are interrelated. First is to ensure greater participation of beneficiaries in the planning, implementation and monitoring of the programs. The second is the preparation of a holistic development plan at the district and sub district levels based on resources available from various sectoral or departmental plans and on the needs of the people. Such a participatory development process based on integrated development plans should go a long way in articulating the needs of the people with a greater emphasis on providing employment to the poor and unemployed and greater investment in the development of local infrastructure, both physical and social.

Subbarao (2003), after evaluating the public works projects implemented in Africa, Latin America, Chile, India, Korea, Indonesia and Argentina puts a word of caution that the evidence about the cost effectiveness of the public works programs suggests that the programs are worthwhile only if planners give careful attention to the quality of assets to be created and to the potential of such assets to create second round employments benefits. He recommends the following suggestions to realize the full potential of a public works program as a poverty reducing and risk coping instrument:

- The wage rate should be set at a level which is no higher than the prevailing market wage for unskilled manual labor in the setting in which the scheme is introduced.
- Restrictions on eligibility should be avoided; the fact that one wants work at this wage rate should ideally be the only requirement for eligibility.
- If rationing is required (because demand for work exceeds the budget available at the wage set) then the program should be targeted to poor areas, as indicated by a credible "poverty map". However, flexibility should be allowed in future budget allocations across areas, to reflect differences in demand for the scheme.
- The labor intensity (share of wage bill in total cost) should be as high as possible. The level of labor intensity will depend on the relative importance attached to immediate income gains versus (income and other) gains to the poor from the assets created. This will vary from setting to setting.
- The projects should be targeted to poor areas, and try to assure that the assets created are of maximum value to poor people in those areas. Any exception, in which the assets largely

benefit the non-poor, should require co-financing from the beneficiaries, and this money should go back into the budget of the scheme.

- Public works should be synchronized to the timing of agricultural slack seasons.
- In order to encourage female participation, the appropriate form of wages is important—for example, women can benefit from piece rates or task-based wages; sometimes wage in the form of food has attracted more women to work sites. Also, provision of childcare or preschool services can improve participation by women.
- Transaction costs to the poor are kept low - one important means to accomplish this is through locating project sites close to villages. It is also necessary to ensure appropriate mediation of NGOs for protecting the rights of the poor vis -a-vis program managers.

Barrett et al. (2004) have tried to develop a better understanding of how, when and why FFW programs can reduce vulnerability and be more effective. They mention two distinct layers of efficacy of wage employment programs. There is short run advantage of providing effective cushions to rural population who suffer transitory income shocks during lean season or during crop failure. The long-term advantage of such programs is that it improves livelihood opportunities on account of the assets created that opens up new vistas for increasing productivity and employment. They compare the short-term advantages with a safety net to catch those who are falling and the long-term advantages with a cargo net. People can either climb it up or lifted up by it. They do not see much conflict or tradeoff between the short run and long run objectives and comment that when carefully planned and implemented, the program can help longer-term recovery and development efforts. They are in favor of self-targeting employment schemes. They identified two types of targeting errors - errors of inclusion wherein unintended participants enjoy benefits and error of exclusion, related to target population's failure to participate. Keeping the wages too high induces substitution of money wage work in the local labor market for Food for Work (FFW) and thereby limiting the additionality of the FFW transfer since it largely substitutes for other income that would have been earned in the absence of the project. Moreover, when wages are set too high, project managers commonly face excess labor supply and have to ration participation to some fashion and in such a situation; the local elites enjoy a higher probability of selection for participation than do outcastes. They also talk of timing errors. FFW must be available quickly in response to adverse shocks if it is to function effectively as a safety net, in particular, for it to kick in before beneficiaries are forced to divest themselves of productive assets in their quest to meet current consumption needs. Rapid response depends on getting the administrative and logistical machinery in place and in a state of readiness. They conclude that FFW projects can produce valuable public goods and refer to the multiplier effects of a FFW built road in the Ethiopian lowlands, where improved market access directly attributable to that road led to the establishment of water mills and fruit plantations and revival of traditional cotton spinning and weaving in the three years after the road was built.

Holden et al. (2004) have also assessed the potential of FFW programs to reduce poverty and promote sustainable land use in the longer run. They argue that most hunger in the world is due to chronic deprivation and vulnerability, not due to short-term shocks and therefore, they urge to put equal emphasis to the effects of FFW in terms of poverty reduction, growth enhancement and natural resource conservation. The analysis explores how FFW project outcomes may depend on FFW project design, market and technology characteristics. "Our empirical evidence from northern Ethiopia shows that time constraints and food supplied through FFW may crowd out other activities and own food production. However, we also found that FFW projects could crowd in private investment in soil and water conservation by providing technical support, mobilizing local labor, co-

coordinating activities across farms, resolving resource conflicts and possibly providing insurance and reducing personal discount rates” (Ibid, p. 5). They have shown that FFW targeted outside agriculture may reduce incentives for agricultural production and land conservation and therefore negative crowding out effects. However if FFW is targeted at investment in land conservation, FFW may enhance agricultural production in the long run and lead to more sustainable production. The conservation effects may be higher when the private incentives for conservation are lower. They conclude that FFW projects have the potential of contributing to long-term development in economies characterized by imperfect markets, but poor design and implementation can easily lead to opposite results.

Murgai and Ravallion (2005) consider guaranteed living wage legislation not sufficient to ameliorate the living condition of the rural poor because the ease of evasion and cost of enforcement makes such laws largely irrelevant of labor market outcomes for many low-wage workers. They perceive employment guarantee schemes as an effective implementation instrument for minimum wage laws assuming that the only feasible way to achieve a binding minimum wage in a developing rural economy is for the government to act as the employer of the last resort. This article was written when the National Rural Employment Guarantee Act, 2005 was on the offing and the debate about its cost effectiveness was quite high-pitched. These authors made an attempt to calculate with the help of econometric tools as to how much impact on poverty can be achieved by a guaranteed wage sufficient to reach the poverty line. To quote them, “ of course, this impact on poverty comes at a cost, which we recon to be equivalent to 3.7% of GDP for a year-long EGS at a wage rate sufficient for the average rural family to reach the poverty line, which is also close to the overall mean wage rate. At a wage rate 25% above the mean- which gives a defensible comparison point to the wage levels currently proposed by advocates of the EGS in India – the scheme cuts almost 14 percentage points off the rural poverty rate (bringing it down from 34% to 21%) at a cost equivalent to about 5% of GDP. Operating the scheme in the lean season for 100 days brings the cost down to under 1.5% of GDP at the lower wage rate, and about 2% at the higher wage rate” (Ibid, p. 23). Admittedly, these simulations are based on certain assumptions that may or may not hold true.

EVOLUTION OF WAGE EMPLOYMENT PROGRAMS IN INDIA

Rural public works programs have their historical origin in relief works since time immemorial. When disasters such as droughts and floods threaten the survival of the poor, public authorities often provide them with a minimum income. The incidence of such disasters was so common and recurring that the Britishers made a famine code in 1890. The need to create additional earning opportunities to replace lost sources of livelihood has always been so overwhelming as a result of disaster that other considerations such as appropriateness and value of the capital assets constructed have been secondary. Moreover, relief works are also usually organized at short notice and mainly focus on reaching the most vulnerable groups of population in order to relieve them from acute deprivation.

3.1 Brief History of Wage Employment Programs in India

As has been mentioned in earlier chapter, the concept and role of public works has changed considerably in the post independence period. Indian planners started looking at these programs both as a means of employment creation as well as of capital formation. However, for quite some time after independence, it was thought that economic growth will result in increased employment opportunities and that accelerated rate of economic growth will be able to meet substantially the employment requirements of the growing labor force. This, however, did not happen, as trickle down effects remained limited. The Government of India, therefore, placed increasing emphasis on taking up schemes for providing additional employment opportunities and various special schemes of employment generation were taken up right from 1960s. In fact, it was during the third Five Year Plan that rural employment program on a modest scale was initiated to provide employment to the rural man power primarily during the lean seasons. This was a significant advance from the earlier thinking contained in the second Five Year Plan, which emphasized creation of additional employment in the traditional hand industries rather than on wage employment in development works. The basic assumption in all such programs has been better utilization of unemployed or underemployed manpower in the rural areas till employment potential is augmented on a permanent basis over a period of years. These programs are being continued since then in one form or the other. However, there is one very significant difference. The programs initiated during Third, Fourth and Fifth Five Year Plans were primarily ad hoc in nature. It was only since the sixth Five Year Plan that the rural works programs have been given an important place in the overall strategy of poverty alleviation.

Since the introduction of the first public works program in independent India in the 1960s, the content and coverage of these programs have expanded considerably. A series of wage employment programs followed the rural works program in 1970s, 1980s, and 1990s, each trying to improve upon the earlier ones ultimately culminating in National Rural Employment Guarantee Act, 2005. A brief description of the evolutionary sequence of these programs is as follows (Administrative Reforms Commission Report, 2006, pp.5-7):

The Rural Manpower program (1960-1969): The Rural Manpower program(RMP) was taken up towards the end of 1960-61 in 32 Community Development Blocks on a pilot basis for utilizing rural labor force. The coverage was extended to thousand blocks by the end of 1964-65 and continued till the end of 1968-69. The program aimed at providing employment for 100 days to at least 2.5 million persons by the end of the Third Plan especially in areas exposed to pronounced

seasonal unemployment. The resource constraints limited the scope of the scheme and only little over 20 percent of the originally envisaged outlay could be provided.

Crash Scheme for Rural Employment: During the Fourth Five Year Plan, the Crash Scheme for Rural Employment (CSRE) was launched for a period of three years from April 1971. The two-fold objectives of the scheme were to provide employment to at least 1000 persons in each of 350 districts of the country every year through labor-intensive works and creation of durable assets. Although the scheme achieved its immediate objective of providing employment opportunities, the benefits both in terms of direct employment and assets creation were found to be too widely scattered. There was considerable lack of planning with preponderance of roads; many of them were washed off during the monsoons. Most of the assets were of non- durable nature.

The implementation of Rural Manpower Program and Crash Scheme of Rural Employment, led to the realization that more concerted efforts needed to be taken in some selected areas to bring about clearly the impact of a scheme providing for full employment, which in turn, would give useful lessons for future programs. Thus along with Crash Scheme of Rural Employment, Pilot Intensive Rural Employment Program (PIREP) was started in November 1972 in 15 selected Community Development Blocks for a three years period. The basic objectives of PIREP were providing additional employment opportunities for unskilled labor, creation of assets that have a multiplier effect on new job opportunities on a continuing basis. The project completed its full term of three years and generated 18.16 million man-days of employment. The project was reviewed by a committee, which expressed the view that the entire development strategy should be based on labor-intensive technologies so that the maximum labor absorption takes place through the regular development process.

The Drought Prone Area Program (DPAP): This was started as Rural Works Program (RWP) in 1970-71 in 54 DPAP Districts over 13 states in the country. It was initially aimed at mitigating the severity of scarcity conditions by organizing labor intensive and production oriented works so as to generate considerable employment in rural sectors. Towards the end of the Fourth Five Year Plan, the program changed to Area Development Scheme. The task force on Integrated Rural Development Program, 1973 suggested radical restructuring of the program with an emphasis on area development along with the development of the rural poor.

Food For Work Program: It was in 1977 that Food For Work Program was started to augment the funds of state Government for maintenance of public works on which large investment had been made in the past by utilizing available stocks of food grains. The program did not make much headway in the beginning due to certain constraints inherent in the scheme itself. On review of this program and the difficulties experienced by the States, the Scheme was liberalized to include all ongoing plan and non-plan works and new items of public and community works. The program became very popular in the rural areas and was recognized as a major instrument of rural employment generation. However, a number of deficiencies were noticed such as, erratic disbursement of food grains as wages, delay in measurement of earth work, non-durability of assets created under the program, inadequate technical supervision of works and lack of supervision which led to dilution of technical requirement of the projects. Besides the above deficiencies, there were three major counts on which the program suffered a setback. Firstly, the program continued on a year-to-year basis. In the context of uncertainty, the State Governments were not able to provide needed technical and administrative support for effective planning and to monitor the program. Secondly, there was no attempt by the States to formulate a shelf-of-projects, which could take into account the local needs and could also fit in with over all priority of the blocks/districts where the

program was implemented. Thirdly, for want of financial provision in many states to finance the material component of works and also to give part of wages in cash, the tendency was to take up earthen roads on a large scale, which were non-durable in nature. Hence it was decided to revamp and restructure the program and later, it was renamed as National Rural Employment Program.

National Rural Employment Program (NREP): The National Rural Employment Program (NREP), launched in 1980, was the first wage employment program to have all India coverage. It was implemented on 50-50 sharing basis between the Center and the States. The program was having three fold objectives of generation of additional gainful employment, creation of durable community assets and raising of nutritional standards of the rural poor. The target of the employment generation as envisaged under the plan was also achieved. The mid-term appraisal of the 6th plan pointed out that hard core of rural poverty, particularly the land less laborers who are solely dependent on wage employment opportunities provided by the government during the lean agriculture periods when work is scarce, had to be taken in more direct and special manner. It was aimed that at least one member from each landless household should be provided employment up to 100 days in a year. With this end in view, the Rural Landless Employment Guarantee program (RLEGP) was launched in 1983. This program was fully funded by the Central Government. The program was also implemented in addition to NREP and covered the entire country. While these programs have been able to exceed the financial and physical targets, it has not been possible to provide 100 days of employment to at least one member of each landless household in a year as was envisaged under the program.

Jawahar Rozgar Yojna (JRY): The JRY as an independent Scheme came into operation from April 1989 (i.e. last year of the 7th Plan) when two wage employment programs namely the National Rural Employment Program and the Rural Landless Employment Guarantee Program were merged to form the Jawahar Rozgar Yojna. The primary objective of the JRY was to generate additional gainful employment for the unemployed and under-employed persons both men and women in the rural areas through creation of rural economic infrastructure, community and social assets, particularly in favor of rural poor and more so, with an aim at improving quality of life in the rural areas. The scheme was implemented with a funding pattern of 80:20 between the Center and State.

Evaluation studies of the program made by Planning Commission of India (s.n., Planning Commission of India, p. 213) reveals that the employment generated per person (roughly 11 days) was too inadequate to bring about any meaningful increase in the earnings of the beneficiaries. At this level, the program could not have made any significant impact on the income levels of beneficiaries. Project selected bore no relationship to the local needs or the agricultural development strategy. Neither the location of such works nor their timing was in accordance with the spirit of the program. As a result, needless projects were taken up just to avoid lapse of funds. In flagrant violation of the guidelines, in many states, projects were executed by contractors who sometimes hired outside laborers at lower wages. The share of women in employment generated under the program was only 17 percent. The fudging of muster rolls and of measurement books was reported at quite a high scale that resulted in huge loss of funds.

Wage employment programs have been an important component in the strategy of poverty alleviation in India. Initially the Indira Awaas Yojna (IAY) and the Million Wells Scheme (MWS) were part of the JRY. However, in January 1996, the IAY and the MWS were made independent schemes. The IAY aimed at providing a dwelling unit free of cost to the beneficiary for irrigation purposes.

Employment Assurance Scheme (EAS): The Employment Assurance Scheme (EAS) was introduced in 1993 in the rural areas of 1778 blocks of the country situated in drought prone, desert, tribal and hill areas. Over the years, the scheme was extended to all the rural Blocks of the country. The primary objective of the EAS was creation of additional employment opportunities during the period of acute shortage of wage employment through manual work. A secondary objective is the creation of durable community, social and economic assets for sustained employment and development. The scheme was open to all the rural poor residing in the area covered by the scheme. A maximum of two adults per family were to be provided wage employment. The Employment Assurance Scheme was in operation in all the rural districts of the country. Resources under the scheme were shared between the Center and the States in the proportion of 75:25.

The local self Government at the district level called Zila Panchayat was the implementing authority for the funds released to both District Panchayat and Village Panchayats and was responsible for the overall coordination and supervision of works including those taken up with the village Panchayat component. The District Panchayats were required to prepare an Annual Action Plan every year. The District Panchayat had to obtain list of works from village Panchayats and itself formulate proposals for the remaining 30% portion. The works undertaken under the Scheme were to reflect the felt needs of the people, which could, normally, be completed within two years. Priority was to be accorded to the works of soil and moisture conservation, minor irrigation, rejuvenation of drinking water sources and augmentation of ground water, traditional water harvesting structures, works related to watershed schemes, construction of rural roads, drainage works and forestry etc.

Like JRY, the EAS also suffered the drawbacks of implementation. According to a comprehensive evaluation done by the Program Evaluation Organization (PEO) of Planning Commission in 14 States (Planning Commission, s.n., pp.1-12), EAS was, at many places, being executed through contractors in most States in violation of central guidelines; the norm of 60:40 for wage and material was not maintained; genuine muster rolls were not being maintained by the Gram Panchayats. Family cards had not been issued; the system of registration of job seekers with Gram Panchayats was not in vogue. Even though Central allocation was available, the States could not transfer the allocation to the blocks probably due to the inability of the States to contribute their matching share to the pooled fund for EAS. Employment provided under EAS was meager – about 18 days only in a year.

Jawahar Gram Samridhi Yojna: JRY was restructured with effect from 1999 and the new scheme was named as Jawahar Gram Samridhi Yojna (JGSY). The primary objective of the Scheme was to provide demand-driven community and village infrastructure and the secondary objective was the creation of supplementary employment for the unemployed poor. It was realized that though the earlier program was providing wage employment in a sustained manner but the quality of life in the rural areas had not made desired improvement. It was felt that without strengthening the rural infrastructure at the village level and greater financial autonomy to the PRIs, the desired improvement in the quality of rural life could not be achieved. Keeping this in view the program erstwhile called JRY was renamed as JGSY. The program aimed at creating need-based rural infrastructure at the village level to boost rural economy in general and improvement in the quality of life in particular. Priority was to be given to develop infrastructure for SC/ST habitations, education and public health. The program envisaged not only to develop rural infrastructure but also to provide individual assets to the poorest of the poor SCs/STs families, as 22.5 percent funds were earmarked for them. The 100 percent of JGSY funds were provided to the village Panchayats to develop greater financial autonomy. The Panchayats were empowered to take up works up to INR 50,000/- independently with approval of Village assembly to ensure active participation of people at

the grass root level. 15 percent of the allocated funds had been earmarked for maintenance of assets created under the program for greater durability.

No evaluation studies of JGSY are available since it lasted only a short time before being merged into a new scheme, SGRY.

Sampoorna Grameen Rozgar Yojana: The Sampoorna Grameen Rozgar Yojana (SGRY) was launched in September 2001, and the Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS) were merged under this from 1st April 2002. The primary objective of the scheme was to provide additional wage employment in all rural areas and thereby provide food security and improve nutritional levels. The secondary objective was the creation of durable community, social and economic assets and infrastructure development in rural areas. A special component under SGRY provided food grains to calamity stricken states for undertaking relief activities. The SGRY was open to all rural people who were in need of wage employment and willing to do manual and unskilled work in and around the village. The program was self-targeting in nature. Thirty percent of employment opportunities under the program were reserved for women. The program was implemented through the Panchayati Raj Institution (PRIs). Till 2003-2004, the program was implemented in two streams, the first implemented by the District Panchayats and Panchayat Samitis and the second by the Village Panchayats. Since 2004-05 the program was being implemented as an integrated scheme by all the tiers of the PRIs and the funds were shared by district, intermediate and village Panchayats in the ratio 20:30:50. Wages under the program were paid partly in the form of food grains and partly in cash. Minimum wages fixed by the states were paid under the scheme. Contractors or middlemen were not permitted to be engaged for the execution of any of the works under the program. The PRIs had to prepare an Annual Action Plan to include the works to be undertaken under the scheme. While selecting the works, priority was to be given to soil and moisture conservation, minor irrigation, rejuvenation of drinking water sources, augmentation of ground water, traditional water harvesting structures, desiltation of village tanks/ponds, construction of rural link roads, drainage works, afforestation, schools, kitchen sheds for schools, dispensaries, community centers, Panchayat buildings, development of rural market, etc. Up to maximum of 15 percent of the funds could be spent on maintenance of assets created under the program.

A concurrent evaluation of SGRY (s.n., Planning Commission of India, p. 242) by the planning commission of India to assess its success in terms of employment generated and its impact on the poor reveals the following important findings: -

- 77.61 percent of the works taken up have been completed during the year itself.
- The average number of days of wage employment generated through the scheme is 30.52 days.
- Only 12 percent of beneficiaries were women, though the scheme envisages that at least 30 percent of wage employment opportunities should be reserved for women.
- Spread of resources under the SGRY has been thin in view of the universalized nature of the scheme.

National Food For Work Program: It was realized that in order to intensify the efforts for poverty reduction, resources need to be concentrated in backward areas where there is an urgent need for supplementary wage employment in view of the limited impact of the SGRY in generating employment, due to a thin spread of resources. In order to identify backward districts for this program, three parameters were selected – agricultural productivity per worker, agricultural wage

rate and SC/ST population. The NFFWP was launched in 2004 in 150 identified backward districts with the objective to ensure a minimum level of development and income to the poor, discourage migration and expedite the construction of environment-friendly infrastructure works. A significant move was made toward making a perspective plan for the district having a prioritized list of labor-intensive works duly approved from the three-tier Panchayati Raj Institutions. This program later subsumed with the NREGS as and when it got operational in the respective districts.

Thus, going cursorily through the history of wage employment programs reveals quite fast changing priorities and changes in the programs itself. Despite changes in the nomenclature of the programs, the basic objectives, however, remained two-fold, i.e., employment generation and creation of physical assets. However, in the successive years emphasis was also laid on the durability of the physical assets, preference to weaker sections in employment, payment of wages both in cash and kind, maintenance of assets and refinement in planning of works.

The major drawbacks of these wage employment programs discussed above can be summarized in the following words:

- Funds were not utilized in full. Untimely release of funds, both from the Union Government to the District Rural Development Agencies (DRDAs) and from the DRDAs to blocks; and other factors such as inability of the States to generate matching resources were important factors that contributed to low utilization of funds.
- Coverage of villages and the target group was extremely low.
- A large part of the funds was used less in low labor-intensive activities. The normative capital labor ratio was not adhered to.
- Resources were spread too thinly. Majority of beneficiaries received less than 30 days of wage employment in a year.
- These programs created income for the rural poor but left very few durable assets.
- Fudging of muster rolls and measurement books was common and resulted in loss of funds that could have been otherwise invested in creation of rural infrastructure.
- Participation of women was lower than the stipulated norm of 30 percent.
- In most cases, contractors were involved and the use of machinery was also reported though the scheme expressly forbade it.
- One of the most serious drawbacks was the near absence of any comprehensive planning framework so far as the planning of assets is concerned. Little attention has been paid to strengthen the planning machinery at the grass root level.

3.2 Maharashtra Employment Guarantee Scheme

Unlike the other wage employment programs of India discussed earlier, the Maharashtra Employment Guarantee Scheme is not a program designed and financed by the national government. It is a program launched by the provincial government of Maharashtra in early 1970s. It is one of the most researched and discussed programs both at the national and the international levels. Compared to the programs in other countries, the MEGS has been in existence for a long time - more than three decades. The organization like World Bank and International Labor Organization have organized studies to learn from the scheme's success, particularly its sustainability over time. The United Nation Development Program's Human Development Report (1993, p. 43) commends MEGS as one of the largest public programs in the developing world. The MEGS is an especially interesting example of a universal public works program for poverty

alleviation because it guarantees employment at a defined wage - an unprecedented feature in a public works program. It is considered a model because of this underlying philosophy of guarantee and because of its approach towards fulfilling this guarantee (Braun, op. cit. pp.108-138). Even the NREGA, 2005 has drawn largely on this scheme, and theoretically still the MEGS stands as a universal program with no ceiling limit of work days while the NREGA puts the ceiling of 100 days of work.

During the drought period 1970-73, the MEGS mainly operated as a relief program. Following the drought, the government continued it to use it as an antipoverty program. A law was enacted to this effect in 1979, which provides that every adult person in the rural areas will have a right to work. It provides a guarantee of employment to each adult above 18 years of age who is willing to do unskilled manual work on a piece-rate basis. The employment seeker has to get his or her name registered under this scheme with the registering authority, the Village Level Worker of the village by filling in a form. Thereafter a formal request for employment is made to the concerned officer (the Tahsildar) by filling in another form. The Tahsildar is obliged to provide work within 15 days of receiving the demand for work. Failure to provide employment within 15 days entitles the person to an unemployment allowance. The scheme operates through identification of projects, which must satisfy two criteria: they must be labor intensive and create productive assets. The labor intensity criterion is defined rather strictly; the ratio of cost of unskilled labor to equipment, materials etc must be 51:49 or higher. Productive works are, however, somewhat loosely defined as those, which directly or indirectly lead to an increase in production or which, if not undertaken, would cause production to decline. Mostly soil and water conservation works, afforestation, roads and flood protection schemes are undertaken. It is mandated that work under the MEGS should be so organized that it does not interfere with normal agriculture activities. Also, this scheme is not activated when work is available on other plan or non-plan works in progress. The scheme is financed through taxes levied specifically for it and a matching contribution from the state government. The main objectives of the EGS are to sustain household welfare in the short run through provision of employment and to contribute to the development of the rural economy in the long run, through strengthening rural infrastructure.

In terms of employment generation, the scheme reached its peak in 1980-81, maintained a high level till 1986-87 but experienced a considerable decline after 1988-89. The other important changes over time are as follows:

- The percentage of the EGS women workers gradually increased from 41 percent in 1979 to 53 percent in 1986.
- Initially, the emphasis in MEGS was on drought proofing to create a permanent avenue for employment. In the year 1974-75, nearly 93 percent of total expenditure was directly related to drought proofing consisting of sources of irrigation (78 percent), soil conservation and afforestation (3 percent). Over the years, however, the composition of expenditure has undergone considerable change; the expenditure on roads has risen from about 6% of the total in 1974-75 to about 40 percent in 1985-86. After that, however, the percentage of expenditure on roads was less than 25 percent because of government order.
- The MEGS experienced a major policy change in terms of wage rates in 1988. The wage rates were doubled due to the revision of minimum wages for agriculture. Prior to this, the wage rates in MEGS were lower than the prevailing market wages. Though the wage rates were doubled, the employment declined. Doubts have been raised that there might have been some rationing in employment since 1988 due to increase in wage rates.

- In late 1980s, the guideline of the scheme also underwent radical modifications by introducing sub schemes such as village development through labor, horticulture program and Jawahar wells which were supposed to integrate the MEGS projects with the other rural development programs.

How effective MEGS has been in its coverage of the target group is subject to debate. Some studies have used landlessness as the criterion and maintained that only 50% belong to the target group. But as Ravallion (1991, p. 159) rightly comments, “ It is the poor whom we are trying to reach, not the landless per se”. Using poverty criterion, it is widely agreed that the MEGS targets the poor effectively. As long as the MEGS wage rate was low relative to the market wage and the scheme with the guarantee feature without rationing this issue had little relevance. However, the debate acquires relevance when there is a rationing of workers.

Turning to the direct benefits, the contribution of the MEGS to the reduction of total unemployment or underemployment at the macro level in Maharashtra varies from 10 to 30 percent, depending on assumptions and years selected. According to micro studies, the employment provision of person-days in one year varies from 25 to 160 days. The same micro studies reveal that the share of total income that comes from MEGS has ranged from one-third to two-thirds. Although MEGS income may not have allowed participants to cross the poverty line, it has helped reduce the intensity of poverty. However, the case of MEGS relies more on indirect and stabilization benefits, rather than on direct benefits. MEGS projects seem to have second-round effects on the incomes of the poor (although opinions are divided on this). There is evidence that the MEGS wage rates has influenced the agricultural wage rate in the state particularly of the female work force, which was not earlier equal to male workers.

One of the most important effects of the MEGS is its seasonal stabilization effect on the incomes of the poor. Gaiha (2003, p.21) observes that the income stabilizing benefits were found to be substantial in course of studies made by him, given that alternative employment options were limited. Reducing fluctuations in income can be as important to the poor as raising average incomes. Stabilization can prevent acute distress and preempt the need for costly forms of adjustments such as selling productive assets. There is evidence that the insurance benefits that result from the scheme are quite significant to the poor.

3.3 Some International Experiences

The issues of poverty reduction, unemployment and rural development have been addressed by many countries. A comparative study of the contents, design features and experiences during implementation of public works programs in different countries gives an insight to plan, design and further improve the programs. Therefore, it would be proper to discuss here some international experiences. These case studies have been selected for their design features and effectiveness. The Chinese and the Argentine public work programs appear to be fairly successful while the Bangladesh and South African models have not been that successful in terms of the beneficial impact on the various dimensions of poverty such as income, asset ownership, access to services, enhancement of skills and capabilities or psycho-social aspects of poverty.

3.3.1 Argentina's Jefes Program

Jefes de Hogar of Argentina is supposed to be one of the successful working models of the Employer of Last Resort (ELR) program. When the economy of Argentina collapsed by the end of

the 21st century, and unemployment and poverty skyrocketed, Argentina implemented a limited ELR program to provide jobs to poor heads of households. It was not a universal ELR program. The participation in the program was limited to one head of each poor household with dependent children or persons with handicapped or pregnant woman. The eligible unemployed heads of households who wanted to work were registered in a national database for program implementation. Participants were also required to register their children in school and to take the necessary vaccinations. The Jefes program used to pay 150 pesos per month to a head of household for a maximum of 4 hours of work daily. At the time of implementation of the program, the poverty line was about 300 pesos per month, so Jefes paid half of the poverty line for half-time work. Participants were expected to search for additional hours of work in formal and informal employment to supplement the Jefes salary. Participants work in community services and small construction, agricultural or maintenance activities, or are directed to training programs. Government total spending on Jefes was around 1% of GDP, with nearly 2 million participants.

Tcherneva and Wray (2005) have studied and evaluated the program and found that the program has been highly successful in achieving a number of goals. The impact of the program can be summarized under the following subheads:

- Indigence and Poverty - Though the program is criticized by the local people for the limited entry, Jefes has been very successful in rendering indigence rates among its participants. Indigence is extreme poverty measured in income necessary to purchase the minimum amount of food calories per day. After only four months after the implementation of Jefes in April 2002, the indigence rates among participating households had fallen by nearly 25%. It is important to note that due to its very design, reduction in poverty has been negligent, largely because the program restricts participation to only one member i.e. head of the household and because the income it provides is just half below the official poverty line.
- Unemployment - The effect of the program on unemployment has been not very dismal. To quote Tcherneva and Wray (Ibid, page 6), “ It is obvious, however, that immediately after the implementation of the Jefes in April of 2002, the unemployment fell by several percentage points. In May 2002, the unemployment rate was recorded to be 21.5 percent, while in May 2003 it had dropped to 15.6 percent. Today the employment rate stands at 14.8 percent, however the methodology of measurement had changed in 2003..... while it is difficult to compare the series, we estimate that under the old methodology, the unemployment rate today would have been close to 12 percent, which means a drop of almost fifty percent from its record levels in May 2002. We emphasize that the very fact that Jefes limits participation to heads of households is the primary reason why the drop in unemployment is not as large as one would hope. ”.
- Targeting - The program was very well targeted to the intended population - poor households with children or disabled. The study by Tcherneva and Wray reveals that the beneficiaries are largely from those households that have at least one unmet basic need. These are people who live in overcrowded or otherwise inadequate housing conditions with poor sanitation and very high dependency ratios, which measure the number of family members per employed person in the household. The average dependency ratio in families with Jefes beneficiaries has been found to be 39 people per employed individual. Jefes workers are individuals with low educational attainment and low income - vast majority of them have high school education or less.
- The program is well received - With wages fixed at low levels; some critics viewed the program as exploitation and labeled it “slavery” or “unemployment by another name”. But the study made by Tcherneva and Wray reveals that the response of the beneficiaries to the

Jefes plan has been overwhelmingly positive. “Only a small fraction of Jefes workers have said that they are dissatisfied with the program, while 90% are either satisfied or very satisfied with it. When asked how they felt when requesting the program, most people (70%) reported respected as opposed to undervalued or politically used. Some of the reasons for this satisfaction include the opportunity to do something and help the community, but note that the second largest reason for satisfaction that people report is the good environment that Jefes jobs provide” (Ibid, pp. 6-7).

- The Program has produced projects beneficial to the community. A large number of projects have been designed to cater to the needs of the community by providing a wide range of goods and services. The distribution of Jefes workers by type of employment shows that 87 percent of them were working on community projects and 7 percent on training. Among the community projects, micro enterprises (mainly agriculture) accounted for 26% of the total work force under Jefes, social and community service 17%, maintenance and cleaning of public spaces 14%, public lunchrooms 11% and educational activities 10%. Much of the community services are performed in these centers, thus renovation of existing centers or construction of new ones represent many small Jefes infrastructure projects. Examples of community services performed in these centers include food kitchens or family attention centers which address domestic violence issues or provide temporary shelter or other services to abused women or children. Other projects include health promotion issues - how to boil water or how to handle food and avoid dysentery and other infections. Others deal with mending old clothes that have been donated to poor communities. A similar program exists for the public libraries, where scrapped books from wealthier regions are repaired and catalogued for public libraries in poorer communities. Large-scale infrastructure projects also hire Jefes workers for the repair of Argentina’s roads and bridges. Some projects distribute their output such as bread baked in small Jefes bakeries without charge to poor neighbours. Others sell output at reduced cost either door to door or in public markets. Some large supermarkets have also donated space for Jefes products. Finally some Jefes workers form co-operatives that produce output on government contract such as school uniforms. These workers receive their Jefes salary for four hours of work and then, if they are able to obtain additional orders for their output, they work more hours and share the net sales revenue among co-workers.
- One of the most positive results of the program has been the large influx of women into the program - women accounted for over 60% of program participants in the beginning, which later grew up to nearly 75%. A plausible explanation for this result is that many households choose to allow the wife to participate in the program while the husband attempted to find private sector work. As the economy recovered, more of men were able to move out of Jefes, into formal sector employment. This increased the female ratio as they have had a harder time transitioning out of the program. In addition, some women do not want to leave the program because it offers them the ability to work near their homes. The advantage of Jefes is that it can take workers as they are; providing them work they can perform even if they have family constraints or no previous formal labor market experience or skills. This is especially important for women. It is pertinent to note here that Jefes participants receive some additional benefits also. Many Jefes projects provide free childcare for participants. This is important given that many participants are mothers with young children. Projects also provide literacy programs for adult, tutoring for children, counseling for families with drug abuse or domestic violence problems, and family planning. It was the close proximity of their job to their homes that helped them a lot in their participation in Jefes. Many of them had never been able to work outside the home even before the economic crisis because long commutes would take them too far away from their children. Jefes jobs in their

neighborhood allowed them to check on their families throughout the day. In addition, they could make use of various social services provided in their workplace. This is something that we the Indians can learn from Jefes to design the program in a manner that is women friendly.

- Another distinguishing feature of the program's institutional design is its decentralized model of administration. The Argentinean federal government provides the funding for salaries as well as a portion of equipment costs, general guidelines for the execution of work projects, and some auxiliary services for managing the program. Such services include maintaining a national registry of program beneficiaries, as well as databases that track all projects that have been proposed, approved or denied and completed. This data is made publicly available thereby increasing transparency and reducing corruption. The local municipal governments primarily do the actual implementation of the program. The municipalities are responsible for assessing the pressing needs and available resources of their communities and for evaluating the projects proposed by the local non-profit organizations. For projects that have been approved, the municipality contacts beneficiaries, informing them of the availability, time and place of work. Indeed, one of the most interesting results of the Jefes program is that it demonstrates that a decentralized program can be used to increase political participation and foster grass-root democracy among groups that had traditionally been marginalized. The program has allowed local and municipal governments who are most familiar with the economic needs of their communities, to administer the program.
- Tcherneva and Wray have also argued that the program has contributed positively towards the stabilization of Argentina's inflation and demand. After the collapse of the currency board in January 2002, the peso quickly devalued plunging to 3.76 pesos to the dollar in early October of the same year. Since then the exchange rate has improved and stabilized to around 3 pesos to the dollar. The rate of inflation was similarly stabilized. Prior to the collapse of the currency board, both the consumer and producer price indexes had been declining on yearly basis. With the devaluation of the peso, both indexes skyrocketed with producer prices experiencing the most dramatic increase due to the high import content of domestic production. However for the last two years, prices have sharply fallen and stabilized to single digit yearly rates of change. In the meantime demand has steadily increased and production has expanded robustly. In addition, the macroeconomic impact of the Jefes program is significant. The Argentine ministry of labor estimates that the effect of Jefes on growth is overwhelmingly positive. The multiplier effect of the increase in income due to Jefes benefit is a whopping 2.57 (Ibid, p. 10). It shows that as opposed to the popular criticism, the introduction of ELR will not necessarily introduce currency or price instability.

A peculiar aspect of the project organization is that the federal government finances not more than 80% of the various Jefes projects. This provision requires that the project executing firms and Non-governmental organizations contribute with their own resources - an arrangement, which commands a higher level of commitment from sides of public and private sphere.

3.3.2 Wage Employment Programs in Bangladesh

Pervasive poverty and under nutrition are fundamental problems in Bangladesh. About one-half of the country's population does not afford an adequate diet. The rural landless, constituting about 50% of rural households, depend mainly on agriculture for employment. Since demand for labor in agricultural production is seasonal, during the slack season, the landless households remain virtually unemployed. For the vast majority of rural poor, the only asset owned is labor power. Therefore

employment opportunities and wage rates determine, to a large degree, the welfare of the poor. Poverty reduction depends on increasing the economy's capacity for absorbing the existing labor force and on the prospect of increasing the productivity of wage and self employed labor. This situation rationalizes public investment in employment generating programs that normally will not attract private resources.

The Food-for-Work program (FFW) and the Rural Maintenance Program (RMP) are two nationwide wage employment programs that play an important role in the reduction of rural poverty. The FFW program has been operating in Bangladesh since 1975. It aims to create food-wage employment during the slack season, mostly in construction and maintenance of rural roads, river embankments, and irrigation channels. The main stated objectives of the programs are (Braun, op.cit., p.49):

- To improve the performance of the agriculture sector through the construction and maintenance of infrastructure for production and marketing.
- To reduce physical damage and loss of human life due to floods and other natural disasters through appropriate protective structures.
- To generate productive seasonal employment for the rural poor.

The target group for FFW includes anyone who is poor, willing and available to do mainly earth work. Thus, participation for the programs is self-selecting. Workers are mobilized by gang leaders and supervisors. Wage payment is made in kind rather than in cash. Such a practice is thought to stabilize food grain prices and to improve food consumption of the participating households.

FFW is a large, umbrella-type program, under which several ministries, donor agencies, non-Governmental organizations operate various kinds of schemes, with wide variations in size of these operations. The major donors include Australia, Canada, the European Union and the United Kingdom. The FFW projects are administered by the World Food Program (WFP) and CARE. The WFP acts as both a conduit and an administrator for multilateral and bilateral food aid for the program. Projects administered by WFP are implemented mainly by three agencies: The water development board, the ministry of relief and rehabilitation, the local government and the Engineering Bureau. Water development board takes up large projects that create coastal and flood protection embankments on long major rivers or re-excavate canals under large-scale irrigation projects. The ministry of relief and rehabilitation executes projects relating to the construction and repair of interior earth roads, and the digging and desilting of small irrigation channels. FFW schemes executed by local government and Engineering Bureau include the construction and completion of roads connected to growth centers. In addition to these major projects, the ministry of fisheries and livestock takes up excavation and desilting of fishing ponds and the ministry of forests is responsible for plantation of trees.

CARE operates on behalf of US Agency for International Development (USAID) and administers projects using wheat supplied by the United States. CARE administered projects are implemented by the local governments. The most important program administered by CARE is the RMP. This program is operational in Bangladesh since 1983. The main objective of this program is to provide employment to rural disadvantaged women and maintain rural earthen roads. This is a program for women only. There is public announcement for recruitment and selection is done based on certain criteria. This program gives year round employment for four years and women are supposed to work for six hours for six days a week. Wages given are lower than the local minimum. One fifth of the wages are retained as savings. Regular training is given on basic health, social and legal rights and

basic literacy. In the third and fourth year, training for management and skill development is given. Thus, the RMP is a route to graduation to self-employment.

The following are the main observations regarding the program (Braun, op. cit., 56-58):

- The program is self-targeting- Because of the nature of the works, only the poorest households tend to participate in the program. It has also been observed that in Bangladesh wheat is a better food for self-targeting than rice for improving food consumption and nutrition in poor households. The program is partly seasonally targeted with 85% of the FFW resources being used during January to May, which is the traditional slack season for agricultural activities.
- Leakages- In spite of the self-targeting characteristics of the FFW program, leakage of resources from the program is quite extensive and is matter of serious concern. One major point of leakage in FFW program is the over reporting of work done. FFW engages mostly in the reconstruction or rehabilitation of existing structures. Hence, underestimation of the condition of structures before work has begun and overestimation of the work performed can lead to a large amount of leakage. Another point of leakage is the practice of leaving the earth uncompacted, which makes it difficult to measure the actual volume of earthwork and the amount of work accomplished. Leakage also occurs through underpayment to workers.

FFW provides food security to poor households and has also created physical infrastructure that improves farm productivity and access to markets and other institutions which have favorable effects on agricultural productivity, employment and wage income growth in the rural non farm sector, food security for the lowest income groups and relative dietary adequacy of young girls and women.

There are, however, several technical, organizational, institutional and operational problems that limit the potential benefits of FFW program. The technical weakness stems from the fact that food assisted development programs are being isolated institutionally from the mainstream developmental effort. There is a multiplicity of ministries and donor organizations that make the ability to plan execute and monitor the program very difficult. Probably this is also one of the reasons behind unnecessary delays in the project approval process.

3. 3.3 The Chinese Experience

China has made great achievements in poverty reduction. “According to China’s national poverty line, rural poverty population has dropped from 250 million in 1978 to 28.2 million in 2002. According to international poverty line, which is the cost of living per capita per day below one dollar, the World Bank estimates that China’s rural poverty population has dropped from 280 million in 1990 to 124 million in 1997, decreasing by 55.7%. Poverty population has averagely decreased 22.29 million per year” (Anagang et al, 2003, pp.1-2).

The case of China is particularly interesting because during a crucial period of its economic development, from the mid 1950’s to the late 70s, China was able to mobilize its surplus rural labor on a massive scale for capital construction. China opted for an overall strategy of rural development in which labor mobilization for rural public works played a very important role. Due to the reforms of the 1980s, the rural scenario in China has changed considerably, and the type of labor mobilization under the commune system no longer prevails. Nevertheless, both the investments as well as institutions of the past do have an impact even today. (Hirway and Terhel, op.cit., p.74).A

study made by Ling and Zhongyi (2004) reveals that till recently, unpaid labor was used on development projects and it was only in 2002 that the Government of China made a decision to abolish the use of rural unpaid labor, through rural fiscal and taxation reforms aimed at increasing the income of rural farmers.

Due to a very different cultural milieu, traditions and values, large-scale labor mobilization has always been a very important element in the Chinese rural development strategy since the Chinese Communist Party came to power. The idea of self help which is implied by making unemployed people work on projects which structurally expand the productive base of the rural economy appealed to the communist leaders. As suggested in the Nurksean framework discussed in chapter two, they also viewed unemployed labor as an unutilized productive resource, which should be organized by the public authorities for systematic use. At the philosophical level, the ideal of a communist society implied the sacrifice of immediate personal gains in favor of a higher order of long-term collective welfare.

Four consecutive patterns of Chinese labor mobilization can be differentiated (Hirway and Terhel, *op.cit.*, pp. 75-77). The first pattern is what can be called relief through work. It was largely prevalent during the initial years after the communist takeover, when the top priority of new government was to overcome the devastating effects of natural calamities and help people in a direct way. Relief was partly distributed through public works employment aiming to contribute to long-term economic enhancement, such as flood control, water conservation, road building and repairs. By linking relief to work, the authorities forced the people to contribute to capital investment at a time when other institutional mechanisms were weak. In addition, the very effectiveness of the way the government protected the lives of the people led to the increased popularity and political support base of the party. The second pattern included semi military campaigns applied particularly in the case of very large-scale projects, such as the Huai River harnessing project, which were mostly designed by higher-level authorities. Quotas for the number of laborers to be involved in such works were fixed by government officials for each village. If the targets were not attained in a particular village, propaganda workers from the Political Bureau would intervene and mobilize the peasants to participate in the works. A third pattern emerged in the late 1950s when the labor mobilization became increasingly integrated in the process of collectivization. Rural co-operatives or communes were formed. One of the advantages of these communes was that they allowed a larger amount of surplus labor during the slack season to be mobilized in order to work on projects of small scale irrigation and other forms of water management or terracing of fields and plantation of trees. The communes remunerated their own laborers by allocating work points for individual labor contributions either in regular activities such as agriculture or in supplementary capital works.

The fourth pattern of labor mobilization evolved during the 1980s, when there was a clear overall policy shift towards reforms in favor of individual rights and freedom. This marked the beginning of the erosion of the collective system of labor mobilization. Nevertheless, the traditions of corvee work, the so-called voluntary labor, which everyone in a village is obliged to perform persisted even after the communes were abolished. Even after China has decided to stop the use of rural unpaid labor in the year 2002, another form of voluntary unpaid labor is widely used. In this case, people agree to work without payment because they feel that both the value of their farmland and yield per unit of land will increase along with improved infrastructure.

The concept of Food-for-Work in China is a bit different from what we practice in India due to the practice of unpaid labor contribution in China. Before going into the details of Food-for-Work in China, its theoretical basis needs to be discussed. In the central and western regions, where most of

the China's poor population lives, the level of urbanization and industrialization is much lower than the eastern regions. As there is very limited room to expand employment in secondary and tertiary sector, the government saw agriculture as the first option to increase employment among the rural poor. Due to low availability of land per capita, the policymakers decided that the expansion of employment in agriculture must rely on an increase in labor impacts per unit of land. Thus evolved a strategy to alter the production structure of agriculture, known as agricultural restructuring and one of its aspects is to cultivate crops that demand more intensive labor inputs per unit of land. For example in the cultivation of tea, not only the on farm employment is higher than rice, but farmers could also process the raw material in to tea products. To expand employment in agriculture through agricultural restructuring and to reduce risks and losses involved in restructuring, the best way was to transform the natural and geographical environment of agriculture. Specifically, investment must be made in the construction of rural infrastructure. Water conservation works should be undertaken, basic farmlands improved and rural roads built to create necessary conditions for agricultural restructuring.

The Government of China has used the Food-for-Work policy to achieve the ends of agricultural restructuring and infrastructure development (Ling and Zhongyi, *op.cit.*, pp.2-8). Prior to mid-1990s, the Food-for-Work policy was implemented in the form of payment in kind. At that time, the central government mainly provided commodities such as grains, cotton, clothing and some consumer products as payment in kind for the building of roads and projects for drinking water supply for people and animals. Once a project was finalized, the local government provided funds to purchase construction materials, such as cement, iron, etc. and construction tools. Then it organized poor farmers to participate in the construction and paid them as their wages with the commodities provided by the central government. But very often, the local governments had no money to pay for the construction material and they often used to sell the commodities provided by the central government to generate cash for the projects. This practice substantially reduced the commodities that should have been distributed among farmers as their wages. Sometimes, labor was left totally unpaid. This is important to note that at that time the main objective of Food-for-Work was to provide relief to poor farmers so that they could directly receive income from their labor output. Thus, under the above circumstances, the primary purpose of providing relief was greatly weakened.

Under these circumstances, the way out of the problem appeared in the suggestion of capital construction on farmlands. This was in line with the policy of agricultural restructuring also. Here it is significant to note that under the liberalization regime, the household contract system had developed in China by which a person can contract a plot of land from the village for cultivation. The central government had declared in 1982 that the land use right obtained by farmers would remain unchanged for the next 15 years. In 1996, when the first term of land contract was over, the second term was given for 30 years. The provisions created a long lasting interest of farmers in their land. These farmers had a clear interest in the implementation of Food-for-Work. Land development activities on their farms and water conservation projects, implemented under the Food-for-Work policy, directly increases the asset value of cultivated land contracted by farmers. Again, the completion of roads and power grids in rural areas not only improves the living conditions of farmers, but also upgrades conditions of land management so that farmers can have better access to the market, which indirectly increases the value of contracted land. Although poor farmers get no direct payment for their labor in implementing the projects, their land asset is considerably enhanced in value and farmers can secure better returns from managing the improved land resources in the long run. In this sense, the Food-for-Work policy has actually evolved into a policy by which poor farmers provide labor, which appreciates the value of their contracted land.

Regarding the mode of investment, government funds the designing of the projects, provides technical support, hires engineering machinery and buys the construction materials, while poor farmers put in labor and the local governments are responsible for organizing construction. The labor input of farmers is basically unpaid. Farmers participating in the construction get no pay for their labor, but they share, directly or indirectly, the benefits generated from completed projects; they can only increase their employment and incomes due to the development resulting from the improvement in the rural infrastructure.

Thus, China is using Food-for-Work policy to develop rural infrastructure to increase the asset value of farmer's land thereby increasing their on farm employment and the restructuring of agriculture with a goal to alleviate poverty in the country and these efforts have shown results.

3.3.4 Public Works in South Africa

Public works are a key component of the current social protection framework in South Africa, constituting the only form of social support for the able-bodied working age population. Public work programs are centrally placed in the conceptualization of social policy space and are ascribed considerable potential in terms of addressing the core challenges of unemployment and poverty. Mc Cord (2004) has studied the efforts made in South Africa to promote employment and reduce poverty through public works. He observes that unemployment has been rising for three decades, and reaching a plateau in 2003 at extremely high levels, standing at 31% (5.3 millions) by the narrow definition and 42% (8.4 millions) by the broad which includes those who report themselves available for work but are not actively seeking it. Economic growth rates are insufficient to absorb the growing pool of unemployed labor, and even in the most positive growth scenario, it has been estimated that broad employment among the semi-skilled and unskilled would not fall significantly below 30% in the medium term. Unemployment is structural and will not be significantly reduced in the coming decades without major state intervention. Of the total population of 45 million, 24 million live below poverty line and 13 million live in destitution, with income levels less than half the poverty line. These poverty levels are clearly connected with unemployment, with the poorest experiencing unemployment rates of more than 70% and the majority of households in the bottom four income deciles having no member in employment, leading to the conclusion that most poor households are poor because of the absence of wage income. Given the strong correlation between wage income and poverty of South Africa, responding to unemployment is clearly a key policy challenge.

It was in mid 1990s that the commitment to use labor intensive public works programs got an increased focus as a response to the grim poverty and unemployment scenario discussed above and a National Public Works Program (NPWP) came into being in 1994. The objectives of the NPWP were set as under:

- Create, rehabilitate and maintain physical assets that serve to meet the basic need to poor communities and promote boarder economic activity.
- Reduce unemployment through the creation of productive jobs.
- Educate and train those on the program as a means of economic empowerment.
- And, build the capacity of communities to manage their own affairs, strengthening local government and other communities based institution, and generating sustainable economic development.

The NPWP had two strategic thrusts. The first was a Community Based Public Works Program (CBPWP) intended to provide rapid and visible relief to the poor, and to build the capacity of community for development. Initially, the CBPWP involved allocating funds to community-based organization (CBOS) to carry out projects. A wide variety of projects were funded under the CBPWP, ranging from basic infrastructure such as roads to income generating projects such as community agricultural undertakings. The second strategic thrust of the NPWP was the reorientation of mainstream public expenditure on infrastructure towards labor-intensive techniques. But NPWP's goal of major reorientation of public expenditure was not realized. In a context of major political restructuring, multiple demands on a new government, and an uncertain legal framework for labor-intensive construction, the thrust of the program failed to gain momentum. The attempt to achieve too much too quickly failed to produce desired results. The necessary time to plan properly and to build the required institutional and management capacity for effective and efficient implementation was not allowed. A large number of small projects were undertaken without a common program, resulting in loss of economies of scale, duplication of learning costs and inconsistencies in performance. The program was overloaded with too many objectives with the result that sometimes, conflicting objectives and lack of clear direction posed problems in the effective implementation of the program.

In the year 2004, the government of South Africa launched a new public works program named Expanded Public Works Program (EPWP). As a 20 billion rand initiative, it aims to create one million new jobs for unemployed, low skilled workers over five years. The EPWP is a crosscutting program being implemented by all spheres of government and state owned enterprises. Thus this became a program of the whole government and not just a public works department program. The EPWP does not have its own special budgets for projects- it is funded by earmarking funds on the budgets of the line departments, provinces and municipalities. The objective of EPWP is to utilize public sector budgets to alleviate unemployment and poverty by creating temporary productive employment opportunities coupled with training. The following sectors were identified as having potential for creating EPWP employment opportunities:

- Infrastructure (increasing the labor intensity of government funded infrastructure projects such as roads, community centers, schools, storm water drainage.
- Environment (creating work opportunities in public environment improvement programs such as cleaning, greening, alien vegetation clearing etc.
- Social (creating work opportunities in public social programs such as home-based care workers and early childhood development workers. Upon completion of these learnerships, workers will have obtained a formal qualification thus enabling them to quit from the EPWP and to enter into formal employment.
- Economic e.g. income generating projects and programs to utilize government expenditure on goods and services to provide the work experience component of small enterprise learnership or incubation programs.

Existing programs in these four sectors were included under the umbrella of the EPWP. The official target for public works programs are women, youth and disabled, with the relative proportion of each comprising 60% women, 20% youth aged between 18 to 25 and 2% disabled.

Adato and Haddad (2001, pp. 44-45) observe that South Africa's public works Programs have been among the most innovative in the world, with multiple objectives that include not only job creation, poverty reduction and infrastructure development, but also simultaneously job training and

community capacity building, This gives the program a development potential at a theoretical level, but also involves some potential tradeoffs when it comes to the operational level. They have also found that these programs are not well targeted geographically in terms of poverty, unemployment or infrastructure. Some districts with very high poverty and unemployment had no labor-intensive public works projects while some districts with low poverty rates had a number of projects. Though generally the jobs went to the poor, though they found little evidence of the targeting of public works to the poorest among the poor.

However, McCord (op.cit., pp. 7-9) has raised certain very basic issues regarding the underlying assumptions, objectives, design and implementation of public works in South Africa. She finds a fundamental mismatch between the government analysis of the labor market and the poverty problem in South Africa and the nature of the policy response. The EPWP offers short-term employment and training on the premise that supply-side interventions are an appropriate and effective response to transitional unemployment – a policy approach that is consistent with the use of PWP in contexts of temporary economic dislocations. But the structural unemployment characteristic of South African economic context, supply-side interventions such as upgrading human capital have only limited potential to address the unemployment problem. Since unemployment is a structural and chronic problem in South Africa, long-term employment programs, offering sustained employment, would be the most appropriate policy response. Pollin et al (2006, p. 58) observe that the scale of the program is simply too small to be expected to make a serious dent in the country's employment problems. The budgeted Rand 3 billion per year for public infrastructure will produce a net increase in employment of about 80,000 jobs per year. However, with current official unemployment rate of 26.2%, the generation of 80,000 jobs from the EPWP would reduce the unemployment rate by one-half of a percentage point. This is less than the statistical margin of error in the estimation of unemployment rate.

The second critical issue is related to targeting. Generally the wage rate tends to be the primary mechanism for targeting in public works programs on the assumption that this will lead to effective self-targeting. However, when there is an excess demand for employment, as in the case of South Africa, it poses a problem. Frequently a combination of lottery and community selection techniques are used to ration access to employment, often using criteria of unemployment and poverty, but the evidence proves that it often leads to the exclusion of the poorest from participation. Here the clarity of objectives is also an issue. "The survey findings illustrate that the rationing of access to employment in PWP is critical, given the level of excess demand for employment. In the context of chronic mass unemployment and poverty, with low prevailing rural wages and extremely limited public works employment opportunities, the principle of 'less eligibility' is compromised by the significant excess demand for employment, and is rendered an inadequate targeting tool in terms of the objective of providing a safety net for 'the poorest'. In the light of this, rationing of targeting becomes a key consideration, and the strategies adopted to address them are highly contingent on the primary policy objective of the program, i.e. whether labor market or poverty reduction outcomes are the priority. Clarifying the primary objective of the program will, in turn, determine the intended beneficiary group (unemployment youth, female-headed households, the 'poorest' etc.), taking into account the heterogeneity of the unemployed working-age poor and differentiating policy accordingly" (McCord, op.cit., p.68). If the objective of the intervention is to offer labor market exposure in order to promote employment performance, the unemployed youth should be targeted, although the survey findings indicate such an intervention may be of limited benefit, given the restricted nature of labor demand. If poverty alleviation or social protection is the objective, then older women of female-headed households in remote rural areas are likely to be the appropriate target.

So far as the anti-poverty benefits of the public works programs are concerned, the programs of short duration are unlikely to have a significant impact on poverty since they do not permit the accumulation of sufficient capital to move out of poverty. Investment in social development processes can enhance the poverty impact of a program and community ownership, but this can only be achieved through a sustained intervention, and is not viable in the context of short-term employment programs. The economic benefits of assets created in generating second round of employment is very limited in case of South Africa, because all the assets are a part of the routine infrastructure projects because the basic concept of the program is to rely on increase in the labor intensity of existing infrastructure projects for job creation. But there is often a trade off between increase in labor intensity and quality and efficiency of the work. Thus, it can be concluded that in case of South African public works programs, there is a gap between policy expectation and program reality, which arises out of unrealistic assumptions, and poor conceptualization of the program. It is important to clarify program objectives and identify the desired priority policy outcome in the very beginning as whether they are social protection, employment or poverty reduction. This initial choice should then lead to the subsequent program design. Whether the desired outcome is social protection or is employment generation, there is a need to focus on it explicitly and ration access to wage employment programs accordingly.

THE NREGA: OPERATIONAL MECHANISM

The NREGA is the largest ever public employment program visualized in human history. The stated objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

4.1 The NREGA: A Paradigm Shift

The NREGA marks a paradigm shift from all previous wage employment programs. The NREGA provides a legal guarantee of wage employment. The earlier schemes were born out of executive orders of the government and the element of enforceability was missing in these programs. Unlike the earlier wage employment programs that were allocation based, NREGA is demand driven. Ambasta et al, (2008, p. 41) observe that the most important change NREGA represents is that it gives rise to programs that spring not from its willful benevolence, but as a legally binding response by the state to a right to work that is, after NREGA, enshrined in law. This also means that a constraint of resources cannot be cited by the government as an excuse for not providing work and its attendant entitlements, all of which are now also safeguarded in the constitution. This is a commitment by the state that is unprecedented in the history of independent India both as a legally enforceable right and in terms of financial resources. Moreover, it provides a right-based framework for wage employment. Employment is dependent upon the worker exercising the choice to apply for registration, obtain a job card and seek employment for the time and duration that the workers want. If employment is not provided within 15 days of demand, the worker becomes entitled to claim an unemployment allowance. Thus, there is a focus on empowerment of the rural poor which is further reinforced by the provisions of transparency, vigilance and monitoring committees and a mandatory social audit which gives every right to every member of the community to know every aspect of program implementation.

4.2 The Administrative Framework

There is a five tier administrative framework envisaged in the Act for the implementation of the program. At the apex (federal) level, Central Employment Guarantee Council has been setup under the chairmanship of the Minister for Rural Development. The Central council is responsible for advising the federal government on NREGA related matters, and for monitoring and evaluation of the implementation of the Act. It also prepares the annual report on the implementation for submission to the Parliament. The Ministry of Rural Development is the nodal ministry for the implementation of the program. It is responsible for ensuring timely and adequate resources to Central Council for distribution among the states. It is also responsible for the regular review, monitoring and evaluation of the processes and outcomes of the program. It has to ensure the maintenance and operation of Management Information System to capture and track data on critical aspects of implementation, and assess the utilization of resources through a set of performance indicators.

Section four of the Act enjoins upon the states (provincial governments) that they will formulate a Rural Employment Guarantee Scheme under the provisions of the Act within a period of one year. The Act defines the legally non-negotiable parameters within which the state governments have the

flexibility of drawing up the employment guarantee scheme according to their contextual requirements. The provincial governments are also to set up State Employment Guarantee Council to oversee, evaluate and monitor the program. The state governments are responsible for wide communication of the scheme, ensuring the timely fund flow down the line, logistic arrangements such as placing full time dedicated personnel, arrangements for training, technical support etc. They are also responsible for regular review, monitoring and evaluation of NREGS processes and outcomes and for ensuring accountability and transparency in the scheme at all levels.

The district level is the cutting edge of the program implementation. There is a District Program Coordinator (DPC) at this level who is responsible for the overall co-ordination and implementation of the scheme in the district. The district collectors have been designated as DPC and the chief executive officers of District Panchayats as the additional DPC. The District Panchayats are responsible for finalizing the district plans and for concurrent monitoring and supervision. The DPC is responsible for information dissemination, training and overall planning, implementation and monitoring of the program in the district.

A program officer has been appointed at the Block level that is normally the chief executive officer of intermediate Panchayats. His chief responsibility is to ensure that anyone who applies for work gets employment within 15 days. He is responsible for overall planning, implementation and monitoring and evaluation of the scheme at the block level. The intermediate Panchayat is responsible for the consolidation of the village Panchayat plans at the block level into a block plan and for monitoring and supervision.

The village Panchayat, an elected body, is the pivotal body for implementation at the lowest level. It is responsible for planning of works, registration of households, issue of job cards, allocation of employment, execution of works, maintenance of the prescribed records and monitoring of the implementation of the scheme at the village level. The village assembly, through the mechanism of social audits and general meetings, is the grass root institution responsible for planning, monitoring, supervision and evaluation of the scheme.

4.3 The Planning Process

Planning is critical to the successful implementation of the NREGS for two reasons. Firstly, there should be enough work to respond to the demand of work. This becomes even more important when we take into consideration those works, which cannot be undertaken during the rainy season while work can be demanded in those days also. The need to act within a time limit necessitates advance planning. Secondly, it is very important to ensure that the right kind of assets are undertaken to promote the development of local economy in the long run, so that the experience of ad hocism in selection of works under the earlier wage employment programs is not repeated. The act provides for a bottom up approach to planning. A district perspective plan has to be formulated identifying the types of NREGS works that should be encouraged in the district, and the potential linkage between these works and long-term employment generation and sustained development. With village as a unit of planning, this perspective plan will try to make a diagnostic survey as to the causal analysis of poverty in the district in order to identify gaps and needs and the nature of interventions required. It will also indicate outcome-based strategies and also indicate methods for measurement of outcomes. Works will be proposed by the village assemblies and a village wise plan will be finalized and then consolidated at the block level and finally at the district level. The perspective plan will provide the framework for preparing an annual work plan comprising of a shelf of projects for each village with administrative and technical approvals so that work can be

started as soon as there is a demand for work. The number of the works in the shelf of projects in a village should be adequately more than the estimated demand. Based on the assessment of labor demand, identification of works to meet this demand and the estimated cost of work and wages, the district will also consolidate and approve labor budget, on the basis of which the federal government releases the funds.

It is pertinent to mention here the types of works that are permissible under NREGS. Such works include the following:

- Water conservation and water harvesting.
- Drought proofing, including afforestation and tree plantation.
- Irrigation canals, including micro and minor irrigation works.
- Provision of irrigation facility, plantation, horticulture, land development to land owned by households belonging to SC/ST, or to land of beneficiaries of land reforms, or to land of the beneficiaries under the Indira Awas Yojna/BPL families.
- Renovation of traditional water bodies, including de-silting of tanks.
- Land development.
- Flood-control and protection works, including drainage in waterlogged areas.
- Rural connectivity to provide all-weather access. The construction of roads may include culverts where necessary, and within the village area may be taken up along with drains. Care should be taken not to take up roads included in the PMGSY network under NREGA. No cement concrete roads should be taken up under NREGA. Priority should be given to roads access to SC/ST habitation.
- Any other work that may be notified by the Central Government in consultation with the State Government.

The ratio of wage costs to material costs should be no less than the minimum norm of 60:40. This ratio should be applied preferably at the village Panchayat, Block and District levels and but not work wise.

4.4 The Implementation Process

As stated earlier, NREGS is demand driven. Those who want to avail the guarantee provided by the Act are supposed to register themselves with the office of the village Panchayat. It is not an individual but the household that will seek registration. All adult members of the household who register may apply for work. Household, under the Act, means a nuclear family comprising of mother, father and their dependants. Household also means a single member family. The application for registration may be given on plain paper or even orally. After scrutiny and verification of the application in an open meeting of the village assembly, the village Panchayat enter all desired information in the registration register. Every registered household is assigned a unique registration number. The village Panchayat issues a job card (like a bank passbook) with photographs of all the adult members free of charge. This is a critical legal document, which carries entries regarding how many days he worked, and how much was he paid, thus ensuring transparency and protecting laborers against fraud. It is obligatory on the part of the Panchayat to issue the job card within 15 days of application.

Only those having a job card can demand work. Application for work should generally be submitted to the village Panchayat, but a worker has the option to submit an application directly to the program officer. The application may be on plain paper or it may be a printed proforma made

available free of cost at the office of the Panchayat. The secretary of the Panchayat can help the worker in filling up the form, if he is an illiterate person. Several applicants may also submit joint applications. A dated receipt for the application for work must be issued to the applicant by the Panchayat. This receipt is very critical because it is only this receipt that makes the idea of guarantee within 15 days work and it is on the basis of this receipt that one can claim for unemployment allowance.

The work entitlement of hundred days per household per year may be shared between different adult members of the same household. The applicants will generally be given employment within a radius of five kilometers; otherwise the workers will be given ten percent additional wage to meet the expenses of travel etc. If the village Panchayat decides that employment cannot be given under its own shelf of works, and that employment needs to be given outside the village Panchayat, it will inform the program officer. The program officer can direct neighboring Panchayats to take that applicant on work. According to section 6 of the Act, the responsibility of ensuring that every applicant is provided work under the law vests with the program officer. Thus, the overall responsibility of co-ordination and resource support to the village Panchayat and other implementing agencies vests with the program officer. To ensure that every applicant has work according to the legal entitlement, the program officer has the power to supervise village Panchayats and other implementing agencies. If any implementing agency fails to discharge its responsibilities, the program officer will ensure that the applicants demanding work are not aggrieved and will make arrangements for their employment, while reporting the matter to the DPC for appropriate action. If the program officer fails to provide employment to the applicants, the DPC will intervene to make appropriate arrangements for employment.

The financial and administrative power to sanction the works vests with village Panchayats (work up to INR 0.5 million), program officer (up to INR one million) and the DPC (above INR one million). The village Panchayat is the single most important agency for executing works as the Act mandates earmarking a minimum of fifty percent of the works in terms of costs to be executed by the village Panchayats. This is the statutory minimum, but it could be allocated works up to hundred percent from the annual shelf of projects. The other implementing agencies can be intermediate and district Panchayats, line departments of the government, public sector undertaking of the Central and State government, co-operative societies with a majority shareholding of the Central and State governments, and reputed Non Governmental Organization (NGOs) having a proven track record of performance. Self-help groups may also be given the task of implementation of works.

One of the most important aspects of execution of works is the maintenance of muster rolls on the work site. Fudging of muster rolls has been a perennial complaint in the earlier wage employment programs. This is a basic document that records the attendance of a worker, quantity of work done by him and the payment made to the worker. So a number of safeguards have been provided to check the earlier malpractices. The program officer issues muster rolls with a unique identity number for each NREGS work. The muster roll has to be kept at the work site for inspection not only by authorities but also by any member of public. A photocopy of this muster roll has to be kept in Panchayat for public display and another copy is to be sent to the office of the program officer, who will digitize it and put it on a website which can be accessed by anyone. Similarly, the measurement of works in a transparent manner has been emphasized. Measurements are to be recorded in measurement books duly issued, numbered and authenticated by the program officers. Since the wages are to be paid on a task rate basis, it is important to identify each task clearly so that nothing remains invisible and underpaid in piece-rate work. The Act provides for evolving across and within district schedule of rates on the basis of time and motion studies so that the standard

productivity norms follow possible out-turn under different geological, geomorphologic, soil and climatic conditions. This schedule of rates with standard designs should be proactively disclosed and widely publicized for the benefit of the workers.

The Act also provides for certain worksite facilities that are to be ensured by the implementing agencies. This includes medical first aid, drinking water, shade and crèche. If there are more than five children below the age of six present at the work site, the facility of a crèche is to be provided. A person, preferably, a woman can be engaged to work after the children. She will be paid a wage equal to the prevalent wage rate paid to the unskilled worker. A physically challenged or old woman can preferably be engaged on such jobs. If some worker gets any physical injury during work, the entire expenditure of his medical treatment is to be charged on the scheme.

The wage payable to workers is the minimum wage rate fixed by the provincial governments for agricultural workers under the Minimum Wages Act, 1948. Equal wages are to be paid to both men and women workers. Wages should normally be paid to the workers on a weekly basis but in any case, within a fortnight of the date on which it has become due for payment. In the event of any delay in wage payments, workers are entitled to compensation as per the provisions of the Payment of Wages Act, 1936. Compensation costs are to be borne by the provincial governments. The payment of unemployment allowance should also be made not later than 15 days from the date on which it becomes due for payment. Here it is notable that the cost of payment of this allowance is to be borne by the provincial governments. The wage rates and related entitlements are to be widely publicized in simple language and by means easily accessible to the local community. Wage rates are also to be displayed prominently at every worksite. The implementing authorities are supposed to keep a watch on the average wages earned and ensure that it should be in any case not much less than the fixed daily wage rates. Efforts are being made to make all payment to workers through banks or post-offices because there are often complaints of cheating the rural labor that are mostly illiterate. The separation of payment agency from implementing agency is a good measure to ensure this. Bank or post-office accounts are to be opened pro-actively on behalf of all concerned laborers by the Panchayat or the bank. A system of joint account should be insisted upon so that women should also have a control over the earnings of the households. Special awareness and outreach activities should be conducted to ensure that all laborers including women are able to handle bank procedures, especially in areas where they are unfamiliar with the banking system. If workers are willing, then the Act provides for dovetailing wage payment under NREGS with social security arrangements. With the consent of workers, a proportion of the wages may be earmarked and contributed to welfare schemes organized for the benefits of NREGS workers such as health insurance, accident insurance, survivor benefits, maternity benefits etc.

4.5 Monitoring and Evaluation

Since earlier wage employment programs failed to deliver the desired results, the Act and the guidelines issued thereunder have a provision for multilevel close monitoring of the program. At least four times in a year village assemblies are to be summoned and the NREGS is a permanent agenda in these meetings. The village assembly has the obligation to monitor all the works at village level as well as the employment provided to each person who has applied for work. It also monitors the registration and issue of job cards and the timely payment of wages. For every sanctioned work, there is a provision to constitute a local vigilance and monitoring committee consisting of members of the locality or village where the work is undertaken, to monitor the process and quality of work while it is in process. The village assembly elects the members of this committee and ensures that scheduled caste, scheduled tribes and women are represented on it. The committee consists of nine

members, at least five of which should be from among NREGS workers. When the work is started, the implementing agency should apprise this committee of estimates regarding the work, time frame and quality parameters. It is mandatory that the final report of the committee should be attached with the completion certificate of the work, and should also be placed at the next meeting of the village assembly. A copy of this report is also required to be sent to the program officer and the DPC. Local beneficiaries committees may be constituted for effective articulation of their entitlements and their access to information.

The village Panchayats have obligation to monitor works executed by the other implementing agencies, muster rolls maintained by them at work site and the payments made. The intermediate Panchayat and the program officer monitor the registration of households, issue of job cards, employment demanded and provided, maintenance of muster rolls, unemployment allowance paid, social audits, fund flow, timely and correct payment of wages and progress and quality of works. The district Panchayat and the DPC is supposed to monitor all aspects of implementation specially, timely issue of job cards, provision of employment, social audits, flow of funds and progress and quality of works. The state government has to monitor the scheme in all its aspects of implementation, especially, timely and correct payment of wages, timely payment of unemployment allowances and grievance redressal. The central government has developed a comprehensive monitoring and information system to facilitate monitoring.

Field visits, inspections and sample checks both internally and externally are to be undertaken on a regular basis to ensure comprehensive and continuous assessment of the scheme. Hundred percent works are to be physically verified by the block level functionaries. 10% of works are to be inspected and verified by district level officers and 2% of the works are to be verified by state level authorities. Verification and quality audit by external monitors are to be taken up at the central, state and district levels. For this purpose, national quality monitors at the national levels are designated by the central council. Similarly state quality monitors have been designated at the state level. The district level can also identify and appoint district quality monitors with the approval of state government.

Concurrent evaluation is very important to know that the scheme is progressing in the right direction. Therefore, the NREGA guidelines provide for regular evaluation and sample surveys of specific NREGS works and, based on similar criteria, an annual ranking of the districts in the state. District wise studies should be conducted by the State Employment Guarantee Council and block wise studies by the district level. The ranking of districts is to be made public. The districts have to examine the scores on each criterion and take corrective measures.

4.6 Transparency

Transparency is the keystone of the NREGS framework. A major cause of the failure of earlier programs has been the corruption arising out of the inability of people to access information. A strong need was felt to demystify the official processes and decisions. In fact, an Act to achieve these ends was passed in the year 2005 as the Right to Information Act. This Act places every document (except those prohibited under the Act), whether in paper form or in electronic form, of the government and government aided institutions in public domain. Anyone can apply for these documents, pay the administrative expenses (it is free for those who are BPL) and legally entitled to get the information. The Act also has provisions concerning proactive disclosure of information. Keeping the spirit of this Act, the NREGA guidelines make it clear that all NREGA-related information is in public domain. In particular, no information should be withheld by invoking clause

8 of the Right to Information (RTI) Act and no information should be refused under any circumstances.

Key documents related to NREGA are to be proactively disclosed to the public, without waiting for anyone to apply for them. All the important documents maintained under the provisions of the Act are to be digitized and put on website. In addition to this, updated data on demand received, registration, number of job cards issued, list of people who have demanded and been given or not given employment, funds received and spent, payments made, works sanctioned and started, cost of works and details of expenditure on it, duration of work, person days generated, reports of local committees and copies of muster rolls are to be made public in given format outside the office of the village Panchayat and some of them on the notice board of the intermediate Panchayat. It is also mandatory that all these information should be placed before the village assembly once in every quarter. The federal and the state government are required to prepare an annual report to place it before the parliament and state legislatures respectively. The financial audit of village, intermediate and district Panchayats by chartered accountants is mandatory. This is in addition to the normal audit conducted by the Comptroller and Auditor General of India.

A strong grievance redressal system has been envisaged to attend to the complaints of the aggrieved beneficiaries. The program officer is the grievance redressal officer at the block level and the DPC at the district level. A complaint register has to be maintained and the person registering the grievance is to be given a receipt with number and date so that he can follow up the status of his complaint. There is a system of appeal to deal with grievances at each level. Appeal against the program officer lies to the DPC and appeal against the DPC lies to the provincial government. Grievance redressal performances of all authorities are to be posted on the Internet on weekly basis.

Another innovative feature of the NREGA is that it places a central role to social audits as a means of continuous public vigilance. It is an ongoing process through which the potential beneficiaries and other stakeholders of an activity or project are involved at every stage from planning to implementation, monitoring and evaluation. This process helps in ensuring that the activity or the project is designed and implemented in a manner that is most suited to the local conditions, appropriately reflects the priorities and preferences of those affected by it, and most effectively serves public interest. Thus, it aims at transparency, participation, consultation, accountability and redressal of grievance at the same time.

The Act provides for at least one social audit in every six months. Such village assemblies are termed social audit forums. Here all the details and all the aspects of a project are publicly scrutinized. At these forums, information is read out publicly and people are given opportunity to question functionaries, seek and obtain information, verify financial expenditure, examine the provision of entitlements, discuss the priorities reflected in choices made and critically evaluate the quality of work as well as the services rendered under the program.

To ensure an effective and successful social audit, an open and fearless participation of all the people, particularly the potential beneficiaries is an absolute necessity. The NREGA guidelines give a detailed list of precautions and activities that has to be ensured in the preparatory phase itself. The date, time, agenda and importance of the forum must be widely publicized to ensure maximum participation. The effective participation of people in a social audit forum depends on full access to information. Therefore all the relevant documents, including complete files of works, should be made available for inspection at the village Panchayat office at least 15 days in advance of the social audit forum. During this period copies of documents are to be provided at cost price, on demand,

within one week of the request being made. All officials responsible for implementation must be present at the social audit forum to answer queries from members of the village Panchayat. Decisions and resolutions must be made by vote, but dissenting opinions must be recorded. There is quite a comprehensive list of issues given in the guidelines which are to be included in the mandatory agenda of the forum.

A very strong emphasis has been laid on the use of information technology for improving the efficiency and transparency of the operational processes. All the important records and information are to be digitized and put on website to facilitate transparency, access and monitoring.

EVALUATION OF THE IMPLEMENTATION OF NREGS

A case study of district Rajgarh has been undertaken for the evaluation of the implementation of NREGS. This district has been selected for the sake of convenience because the author was working in this district before joining this MBA course. The district Rajgarh is located in the northwestern part of Madhya Pradesh extending between the parallels of latitude $23^{\circ} 27' 12''$ and $24^{\circ} 17' 20''$ N and between the meridians of longitude $76^{\circ} 11' 15''$ E and $77^{\circ} 14'$ E. There are six community development blocks, 627 village Panchayats and 1678 villages in the district. The district has a population of 1.25 million as per Census, 2001 and covers an area of 6163 sq kilometers (Gazetteer of India, 1996).

5.1 Methodology

The objective of the thesis is to study, analyze and evaluate the different aspects of implementation of the scheme and suggest ways and means to remove the shortcomings so that the Act could be translated into a powerful development instrument to turn around the rural economy of the country. To analyze and suggest strategies it is necessary to develop a clear understanding of the present status of implementation of the scheme. Quite detailed block wise and district wise data is available on the official web site of the ministry of rural development, but the Panchayat level is the cutting edge of the program implementation. Secondly, the qualitative aspects and smaller details could not be studied only on the basis of available secondary data. Thirdly, it will give an understanding of the people's side of the problems. Therefore, the author decided to use questionnaire survey at the village Panchayat level to assess the effectiveness of the program. In order to understand the administrative side of the problem, I conducted semi-structured interviews of two key officials at the state level, two at the district level and of all the six Program Officers at the block level. The broad themes of these semi-structured interviews have been discussed in chapter one. Hence the methodology for the questionnaire survey will be discussed here in detail.

The survey conducted by the author is titled as "Effectiveness of NREGA Survey- 2008." The purpose of the survey is to collect primary data from the villagers to assess the effectiveness of the scheme in the district. The author has designed the questionnaire with theoretical inputs from printed material and discussions with colleagues having experience of the implementation of the scheme. There are in all 53 questions under 8 subheads covering various aspects of the scheme. The format of the questionnaire is annexed as appendix II. Twenty Panchayats in each block were selected randomly thus making the sample size of 120 out of the 627 Panchayats in the district. The constraint of resources and time inhibited a larger sample size. Here it is notable that due to very low level of literacy, the conduct of survey by sending the questionnaires by post cannot work. Hence five field surveyors were selected for each block and were given training regarding filling up the survey questionnaires. After the first training, they were sent to field to pilot test the questionnaire and refine the questions so that respondents will have no problems in answering and there will be no problem in recording the information. Finally, these surveyors went to the Panchayats on pre decided date and time when a meeting of the village assembly was organized, discussed the questions with the villagers and filled up the questionnaire.

5.2 Evaluation of the Planning Process

The NREGA is primarily implemented through two plan documents e.g. the district perspective plan and the annual plan. These plans are envisaged to evolve from identification; discussion and prioritization by the village assembly while the intermediate and district Panchayats coordinate the planning process. Preparation of perspective plan is a major tool for involving the community in the scheme as well as making it relevant to them for local development. The Act envisions not only a consultative role of the citizenry, but also provides a framework in which citizens move from being simply users or choosers, to makers and shapers of the program. In this process, participation of village assemblies means more than consultation, it involves shared responsibilities for decision making in identification of projects, establishing priorities and allocating resources.

The district Rajgarh does have a perspective plan but it does not embody the true spirit of the act for the following reasons. The perspective plan of the district Rajgarh was prepared under the instructions issued in 2003-04 for the National Food For Work Program which was a precursor of NREGS in 150 most backward districts of the country. As per the guidelines, the task of preparing the perspective plan could be outsourced to an expert agency having expertise in community planning, rural engineering and experience of conducting field surveys and data analysis. The selection for the agency was done through a tender process, the lowest bidder to get the contract. A non-governmental organization was hired for preparation of perspective plan for the district Rajgarh. The first planning exercise undertaken for selection of works was to list all the existing employment and development oriented programs in the district such as Swarna Jayanti Swarojgar Yojna, Rashtriya Samvikas Yojna, Integrated watershed development Project, Drought Prone Area Project, Pradhan Mantri Gramin Sadak Yojna, Member of Parliament Local Area Development Fund, Member of Legislative Assembly Local Area Development Fund and other centrally and state sponsored programs that aim at providing additional employment and development of infrastructure in rural areas along with the funds available, employment (self and wage employment) to be generated under these and the total unemployment /underemployment existing at the Panchayat level. This exercise gave an estimate of the total resources available and the employment available. The next step taken in the exercise was to identify and list the missing infrastructure in consultation with the village community. The felt needs of the community was to produce a list of missing infrastructure which included Panchayat buildings, school buildings, drinking water facilities, approach roads and internal roads, internal drainage systems in villages, economic infrastructure like godowns, marketing infrastructure, dairy or veterinary infrastructure, water conservation works, forestry and horticulture, and other local needs. Then estimation was done for the resources required for constructing the missing infrastructure and calculations were done to broadly estimate the employment generated by creating the missing infrastructure. The village level information on the missing infrastructure, its cost and the expected employment generation was compiled in the block level plan and the block wise information was compiled into the district plan. The local public representatives like Members of Legislative Assembly and the Member of Parliament were consulted and the works suggested by them were also added. After the approval of the plan from the intermediate and district Panchayats, it was made final. Though broadly the type of works to be undertaken under NFFWP were the same as in NREGS except for works to be undertaken on private lands of SC/ST and BPL beneficiaries, it cannot be said that the plan thus prepared represented the true spirit of the NREGS. NFFWP was more of a wage employment program. The philosophy of enhancing livelihood security base appeared later with the enactment of the NREGA, 2005. The NFFWP guidelines for the plan suggested identification of infrastructure gaps that included Panchayat buildings, school buildings, drinking water facility and such other things, which were not allowed under NREGS. On the other hand, provision of irrigation facility on the land

owned by SC, ST and BPL households was a new feature in the NREGA, which was not present in the NFFWP guidelines. Further an amendment was made later in the Act that horticultural plantation and land development could also be provided in the private lands of the given categories of households. Thus there was a need to revisit the plan to strike off those works that were not permissible under the NREGA and add new works relating to the private holdings of the beneficiaries. So the plan was kept open for necessary addition and deletion, and lost a clear sense of direction.

A second, but rather more fundamental issue about this planning exercise relates to the weak theoretical framework underlying the planning for infrastructure and natural resources which allowed an ad hoc selection of works to creep in. Definitely the perspective plan took the planning process at the grass root level a step further by identifying the root causes of poverty, the infrastructure gaps and the measures to be taken to bring desired outcomes. But neither the NFFWP guidelines nor the NREGS guidelines provide any sound theoretical framework for planning. Planning is not just compiling the wish list of the community. “Construction of infrastructure at different levels requires a systematic and multilevel approach. Ad hoc selection of works, based on needs of local people, can be both inefficient as well as expensive. All infrastructure facilities cannot be located anywhere and everywhere for example; each village cannot have secondary school, or a hospital or a godown or a marketing yard” (Hirway, 2006, p. 11). Before going into the details of infrastructure planning an exercise must be carried out to decide optimum locations. A theoretical framework for this exercise can be derived from the central place theory or the growth center theory. The central place theory explains the existence of the spatial distribution patterns of activities and settlements, and propounds that the location of services will be different in different locations depending upon the threshold population, their economic or purchasing power and the hinterland, i.e. the distance that people are willing to travel for a particular service. The central place of lower level will have a small number of lower order services, while the central places at higher levels will have a larger number and higher order of services. Similarly the growth pole theory explains that development is selective and appears not everywhere but in some points or growth poles. In the light of these two theoretical frameworks, the infrastructure planning should first focus on selection of minimum services to be provided at different levels of service centers, selection of potential settlements as service centers and planning of service centers with the necessary linkages and involvement of people.

Similarly the planning for natural resource management needs to be viewed in the context of a larger scene, and probably the theoretical framework of watershed development may be an appropriate option. Ad hoc works recommended by people at the village Panchayat level, without any context of the macro watershed and river basin, will not be of much use. An isolated structure here and another there is not likely to lead to systematic water harvesting or systematic watershed development. Similarly, drought proofing has to be promoted under a sound regional strategy. Isolated forestation or water structures will not lead to drought proofing. There are reports to show that bad planning for water conservation structures can threaten the very existence of the structure. Huge tanks have been created without any provision for catchment’s protection. This endangers the structure during floods. Moreover, in such cases the rate of siltation is so fast that within a few years, the water retaining capacity of the structures is reduced drastically. “In Dungarpur district of Rajasthan floods have washed away most of the water conservation structures constructed under NREGA. A total of 2377 water harvesting structures and water channels had been built in Dungarpur since the launch of NREGA since April 2006. Around 80 percent of them have been washed away” (Mahapatra et al., 2008, p. 43).

Thirdly, though the records show that the identification and prioritization of works has been done in village assembly, it is just ritualistic. Due to lack of awareness and a low level of human resource development, villagers do not have the necessary capacity to accomplish the role and responsibilities entrusted to them. Participation in a village assembly is very low, quite often even the quorum is not present and the attendance register is taken from house to house to get signatures for the requisite quorum. The resolutions are written by the functionaries first and then signatures are taken to fulfill the legal or administrative requirements. Under these circumstances the Sarpanchas (elected chief of the village Panchayat) or the lower functionaries call the shots and get the formal approval of whatever they decide or whatever instructions they get from higher officials. In Sarguja district of Chattisgarh, the district administration eyeing for a mention in the Guinness Book of Records for largest ever plantation, ordered a massive plantation of Jaitropha saplings under NREGS. The district spent 70% of its NREGA money on plantation of Jaitropha, while the district is having only 11% of cultivated land under irrigation (Ibid, p. 50). There is a growing feeling that NREGA is turning out to be the official baby and even at the level of village assembly, it is the officials who control the strings. All the 104 village Panchayats for which primary data has been collected, had an annual plan for 2007-08, but my discussion with secretaries of Panchayats revealed that it was made under the instructions of the chief executive officer of intermediate Panchayats and the idea of opening works for mass employment was the only guiding principle for taking up works for the annual plan. A formal entry is made in the proceeding register of the meeting of the village assembly. There is hardly ever any open discussion on the prioritization of works in the village assembly.

5.3 The Effectiveness of the Implementation Process

The analysis of the secondary data (Table1) and the questionnaires received from Panchayats reveal that the process of registration and distribution of job cards have been rather smooth except for the fact that there was a delay in distribution of job cards. It was required under the official instructions that the job cards will be issued within 15 days of application but due to some administrative problems of printing, it took as much as three months time in a large number of cases. But complaints experienced in some areas of the country like restricted access or demand of unnecessary documents or bribe has not been reported from anywhere in the district. To quote Sjoblom and Farrington (2008, p. 3), “The requirement of beneficiaries to register with the lowest tier of local government – Gram panchayat for job cards (that guarantee the bearer work) is substantially contributing to exclusion. In Gujrat, Madhya Pradesh and Jharkhand it has been found that the bribe demanded by local official for an application form for a job card may range from Rs. 5 to Rs. 50 where a day laborer might earn only Rs. 60 (US \$1.5) or so. Instances of discrimination with regard to caste, age and gender have been observed with some evidence that single-women headed households are being denied registration.” Such complaints could be avoided in the district because of a proactive step taken by the administration. Just after the notification of the district under NREGS, the village officials were asked to go door to door to inform and educate the households about NREGA and collect applications for registration from them. Since the job card was to be given free of charge, almost every household made a demand and was given a job card. This proactive approach explains the absence of such complaints in the district, but a criticism often leveled against this approach is that even households not serious about wage employment also got job cards and such job cards could be misused. But as the act does not stipulate any qualification for registration, in the opinion of the author, this approach has ensured a fast implementation of provisions of the act. There were 2,20,428 rural households as per the households survey made in 2003 for determination of poverty line. The total number of households issued job cards in the district in the year 2007-08 is 2,67,306. Taking into consideration a 2% per annum growth

population, it can be safely assumed that almost hundred percent households have been issued job cards.

Table 1
Indicators of Implementation of the NREGA, 2007-08 (Blockwise)

| Block | No of households as per household survey (BPL) 2003 | No of households issued job cards | No of households that demanded employment | No of households provided employment | No of women provided employment | No of households that have completed 100 days of employment |
|--------------|---|-----------------------------------|---|--------------------------------------|---------------------------------|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Rajgarh | 35888 | 48440 | 30541 | 30541 | 9725 | 6382 |
| Biaora | 36707 | 44350 | 26814 | 26814 | 11974 | 4890 |
| Narsingarh | 50989 | 51863 | 24137 | 24137 | 567 | 5783 |
| Sarangpur | 35811 | 44812 | 24076 | 24076 | 4304 | 4929 |
| Khilchipur | 31413 | 39692 | 24305 | 24305 | 17328 | 4386 |
| Zeerapur | 29620 | 38149 | 25755 | 25755 | 15141 | 2933 |
| Total | 220428 | 267306 | 155628 | 155628 | 59039 | 29303 |

Source: Office of the District Panchayat, Rajgarh.

Table 1 also presents the block wise figures of the implementation status of NREGA relating to number of households who demanded employment, households provided employment and number of households completing hundred days of employment. Table 2 presents these figures for district wise comparison. For comparison, the districts of the second phase only where the scheme is implemented since 1.4.2007 have been taken because the districts which are in second year of implementation, have overcome the teething problems by now. The most glaring feature that comes out of the study of these tables is the unfulfilled entitlement of 100 days employment. Columns 6 & 7 of table 2 give the figures of the percentage of households completing 100 days and average person days employment generated in the district respectively. In district Rajgarh, on an average 36 person days were generated for each family across the year. Those completing full 100 days are only 19 % of the households. This is around 80 % less than the promised 100 days employment guarantee under the Act. For the province of Madhya Pradesh, the figure of average person days generated is 63.33 and for the entire country this average comes to 42.40. It will not be out of place to put it here that the figures shown in columns 3 and 4 of table two relating to employment demanded and employment provided respectively do not represent truly the success of implementation of NREGS because this low demand of job is not because the laborers do not need NREGA. This is because of the inability of the state to create basic administrative environment that ensure free access of jobseekers for demand of jobs. There are circumstances that restrict the free exercise of the right to demand employment.

Table 2
Indicators of Implementation of the NREGA 2007-08 (Districtwise Comparison)

| District | No of household issued job cards | No of household who have demanded wage employment | Household provided employment | Women's provided employment | Cumulative no of household which have completed 100 day's of employment (In %) | Average person days | Expenditure million INR |
|-------------|----------------------------------|---|-------------------------------|-----------------------------|--|---------------------|-------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Anuppur | 146136 | 113044 | 113044 | 58782 | 9.41 | 45 | 578.43 |
| Ashok nagar | 143209 | 64655 | 64655 | 4416 | 6.94 | 24 | 165.20 |
| Burhanpur | 89614 | 36778 | 36778 | 18948 | 31.14 | 85 | 349.84 |
| Chhindwara | 327521 | 144746 | 144746 | 59156 | 7.88 | 43 | 631.59 |
| Damoh | 259333 | 97223 | 97223 | 66668 | 2.51 | 38 | 435.74 |
| Datia | 103758 | 36870 | 36870 | 8978 | 1.95 | 28 | 83.57 |
| Dewas | 208243 | 108861 | 108861 | 89763 | 3.45 | 28 | 309.50 |
| Guna | 186397 | 75893 | 75893 | 33375 | 4.40 | 38 | 296.64 |
| Harda | 80167 | 23938 | 23938 | 12664 | 0.50 | 21 | 70.80 |
| Katni | 246432 | 169456 | 169456 | 145256 | 7.65 | 29 | 470.43 |
| Panna | 213089 | 130627 | 130627 | 82872 | 4.79 | 39 | 584.24 |
| Rajgarh | 267306 | 155628 | 155628 | 59039 | 18.83 | 36 | 642.85 |
| Rewa | 412744 | 108615 | 108615 | 36283 | 1.22 | 34 | 364.18 |

Source: Calculations done by author based on data available on <http://www.nrega.nic.in/>

Mahapatra et al (op. cit., p. 19) observe, “During 2006-07, NREGA created 9 million person days of employment. On the other hand this is around seven percent participation from a casual worker population of 140 million in the country. It is indicated that large number of people did not demand job under the scheme. When NREGA was conceived government made an estimate that most of the 57 million rural households would ask for job under the scheme. Based on this assumption, proponents of NREGA made an estimate of Rs. 40,000 crore expenditure for the Act’s implementation.

Interestingly, the states with maximum casual laborers like Andhra Pradesh, Uttar Pradesh, Bihar, Jharkhand, Chattisgarh, Orisa and Madhya Pradesh are reporting the minimum job demand under the NREGA during 2006-07. These are the states that account for around 100 districts out of 200 (most backward districts) initially targeted for NREGA for this reason.”

On the basis of the information collected through questionnaires, my interactions with the functionaries responsible for implementation of the program and some discussions made with the members of community during my field visits, the reasons for low participation are discussed in the following paragraphs.

The right based, demand driven concept of NREGA has not yet crystallized at the field level. In only 12 percent of the Panchayats surveyed (Table 3), there is a hundred percent compliance of the provisions of a dated receipt for an application. Only on few occasions, to show during inspections by higher authorities, some written applications are taken, and even in all such cases the

receipts are not given to the applicants. Due to low level of literacy, giving a written application is not in practice. It is expected that the secretary of the Panchayat will help them in writing application or filling up printed form of application, but it does not happen because the Panchayat functionaries have every incentive to discourage it. If the Panchayat will give them dated receipts, they will have to face the legal consequences of not giving the employment in time.

Table 3:
Some Qualitative Indicators of Implementation, District Rajgarh

| Indicators | Percentage of sample Panchayats |
|---|---------------------------------|
| Panchayats reporting problems other than delay in distribution of job cards | 00 |
| Panchayats experiencing delay in distribution of job cards | 69 |
| Dated receipts being given on a regular basis to jobseekers | 12 |
| Work being given within time limit | 63 |
| Presence of prescribed information board on worksites | 81 |
| Muster rolls present at worksites | 09 |
| Delay in wage payment | 94 |

Source: Own analysis of the questionnaire survey conducted by the author.

Since the payment of employment allowance is to be borne by the provincial governments, the state bureaucracy has a disincentive to enforce this. But this non-compliance frustrates the very purpose of the Act, and the element of guarantee becomes irrelevant because it is on the basis of a dated receipt that one can claim for unemployment allowance. Probably this is the basic reason why no district except Barwani in Madhya Pradesh has ever paid any unemployment allowance. One of the reasons given by the Government functionaries and which is valid to some extent is the inadequacy of staff, given the additional work of maintaining a number of registers and paper work under NREGA without any addition of functionaries at the Panchayat level. But the net effect of this is reflected in the low demand for employment. When the Sarpanch or secretary is sick or busy in family marriages or busy in his own fields during the agricultural season, the work is not available. To sum up in the words of Siddhartha (2008, p. 40), “it can be read to suggest an “access issue” implying that the households already registered are not able to avail of the employment opportunities due to procedural or other hurdles. Field visits do lend some weight to this possibility. At most NREGA worksites the author has visited work is accessed as and when project is initiated. Indeed, the procedure for demanding work is among the least clearly understood aspects of the Act, among officials as well as workers.” In some cases, the Sarpanch is not interested to open up works because he could see no opportunity of making money as he used to do in earlier relief works. In my field visits, it was revealed by some villagers that the above-mentioned disincentive was behind a very late start of works in some of the Panchayats. Ambasta et al (2008. p. 43) also observe, “The decentralization and procedural requirements of NREGA often make it an unattractive proposition an compared to these other schemes where financial leakages are seen easier”

Another major cause deflecting laborers from NREGS is the delay in wage payments. Under NREGS, laborers are legally entitled to being paid every week and in any case within a fortnight of the work being done. A very large number of instances of delay in wage payment have been

reported in the information collected through questionnaires (Table 3). At some point of time, the majority of Panchayats have experienced delay in payments primarily because of two reasons. The first is the unavailability of funds and the second is the delay in the valuation of works by the technical staff. An interview with the chief executive officer of district Panchayat Rajgarh revealed that proposal for second tranche which was to be sent to the Ministry of Rural Development after utilizing 60% of funds earlier released, was sent in the month of May 2008. The central Government released the funds partially in the month of June with some objections. In the mean time the progress of work continued, and the district has an estimated overdue payments of about rupees hundred million to the Panchayats by the end of August, 2008. He also mentioned the problem of acute shortage of technical staff particularly the sub engineers, who make and record the primary measurements for entries in measurement books and are responsible of valuations. There are in all 39 sub engineers in the whole district making an average of about 16 village Panchayats and nearly 185 works to supervise for one sub engineer. At the block level situation is even worse. CEO Janpad Panchayat, Narsingarh revealed in discussion that there are only four sub engineers at the moment (25.8.2008) in that block. This block has 134 village Panchayats. The State Government has fixed a norm of one sub engineer for every ten Panchayats but has not been able to provide so far as per this norm. The delay in payment due to valuation or due to unavailability of funds causes extreme hardship to the laborers. No compensation is ever paid to the workers as per the provisions of the payment of wages Act, 1936 as provided in NREGA 2005. They are forced to either to go to a moneylender or liquefy some movable asset for survival. Since the interest rates of moneylenders are very high the labor prefers to quit NREGA job and go to some other private employment even at a lower wage where that lower wage is paid as per his needs.

Another factor that deters the workers to go for NREGS works is the non-payment of minimum wages in a number of works. The workers are paid on task basis and the task is based on standard output per worker as per the schedule of rates issued by the government. This implies that the labor will be paid the minimum daily wages only if he or she has completed the stipulated amount of work. But the prevailing schedules of rates are unrealistic and a large number of workers are unable to fetch minimum wages. Then, there are works like roads in which they usually make near to the minimum wage. But in works of water conservation, or wells in particular, there are hidden items and they have been paid even Rs. 40 in some cases of excavation of wells in this district. In a discussion with the Executive Engineer, Rural Engineering Services of the district, it was learnt that since the notification of the NREGS, the CSR has been revised on two occasions and now the laborers are earning not less than sixty rupees for any type of work. It is notable that the prevailing minimum wage rate for agricultural labor per day is Rs. 85 in the state. To quote Mahapatra et al (op. cit., p. 32), “ in Dungarpur district of Rajasthan, much celebrated for near perfect implementation of NREGA, not a single case of full wage payment has come to light. The highest wage received per day is around 65 vis-à-vis the minimum state wage of 73.”

Laborers working under NREGA are entitled to basic worksite facilities such as shed for rest, first aid, safe drinking water and facility of crèche where more than five children under the age of six are present at the work site. These facilities assume more importance in the context of attracting women. But these facilities are found largely missing all across the country. The CAG report (op. cit., p. 28) revealed that worksite facilities were not provided at all in 292 village Panchayats out of the 513 village Panchayats of the country audited. Even one of the above mentioned a facility was not found to be provided in these Panchayats. In the district Rajgarh, the facilities of drinking water and to some extent first aid have been made available. The provision of shed is found on very limited work sites while the provision of crèche with a female labor to look after the children is altogether missing.

5.4 Creation of Assets

The significance of NREGS lies in its potential to raise productivity of rural economy through ecological regeneration. Unless NREGA expenditure is directed at raising productivity, it could prove inflationary. This is why the list of permissible works under NREGA is focused on water and soil conservation and drought proofing. Table 4 gives a block wise detail of the works by sanctioned amount undertaken under NREGS. Table 5 reveals the same information for the districts of phase two. The table 6 gives the number of works undertaken, their types and status of completion. Table 7 provides the details of expenditure on wage and non-wage component of the scheme.

Table 4 reveals that nearly 65 % of the works undertaken are of rural connectivity. Keeping in view the non-negotiable focus of productive assets on water and soil conservation, a higher expenditure on rural roads is against the spirit of the Act. Rural connectivity occupies the bottom position on the

Table 4
Percentage Of Works By Sanctioned Amount , 2007-08 (Blockwise)

| Name of the block | Rural connectivity | Flood control and protection | Water conservation and water harvesting | Drought proofing | Micro irrigation works | Provision of irrigation facility to land owned by SC/SC/BPL | Renovation of traditional water bodies | Land development |
|----------------------|--------------------|------------------------------|---|------------------|------------------------|---|--|------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Rajgarh | 60.73 | 0.00 | 17.11 | 7.28 | 0.00 | 14.88 | 0.00 | 0.00 |
| Biaora | 79.83 | 0.00 | 13.46 | 1.03 | 0.00 | 3.08 | 0.00 | 2.60 |
| Narsingarh | 76.88 | 0.00 | 7.26 | 0.93 | 0.00 | 14.94 | 0.00 | 0.00 |
| Sarangpur | 41.73 | 0.00 | 21.86 | 6.01 | 0.00 | 0.00 | 0.00 | 30.39 |
| Khilchipur | 67.30 | 0.00 | 15.40 | 1.12 | 0.00 | 16.18 | 0.00 | 0.00 |
| Zeerapur | 46.04 | 0.00 | 18.66 | 4.91 | 0.00 | 30.31 | 0.07 | 0.00 |
| Total Average | 65.19 | 0.00 | 14.56 | 3.44 | 0.00 | 12.91 | 0.01 | 3.89 |

Source: Office of the District Panchayat, Rajgarh.

list of recommended works under the NREGA - the rural development ministry is looking at a proposal to remove rural connectivity from the list of nine recommended type of works under the NREGA. This has two arguments. Firstly, the Pradhan Mantri Gram Sadak Yojna (PMGSY) is a dedicated program for rural road construction.

Secondly, it will enhance the focus of NREGS on the core area of land and water conservation. Here it is notable that the quality of these roads is also in most of the cases not ensured because there is no availability of road rollers for compaction of roads on such a large scale. The primary reason as it appeared to me in course of my discussions with NREGA functionaries is the poor articulation of the basic philosophy of NREGA. It is not just an employment program for cash transfer; it is an opportunity to regenerate the livelihood base, to promote pro-poor growth of Indian economy and to eradicate worst kind of poverty. The selection of works has to be done keeping in view the potential of the asset to contribute to the generation of employment opportunities in the mainstream economy in the long run. A second reason for taking up roads on a large scale is the ease of management and supervision. As stated earlier, working on productive assets like water harvesting does not fetch

Table 5
Percentage of Works by Sanctioned Amount, 2007-08 (Districtwise comparison)

| Name of the district | Rural connectivity | Flood control and protection | Water conservation and water harvesting | Drought proofing | Micro irrigation works | Provision of irrigation facility to land owned by SC/ST/BPL | Renovation of traditional water bodies | Land development |
|----------------------|--------------------|------------------------------|---|------------------|------------------------|---|--|------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Anuppur | 30.50 | 0.00 | 40.63 | 6.86 | 0.00 | 2.17 | 0.70 | 19.14 |
| Ashok nagar | 46.79 | 0.00 | 8.98 | 7.31 | 0.00 | 34.03 | 0.30 | 2.59 |
| Burhanpur | 67.97 | 0.11 | 4.59 | 4.27 | 0.00 | 13.20 | 9.79 | 0.07 |
| Chhindwara | 54.61 | 0.00 | 9.98 | 11.75 | 0.73 | 21.35 | 0.78 | 0.79 |
| Damoh | 16.48 | 0.00 | 25.24 | 28.54 | 0.61 | 25.54 | 3.06 | 0.53 |
| Datia | 73.98 | 0.00 | 13.86 | 0.19 | 0.00 | 0.00 | 11.19 | 0.79 |
| Dewas | 48.13 | 0.00 | 6.99 | 6.33 | 0.00 | 33.48 | 4.99 | 0.07 |
| Guna | 62.17 | 0.00 | 4.63 | 7.54 | 1.04 | 13.42 | 5.06 | 6.13 |
| Harda | 31.00 | 0.07 | 0.23 | 16.38 | 0.00 | 44.94 | 3.01 | 4.37 |
| Katni | 32.68 | 0.00 | 10.43 | 19.33 | 0.00 | 5.35 | 4.62 | 27.59 |
| Panna | 48.00 | 1.34 | 5.98 | 14.50 | 0.00 | 10.19 | 19.99 | 0.00 |
| Rajgarh | 65.19 | 0.00 | 14.56 | 3.44 | 0.00 | 12.91 | 0.01 | 3.89 |
| Rewa | 36.84 | 0.16 | 11.61 | 1.16 | 5.88 | 34.22 | 4.79 | 5.34 |
| State average | 37.92 | 1.29 | 26.08 | 7.24 | 2.13 | 15.59 | 5.47 | 4.29 |

Source: Calculations done by author based on data available on <http://www.nrega.nic.in/>

Table 6
Creation of Productive Assets, 2007-08, District Raigarh

| Types of works | Completed | | Ongoing | | Total |
|--|-------------|------------|-------------|------------|-------------|
| | No of works | Percentage | No of works | Percentage | No of works |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Rural connectivity | 233 | 8.95 | 2369 | 91.05 | 2602 |
| Flood control and protection | 0 | 0.00 | 0 | 0.00 | 0 |
| Water conservation and water harvesting | 31 | 4.45 | 665 | 95.55 | 696 |
| Drought proofing | 225 | 67.77 | 107 | 32.23 | 332 |
| Micro irrigation works | 0 | 0.00 | 0 | 0.00 | 0 |
| Provison of irrigation facility to land owned by SC/ST/BPL | 211 | 6.51 | 3031 | 93.49 | 3242 |
| Renovation of traditional water bodies | 0 | 0.00 | 1 | 100.00 | 1 |
| Land devlopment | 118 | 31.64 | 255 | 68.36 | 373 |
| Any other activity (approved by MORD) | 0 | 0.00 | 0 | 0.00 | 0 |
| Total | 818 | | 6428 | | 7246 |

Source: Calculations made by author based on data available at <http://www.nrega.nic.in/>

good wage to people due to task rate problems. So Panchayats find it easy to go for road construction works.

Table 7
Structure of Spending NREGA Fund in % 2007-08

| Particulars | On unskilled wages | On semi skilled and skilled wages | On material | On contingency |
|------------------|--------------------|-----------------------------------|-------------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| District Rajgarh | 64.81 | 1.08 | 31.13 | 2.96 |
| State average | 60.51 | 4.39 | 32.58 | 2.50 |
| National average | 67.66 | 3.16 | 26.02 | 3.16 |

Source: Calculations made by author based on data available at <http://www.nrega.nic.in/>

The district had taken up horticulture plantation on a large scale on the land owned by schedule caste, schedule tribes and households below poverty line in the year 2007-08 because the plantation of orange is quite established in the district. This is a capital-intensive enterprise and the poor farmers do not afford it. So this scheme was received with enthusiasm by the beneficiaries and many of them prepared their fields and dug the holes for plantations. But due to official problems of supply (the plants were to be supplied by MP Agro, a public sector corporation), the plants could not be supplied in time and the initiative could not make headway. At present, construction of wells in the land owned by these beneficiaries is one of the focus areas in the district. Despite problem of lower wages, this activity has picked up well and at present there are around 5600 wells constructed/under construction in the district. Land development is also being taken up in private land held by these beneficiaries. In my discussions with field functionaries, it was revealed that there is a tendency of what the author can call a sort of “elite capture” in these programs for individual beneficiaries. Addition of names in the BPL list has been made a continuous process under the instructions of the Government. The well to do farmers are going for partition of their holdings with one member getting a share that will make him eligible for these schemes. Then he approaches to the Tahsildar, the appellate forum for deletion and addition of households from BPL list and gets his name added in BPL list using unscrupulous means. And then he applies for benefits under these schemes. In the village assembly also he is received with weight due to his influence, and the village Panchayat approves his case on priority leaving the poor and voiceless behind.

One positive development is the increased bargaining strength of workers and a spectacular increase in wage rates in the agricultural labor market. In district Rajgarh the wage rates of male workers on non-farm employment has crossed Rs. 100. The rates of “Kauli”, a system of annual agreement of a laborer with the landlord has risen from 10 to 12 thousand rupees to around 20,000 per annum. Earlier women were getting a discriminatory wage rate. Under NREGS, they are also getting up the same wages as their male counterparts. Table 8 gives an all India picture of this change:

Table 8
Wage Rates in Different States

| States | Average Daily Wage Rates in Agricultural Occupations in Rural India, 2004-5 ¹ | | NREGA Wage Rates (Rs) ² |
|----------------|--|-------|------------------------------------|
| | Men | Women | |
| Andhra Pradesh | 36.61 | 27.83 | 80.00 |
| Assam | 30.23 | 15.52 | 66.00 |
| Bihar | 45.06 | 26.24 | 77.00 |
| Gujrat | 55.48 | 30.14 | 55.00 |
| Haryana | 57.83 | 23.35 | 99.21 |
| Punjab | 32.01 | N.A. | 94.48 |
| Karnataka | 49.00 | 27.85 | 74.00 |
| Kerala | 55.89 | 27.99 | 125.00 |
| Mahrashtra | 52.97 | 31.90 | 69.00 |
| Orissa | 44.86 | 14.02 | 70.00 |
| Rajasthan | 44.16 | 9.45 | 73.00 |
| Tamil Nadu | 60.79 | 31.23 | 80.00 |
| Uttar Pradesh | 47.79 | 26.09 | 100.00 |
| West Bengal | 44.58 | 32.35 | 70.00 |
| Madhya Pradesh | 40.61 | 26.54 | 67.00 |

Notes:

1. Based on Wage Rates in Rural India, Labor Bureau, Ministry of Labor and Employment, 2004-5.

2. As notified by different provincial governments.

Source: Adopted from Mehrotra, (2008, p. 28)

5.5 Effectiveness of Monitoring Process

The basic focus of monitoring in the district appears to be on the creation of man-days. Quantitative indicators such as opening of works, the households demanding employment, the households provided employment, utilization of funds and such pressing issues like delays in payment of wages (which become a political issue sometimes) are being monitored closely at the district and block levels. But the qualitative aspects have not yet attracted the desired attention and follow up till now. The selection of quality assets that will generate second round of employment, the technical quality of works done, the issue relating to low demand, work site facilities etc have not come to the forefront of monitoring process. No outcome indicators have been evolved so far.

Monitoring by the village assembly is just a matter of formality. The attendance in village assembly is very thin and all the agenda is hardly ever discussed. Quite often fictitious entries are made in the proceeding of the village assembly without making the issue public in the assembly. These malpractices have become so common and accepted that hardly ever anyone raises any question until a personal interest of someone is jeopardized. No mandatory social audit forums have ever been organized in the district. The members of the village vigilance and monitoring committees are not elected through a transparent process. They are pawns of Sarpanch whose names are inserted in the proceeding of village assembly without a formal election process. Though there is a provision of training of the members of vigilance and monitoring committees, it is just done as a formality. Most often, sub engineers and Panchayat secretaries are the persons who are expected to give them

training while starting a work. Since their interest is in not letting them know too much as the members could be a problem to their interest, these are just used as a witness of payment of wages. A majority of them have very low educational qualifications. The computerization of muster rolls and other documents is being done at such a slow pace that it makes it irrelevant for transparency purposes. After completion of about one and a half year of the program, the computerization of not even one month of all the Panchayats have so far taken place in the district.

The issues of monitoring and evaluation will be discussed further in the next chapter.

THE EMERGING ISSUES OF THE NREGS

As it comes out from the foregoing discussion, the broad implementation framework for NREGS is in place, but the implementation has suffered for many reasons. The spirit of law is yet to be imbibed and the potential of NREGA is far from fully realized. The potential of NREGA spans a range from basic wage security and recharging rural economy to a transformative empowerment process of democracy. The issues that need to be addressed for the undeterred implementation and realization of the full potentials of the Act are discussed below.

6.1 Capacity Building

Devolution of powers and availability of funds though necessary is not a sufficient condition for the successful delivery of public services. The capability of the system to optimally plan, use the funds and realize results on the ground is equally important. The village assemblies have been entrusted the task of not only selection of works and do the needed planning but also to control and monitor the implementation by village Panchayat and other implementation agencies through the regular meeting of village assemblies and especially through the mechanism of social audit. The village assembly has been perceived as the most powerful foundation of the right-based framework of NREGA by making the implementation agencies directly and regularly accountable to the people.

However the village assemblies are yet to become operational entities and realize their potential to make the Panchayat system a true grass root democracy and a bottom up planning structure. With a very low level of human resource development, the village assemblies just do not have the necessary capacity to accomplish the roles and responsibilities entrusted to them. Participation in village assembly meetings is, by and large, very low, and very often, the register is taken from house to house to get signatures for the requisite quorum. The participatory vibrancy and efficacy is hardly anywhere to be seen. The basic awareness of villagers regarding the existence, function and rights of the village assembly is lacking and a very high majority of people is found completely ignorant. The social milieu of the village is highly fractured and hierarchical along the caste, class and gender divide in the village and the weaker sections of the society are usually sidelined in decision-making. Behar and Kumar (2002, p. 41) observe, "Village assembly members are not powerful enough either to raise their voice against influential members of village or assert their rights of participation in decision making. Economic compulsions and inequitable social structure do not allow the weaker section sufficient space for assertion." This complex nature of village social structure prohibits participation of the weaker sections. There is a feeling among the villagers that people of influence would look at larger community participation with hostility. There is economic and social dependence of many on high caste or wealthy families, preventing them from raising a finger against them or people supported by them. Dominance of village assembly meetings by the Sarpanch, Secretary and others in local power axis has led to widespread indifference among people about the usefulness of meetings for the common masses. Due to the Sarpanch, Secretary and influential family's nexus, the villages Panchayats do not operate totally above board. Many fictitious entries are made in the proceeding of the village assembly, which were never discussed in the assembly. Drawing upon their primary research on decentralization in two Indian states, Andhra Pradesh and Madhya Pradesh, Johnson et al (2003, p. 18) observe, "Moreover, Sarpanches were highly adept at manipulating the village assembly to meet the requirement of Gram Swaraj. Signatures of villagers and ward members were commonly added to the register; Village assemblies

were arranged with very little time or notice to organize opinion or support on a particular issue. Indeed we encounter many responses to suggest that ward members and villagers were completely unaware that village assembly had in fact been held.”

The right-based demand driven framework of NREGS has been visualized as the necessary driving force for the mobilization of the poor but under the above-mentioned distortions in the socio-political environment, it requires a catalyst. Until a critical mass is generated with the help of external support and initiatives, the mobilization will not take off on its own. The administrative guidelines issued by the Government of India provides for communication of NREGA and it has been expected from the state Governments to undertake an intensive information, education and communication (IEC) exercise to publicize the key provisions of the NREGA. As in other parts of the country, in Madhya Pradesh also, awareness generation campaigns were launched with the help of television, radio, films, newspaper, pamphlets and brochures. Special village assemblies were also organized to disseminate information regarding the process of registration, demand for employment, unemployment allowance etc. Village artists were also hired to spread awareness among people through local art forms and musical performances. But these efforts were limited to the initial phase of implementation of the scheme only. This definitely made an impact on the awareness level of the villagers regarding registration for job cards, demand for employment and the prevailing wage rates etc. But it did not go beyond this so far as the mobilization of the poor is concerned. In fact this awareness generation program was not designed to go deeper than this. Some observations have been made that this was a campaign designed and controlled by the Government functionaries, which is intrinsically oppositional to the very idea or mobilization of masses. To quote Joshi and Moore (2008, p. 4), “casual evidence and logic suggest that where both the conscientisation process and program management are in the same hands, authentic mobilization is unlikely. Conscientisation is far more likely to be effective if employed by one external agency to mobilize the poor in relation to the activities of other agencies.” Bureaucracy has every incentive to control the process and discourage mobilization once it becomes uncomfortable for them. Gaventa (s.n., p. 24) also observe, “The broader point is that the pressure for increased deliberative and participatory innovation cannot come from government alone.” Behar and Kumar (op. cit., p. 42) make a rather hard remark, “A bureaucracy conditioned on centralized authority is not willing to be supportive and accountable to the village assembly. The elected representatives of Panchayats have MPs and MLAs as their models, and therefore resent any form of direct accountability to the people. Secondly, a large-scale resource (large from the perspective of small village economy) transfer is taking place towards the Panchayats. This has led to an emergence of a corrupt nexus between elected Panchayat representatives, bureaucracy and locally influential people who see an opportunity of making monetary gains. It is therefore in the interest of this nexus that the village assembly remains weak hence they resist and weaken all efforts to empower village assembly.”

But the empowerment and mobilization of poor and strengthening the village assemblies is a sine qua non for the success of NREGA. Moore and Jadhav (2006, p. 1293) drawing from their study of the Maharashtra Employment Guarantee Scheme observe, “The first point stems from the highly ambitious nature of the EGS. It is intended simultaneously to create useful rural infrastructure and to provide employment tailored to unpredictable local needs, through a mechanism that is quite vulnerable to corruption. This is asking a great deal of any public administration. The normal trajectory of any such program would be descent into some mixture of gross corruption, exploitation for narrow political patronage and loss of reputations and support, leading to substitution by other public programs, loss of funding and possible termination. Whatever the outcome within this range, potential job seekers would get little benefit in the long term. A program like EGS is likely to remain in place and on track only if potential job seekers are organized and mobilized to put

continual pressure on the administration. A certain kind of politicized process in which potential job seekers play a major role is integral to the effective implementation of the scheme.”

However the village assemblies do have the potential to carry out effectively the role and responsibilities entrusted to them with a little support and facilitation. Ideally, this support could come from the state agencies, civil society organizations and the political organizations. The state has to create an enabling environment and actively engage in a deliberative participatory democratic process. An intensive training of not only Panchayat functionaries, but also the community at large is necessary. To initiate the process some representatives from the workers working under NREGA, especially from the marginalized sections may be identified and trained who can spread the message in their community. Experience shows that it is not enough to increase participation unless the quality of decision-making process also improves. It is therefore, necessary to work on both sides of equation. On the one hand, attention must be given to strengthen the capacity of local citizens to exercise voice. But voice without responsiveness simply builds frustration. So there is also a need to build the capacity of the official functionaries to be responsive to community participation and to learn how to change their roles, attitudes and behaviors in deliberative participatory democratic process. The following issues need to be addressed for necessary capacity building for this purpose:

- Knowledge of legal rights, procedures, roles and responsibilities in the new environment.
- Skills in negotiation and conflict resolution.
- Skill in representation (How to listen to one’s own community, how to report back and be held accountable by them).
- How to practice democratic and collaborative models of leadership.

6.2 Social Audit

Social audit is probably the most potent tool for awareness generation and capacity building, monitoring, implementation and assessment of the impact of the program. Social audit can be described as checking and verification of the program implementation and its results by the community with the active involvement of the primary stakeholders. It is an ongoing process and can be done at any stage right from planning to the implementation, monitoring and evaluation. This is different from government or institutional audit. As they do not involve the affected persons, they end up at best assessing output rather than outcomes and are also not able to assess whether the decision making process had the input and support of all the critical stakeholders. The financial audit focuses whether the money was spent correctly while social audit see whether the spending makes a difference. The Act gives a central role to social audit as a means of continuous public vigilance. Apart from the ongoing process of social audit, the operational guidelines issued by the Government of India (2006) makes convening “Social Audit Forums” once every sixth month mandatory to review all aspects of the social audit at the village assembly meeting. A very elaborate instruction has been given as to how is it to be organized to ensure transparency, participation, scrutiny and accountability. A mandatory agenda has also been prescribed to ensure coverage of all the focal and sensitive issues of the provisions of the Act.

However, except for Rajasthan and Andhra Pradesh hardly anywhere in the country, any serious effort has been made to undertake social audit in its true spirit. In Madhya Pradesh, the work of social audit was decided to be outsourced to NGOs by inviting tenders. The lowest bidder was to be given the contract. Due to competition, the bidders quoted rates that they later found not sufficient enough to do justice with the work. In this district (Rajgarh) an NGO called UDAN got the contract

in Rs 1100 for social audit of each Panchayat. A discussion with a responsible officer holder of the NGO revealed that at the time of tender it was understood that they were expected to do social audit of all the 627 Panchayats in the district. But at a later stage the Government decided to go for an audit of only 7 Panchayats per block. Now owing to diseconomy of scale, they are finding it difficult to carry on. After more than a year of signing the contract, they have reluctantly started the work in July 2008 only. But again under the new instructions given by the provincial government, they are not supposed to give any independent observation report. Due to lower rates, they are not able to send activists in advance to do the preparatory work as provided in the guidelines. They depend on the Sarpanch and Secretary only to organize the assembly. All the stakeholders are not informed and the forum turns out to an assembly of the yes men of the Sarpanch only. Thus Social Audits are being done just to complete a formality. Similar is the situation in other parts of the country. Referring to the National consortium of Civil Society Organization Working in 34 districts of 8 States of India (initiated in 2007 with a commitment to help village panchayat in the implementation of NREGA), Ambasta et al (2008, p. 451) observe, "All partners of our consortium report that there is no real social audit process taking place in any location nor is there any system in place to do so. The worst thing that could have happened to social audit is the process of inviting tenders for conducting them. Unfortunately many so called NGO's have also been unable to resist the temptation of bidding for social audit and have submitted tenders at ridiculous rates ending up making a mockery of one of the most radical and critical provisions of NREGA."

But in the states of Rajsthan and Andhra Pradesh where the social audits have been conducted effectively and in the true spirit, the results have been very far-reaching and promising. The first mass social audit was undertaken in the Dungarpur district of Rajsthan in Feb 2006 with the active participation of a grass root people's organization called the Mazdoor Kisan Shakti Sangahtan (MKSS). They developed the basic framework, proforma etc. for social audit, which is widely applauded and used by other organizations also. In fact the MKSS had used this social audit tool to unearth corruption and large-scale fraud in drought relief works. In a spirit of emulation of the Dungarpur experience the Government of Andhra Pradesh organized the first social audit in Ananthpur district in the August 2006. In the case of Dungarpur, the initiative had come from the MKSS and the Govt. just played a role of facilitator. But in the case of Andhra Pradesh, the initiative came from the state government, which invited 31 NGO networks and civil society organization, 1000 volunteers from local NGOs, 25 writers form local writers forum, students, trainers, civil servants and government auditors to make an independent assessment of the implementation of NREGA. The 13 initial phase districts have already been covered by now. In fact, Andhra Pradesh is the only State which has tried to put in place a system of institutionalized social audit by appointing and training two village social auditors for each village Panchayats to facilitate the process, training, orientation and strengthening of vigilance and monitoring committees (Which is designed to act as social audit team) and at least one hands on training in course of the state sponsored audits mentioned above. Aakella and Kidambi (2007, p. 346) elaborating the reactions of the villagers during social audit, mention, " the reaction from the villagers to the process and the ultimate impact demonstrate the enormous potential that lies in the social audit process. This is something that was earlier beyond the comprehension of both the officials and the public. The rural poor had no idea that they could apply for information pertaining to works undertaken in their village and actually scrutinize the details of records. Similarly, the administration had no idea that they would have to be accountable to people whom they served and not just to the higher ups whom they have always reported to. Reading aloud the muster rolls and the other documents of a civil work in front of the villagers has a tremendous response and immediate impact. While generally at the start of a social audit process in a village people choose to sit at a distance and listen to the general information that is being shared; there is a visible

transformation in interest when specific details in a muster roll, pay order are read out. People standing at the periphery move closer and start listening more keenly. As names and payments actually made are identified a range of reactions- from surprise to anger to frustration, wonder and cynicism are expressed. When the social auditors finally question the field assistant and technical assistant for the work, the villages start responding to the queries.” They further observe that on an average it has been found that one in every 20 muster rolls is fudged and in every Mandal (intermediate Panchayat) between two and three gram Panchayats harbor financial irregularities (Ibid, pp. 346-347). Burra (s.n., page 9) comments, “The most amazing fact is that large sum of money approximately Rs 55 lakhs , have been voluntarily returned by corrupt officials because of the social audit process in the 13 NREGA districts.”

A Govt. of India report (s.n., p. 8) based on a study in three NREGA districts of Andhra Pradesh reveal that awareness of the various aspect of NREGA increased significantly after social audit because the process exposes the various steps and procedures of the scheme to public scrutiny. The awareness about 100 days guarantee increased from 30% to around 90%, about minimum wages, no use of labor displacing machines and contractors increased from around 30% to more that 75%. Similarly awareness regarding unemployment allowance, payment within 15 days and right to demand for work increased from 10, 16 and 22% respectively to 25,28 and 70% respectively. There was a noticeable improvement in accuracy of muster rolls, payment of wages and maintenance of other records. To quote Burra (op. cit., p. 12), “What is interesting is that 60 percent of the laborers said they were more confident about approaching local officers because they had greater awareness about the provisions of the Act as a result of the social audit. 82 percent of the laborers felt that social audit was an effective mechanism for grievance redressal. One month after the social audit, 87% of the laborers said that while social audits were very important they would not be able to conduct the social audit themselves because of lack of education and illiteracy. However, when the same group was asked the same question six months after the social audit, 95 % of the laborers felt confident that they could conduct a social audit themselves.”

Social audit is by no means an easy and smooth process. It unearths corruption, misappropriation and identifies the perpetrators of such deeds and exposes them and makes them accountable in public forum. The follow up action leads to disciplinary action and even criminal proceedings. It is therefore natural that such vested interests will try to scuttle the audit process in all possible ways. An extreme example of violence and intimidation has come from the state of Jharkhand where at least two NREGA activists have been killed while working on social audit or exposing irregularity. Referring to a contractor official nexus, Roy and Dey (2008) make an observation, “for the first time a corrupt mafia is threatened by a legally mandated process of social audit which looks at details and places irrefutable documentary proof in the public domain. The corrupt nexus is reaching with pre-mediated, calculated violence.” Sometimes the civil society organizations develop an adversarial relationship with the official machinery because they are drawing attention to corruption and nepotism within the state machinery.

The social audit process promises to save the NREGA from the regular problems that have so far afflicted the implementation of anti-poverty programs in India. The Government, due to their inherent limitations, does not have the capacity to initiate social audit on its own. On the other hand, in the absence of an enabling and supportive role of the state, little can be done by the NGOs. What is required is a partnership between civil society and the state. The earlier participate in the conduct of social audit on a voluntary basis with their better capability, training and temperament to access the community. Officials at the state and district level take the responsibility for ensuring access to official records, training and coordinating for social audit, general protection and taking corrective

action on the issues arising out of the audits. Together, the Government and civil society participants have the opportunity to see that their efforts create real positive change for the people they serve.

6.3 Lack of Professionalism and Shortage of Staff

Much before the NREGA 2005 was promulgated, while assessing the feasibility of an employment guarantee program, Hirway and Terhal (op. cit., pp. 267-268) had observed “Another important conclusion to be drawn from the case studies concerns administrative capability. The case studies revealed that the organizational structure, the extent of decentralization, the planning expertise, the flexibility of operation etc. in a public works program play an important role in determining the level of success of the program. In the Indian case, these capabilities were observed to be very poor. The question then arises whether the development administration in India is at all capable of undertaking an employment guarantee program. We believe that radical reforms in public administration in India are needed first if such a program is to be implemented successfully. The major areas in which such reforms are essential are (a) decentralization (b) professionalization and (c) debureaucratisation of the public administration in India.” The issue of decentralization has been taken care of with the 73rd amendment in the constitution and the NREGA also depends heavily on the Panchayati Raj Institutions for planning, implementation, monitoring and evaluation of NREGA. But the issue of debureaucratisation and professionalization still remains to be addressed. Ambasta et al (op. cit., p. 42) has raised the issue very strongly, “The central proposition on this commentary is that there is no way NREGA can realize its full potential if implemented within the same moribund structure of governance that has characterized rural India since independence. A bureaucracy that is both unmotivated and corrupt and which in any case has its hands full with a whole host of pre-existing responsibilities can hardly be expected to muster the imagination and energy required by NREGA. A radically new program also makes dramatically new demands from the system requirements that the public sector in rural development, as it exist today, is completely unprepared for.” The CAG report (op. cit., p. 16) also reveals, “Non-appointment of a fulltime dedicated program officer, who is pivotal to the successful implementation of NREGA, and giving the additional charge of PO to BDOs, who were responsible for other development schemes at the block level, strikes at the root of effective implementation of NREGA. In the absence of dedicated technical resources, the administrative and technical scrutiny and approval of works was, thus routed through the normal departmental channels burdened with existing responsibilities.” It further reveals (op. cit., p. 95), “The main deficiency was the lack of adequate administrative and technical manpower at the block and GP levels. The lack of manpower adversely affected the preparation of plans, scrutiny, approval, monitoring and measurement of works, and maintenance of the stipulated records at the block and GP level. Besides affecting the implementation of the scheme, it also impacted adversely on transparency. Maintenance of records at the block and GP levels was extremely poor, and the status of monitoring, evaluation and social audit was not up to the mark”

The problem of understaffing is most pronounced at the village Panchayat level in Madhya Pradesh. The village Panchayat is a one-man office. The Panchayat secretary discharges all the secretarial functions assigned to the Panchayats. Village Panchayat is the cutting edge of implementation and it is here that the workload has increased the most. Almost 97% of NREGS works are being carried out by the village Panchayats. The Panchayat secretaries are supposed to maintain a large number of registers, give a number of receipts and reports and are responsible for preparing necessary documents for voluntary disclosure. They are also responsible for muster rolls; cashbook and the proceeding register of Panchayats. All these duties are in addition to the job that they were discharging earlier. This is not just humanly possible to perform all these assigned tasks for a single

person. The appointment of independent employment guarantee assistant (Gram Rojgar Sevak) as suggested by the Government of India, has not been considered feasible due to its financial implications. But now that the ceiling of administrative expenses has been raised to 4% from earlier 2%, a serious thought should be given to necessary staffing at Panchayat level.

The additional staff is being provided at district and block levels, but here professionalism and quality of staff is also an issue. It is only quality works, which will ensure that the required land and labor productivity increases take place, thus ensuring the basic objective of NREGA. However, quality cannot be ensured merely by putting administrative staff in place or by giving them one or two weeks training. The more important need is to involve professionals with vision and expertise to plan and execute the program.

Another aspect of professionalism relates to the Government departments like forest, irrigation and agriculture etc. There is an immense scope for taking up works for regeneration of forest, for extending and enhancing the capacity of existing irrigation systems and enhance agricultural productivity under NREGS. But traditionally these government departments have been working in a system of contractors, and are not willing to take the pains of maintaining the records under NREGA and observe the high standards of transparency that is a part of NREGA mechanism. Thus, they are not utilizing the opportunity that professionals are expected to do in order to achieve the ends of development. There is hardly any work undertaken under NREGS by these departments in this district.

6.4 Schedule of Rates

The schedule of rates establishes a relationship between the physical quantity of work and funds required to execute that work. The SOR is used as the basis for preparation of estimates for work and once the work is executed, for converting the quantity of work into monetary value. Thus workers are paid according to the value placed on their work by the SOR. The problem of below minimum wages payments to workers has been mentioned earlier. There is a general feeling that if rates are not revised upwards, village Panchayats that pay statutory minimums wages and avoid using machines under NREGA will find it impossible to complete works within their sanctioned costs. This may act as an incentive for corrupt practices, such as exaggerating the physical quantities of work done. Shah (2007, op.cit., p. 47) observes, "Corruption in employment programs is not merely a matter of preventing fudged muster rolls. The much more creative dimensions of corruption arise from the way the SOR is deployed both to embroider estimates and cheat labor. Beyond instances of deliberate non-payment, there is a genuine difficulty, a deep contradiction at the heart of NREGA implementation. This lies in the way work done by labor is measured." The SORs assume that the average productivity of an average worker will be uniform throughout an administrative unit. Vijay Shanker et al (2006, pp.1616-19) have questioned these assumptions based on their experiences in 50 districts across country. The SORs usually recognize only a few types of strata and generally proper rates are not allowed. The rates for disintegrated rock are more than double as against hard morrum but disintegrated rock rates are not allowed generally in earthwork. Similarly variations in climate and variation within work force is not recognized. Studies have shown that primitive tribal groups like Sahariyas in Madhya Pradesh and Rajsthan have, for a variety of historical factors inherited a weaker physical constitution. The underlying notion of the SORs is that the work force is healthy and capable of hard work. The daily productivity of a poor, malnourished and physically challenged worker will be lower than this average. Hence when these SORs are strictly implemented such person will get weeded out. Discrimination based on the unrealistic amount of output would go against the basic spirit of the scheme. In addition, there are

issues like composite items and hidden activities. The SORs currently in use is inherently prepared around a machine-contractor framework. But the NREGA put a total ban on the use of labor displacing machinery and contractors; the revision of SORs has become necessary. “However some key aspects within the architecture of NREGA need urgent reform, without which much of its promise could be extinguished, even before it takes off. One of these is the way the value of work done by labor is currently estimated using the SORs prepared by state government departments. In this note we argue that the SORs as presently conceived and used have an inherent pro-contractor bias, encourage (virtually necessitate) the use of machinery and make it virtually impossible for laborers to earn the statutory minimum wages. It is, therefore, an imperative that the SORs are revised in a truly transparent and participatory manner.”(Ibid, p. 1616)

The operational guidelines issued by the Government of India advise the states to carry out time and motion studies and compute realistic rates for each locale. So there can be different rates for different areas within a district. But only three states, Andhra Pradesh, Gujrat and Tamilnadu have conducted time and motion studies using average works in varying field conditions and a combination of sexes and age groups.

Another related issue that can help in stemming corruption and ensuring transparency is the demystification of the SORs. The estimate prepared by the technical staff should be in the local language and should be explained to the villagers in a manner that is understood by them. The estimates should be broken in to material and labor components. The cost of each type of material used should also be indicated. This will help in verifying the different aspects of works during social audits.

6.5 Theoretical Framework of Planning

This issue has been discussed in detail in the previous chapter. What is to be emphasized is that the long-term perspective of the scheme should never be lost sight of. Though the emphasis can be understood from the list of permissible works, the Act neither mentions explicitly the long-term consequences of the Act, nor does it mention how the assets generated will be directed to mainstream employment. The Act does not refer to any theoretical framework for resource planning. Absence of this planning framework and perspective coupled with the poor capability of planning at the district and sub district levels have resulted into haphazard stand-alone selection of works undermining the efficacy of the program. It is necessary to point out and educate the lower rungs of bureaucracy and PRIs that the assets to be selected have a long-term role to play in the economy. In this part of central and northwestern India, where flood protection is not an issue, watershed development is the way out to the degenerating soil and water resources of the area. As most of the works pertain to drought proofing, water conservation, irrigation and land treating, these would necessarily have to follow the principles of watershed management. Since boundaries of watershed would transcend the geographical boundaries of Panchayats, it would be necessary to have a coordinated action plan.

The Administrative Reform Commission report (2006, p. 26) suggests, “ At present all major schemes have their own prescribed methodology of preparing a plan including NREGA whose operational guidelines prescribe preparation of a perspective plan and an annual plan. The 73rd constitutional Amendment envisage, indeed prescribes, the preparation of an area plan for economic development and social justice, The commission feels that there should be one plan and all department should cull out their program’s plan out of this integrated plan. This is necessary to achieve synergy among different development efforts.”

6.6 Gender Issues

This is widely agreed that transfers received by women tend to deliver greater human and social capital benefits to households than those received by male. This is also widely admitted that women are over represented amongst the poor (so much so that the phrase like feminization of poverty is used), that they face greater difficulties in escaping from poverty; women's participation in employment intensive works and access to wage employment is particularly limited. As Antonopoulos (2007, p. 9) elaborates, "The vulnerability of women to poverty is strongly linked to the gender division of labor in paid and unpaid work (as well as asymmetries in access to and decision making over use of assets and resources). They are income poor, but also overly taxed in terms of the time they allocate in caring for the sick, fetching the wood, collecting water, preparing meals etc. As a consequence, the overhead unpaid work time that poor women have to spend in securing inputs for household production use and in providing care for family members is of concern and constitutes a dimension of asymmetry between them and the rest of population." It is, therefore, the viability and effectiveness of poverty eradication strategies from the perspective of promoting broader gender equality has remained one of the core concerns of program design. "Gender neutrality works against women when it assumes that women and men are similarly situated and would respond to program's strategies in the same way," observes Dejardin (1996, p. 19). There are certain social and cultural barriers that restrict women's entry into wage employment programs. This calls for distinct and deliberate measures to ensure that the program equally benefits poor women.

The NREGS has incorporated several gender dimensions and provisions such as mandate for at least one thirds of its beneficiaries to be women, ensuring locally available employment thus reducing a male bias as men are more likely to migrate; allowing for sheds and crèches to take care of children. As compared to the previous employment schemes in the country, these are credible advances on the gender front. The participation level of women has increased drastically from around 15% under SGRY to around 40% in NREGS at the national level. But still there are certain aspects that have remained unattended. In fact, the gender discussion of public works encompasses two concerns:

- Women's access to the direct wage employment benefit offered by public works. This involves question as to whether women have the same access as men to wage employment program. What factors and conditions enable them to gain equal access and what prevents them from doing so?
- Benefits of assets created by public works accruing to women. Here such questions are relevant as to whether women's needs and interests are taken into account in the choice and design of infrastructure. Are women able to participate in planning and decision making process of selection of projects?

As regards the first point, the biggest barrier in NREGS is the SOR that is not gender sensitive. A gender based SOR is a primary condition to increase their access to NREGS. Secondly, the gender differentiated entry barriers and job assignment segregation can also be lessened with gender sensitization of the community and a training component, which can build the confidence of the female workers to enter into areas that have been a preserve of male workers, e.g. a female mason. Regarding the second point, it is widely felt that the participation and involvement of women in selection, design and implementation will attract more women in the program because otherwise it may not be possible to take into account the different needs and expectations of men and women vis-à-vis various kinds of infrastructure. In Indian context, projects relating to food, fodder and fuel

wood are important areas, which can ease the labor of women for traditional unpaid household care works. The mobilization and organization of women with a view to remove the cultural, educational and social constraints, effective and formal social and political participation should form part of proactive measures to be taken to facilitate women's participation. As Graham (1996, p. 18) concludes, "Finally, without a government commitment to allow all political groups (including women) to participate, the programs will be bound to fail precisely in the area in which they have the most potential to make permanent contributions to poverty reduction: the development of the institutional capacity and organizational capacity of the poor, and, in terms of gender issues, of women's organizations or organizations with a high level of female participation."

6.7 Equity Issues

"From a poverty reduction point of view one of the most fundamental criticism of NREGA is that the type of activities for which work can be funded- e.g. water conservation, land development, afforestation, provision of irrigation systems, construction of roads or flood control – are prone to being taken over by wealthier sections of society," observe Sjoblom and Farrington (op. cit., pp 2-3). It usually happens that the benefits of the assets created occur only to those already with assets. For example, bigger farmers will benefit more from water harvesting structures or a minor irrigation work or construction of canals will not benefit the landless poor. There are many studies that suggest that the Maharashtra Employment Guarantee Scheme has benefited the kulak lobby most and the small irrigation works such as nullah bunding and tanks in the rain fed districts of western Maharashtra has sustained sugarcane farming of the Maratha elite (Patel, 2006, p.1). There was an attempt to extend this trend further in the late 1980s when horticulture in private land and construction of wells were added to the permissible list of works under MEGS and the execution of works by contractors was allowed. Moore and Jadhav (op. cit., pp 1288-89) observe, "These two schemes- the horticulture and Jawahar wells program accounted for about a quarter of EGS expenditure in the 1990s. These changes were originally justified as a way of channeling EGS resources to marginal private agricultural land. Our fieldwork is consistent with the allegations that, despite the formal eligibility requirements intended to direct these funds to small farmers, they mainly benefit the rural rich." The efforts to hijack the benefits of these individual beneficiary oriented works by big farmers using unscrupulous means in the district under study has already been discussed in chapter 5.

Thus there is a need to curb this tendency to increase asset inequalities between the poor and the non-poor. One way to avoid these widening asset inequalities under the program is to give ownership or management of the assets generated under the program to the assetless workers of the community. Secondly, non-poor beneficiaries of private lands may be charged or taxed for the benefits they are taking from such assets.

6.8 Role of Information Technology

Information technology must be seen as a key player in NREGS implementation and monitoring. It makes data transparently available on a network for monitoring, thus enabling concurrent vigilance and audit. It also saves time and effort in decision-making, particularly on sanction and release by making information readily available. The Ministry of Rural Development, Government of India has developed an internet based MIS, which, in addition to serving the administrative requirements makes available all information in the public domain. It expects that data entry should occur at the level where an event occurs. An exception to this is the work site and village Panchayat in which case it could be done at block level.

Though it has been assumed that the lowest level at which near complete availability of information technology within government offices can be realized is the block, it is not yet a ground reality. Any information collected in non electronic form at block or a lower level of government has to be digitized at the block level, but due to problems of power supply, internet connectivity or availability of necessary technical staff this has not yet been ensured. In this district, as in other district of Madhya Pradesh the MIS data entry work has been outsourced to a private firm. In Rajgarh, the outsourced agency has moved from block to district head quarters because of the problems mentioned earlier. The work of MIS data entry is lagging far behind. Only 15 to 20 percent entries have been made so far and a large amount of work done in the last one and half year is yet to be digitized. Though there is an urgent need to strengthen the IT infrastructure at block level, computerization at the village Panchayat level should be the eventual goal.

6.9 Evaluation of Outcomes

The ultimate objective of the Act is to provide livelihood security to people in rural areas. The success of NREGA would thus be measured by the extent to which it has been able to provide this livelihood security. In order to ensure that this outcome is achieved an impact evaluation should be conducted at regular intervals to assess the socio-economic impact of NREGA. Such an evaluation will also provide feedback to policy makers and executive agencies to make mid-course corrections to improve effectiveness of NREGA. In fact, as stated earlier also, the success of employment guarantee lies in its self-generated demise. In such a case, the successive impact evaluation will facilitate decisions on closure of the schemes in those districts or blocks in which objectives of NREGA have been substantially met and determined by attainment of pre defined threshold levels of select parameters.

Such parameters or outcome indicators have not been clearly defined in the Act or the administrative guidelines. Chapter 8 of the operational guidelines issued by the Government of India, 2008 stipulates that regular evaluations and sample surveys of NREGS work should be conducted and evaluation criteria similar to those used in the annual ranking of districts be used. These criteria are:

- Extent to which applications for work have been met.
- Productive value of completed works.
- Quality of record keeping and reporting.
- Accessibility and transparency of documents.
- Timeliness of wage payments.
- Timelines and quality of social audits
- Involvements of Village assemblies

The annual report presented before the parliament for the year 2006-07 discusses demand for employment, person days generated, share of women in work force, number of assets and benefits created thereof, expenditure made as the program outcome. The Governments of Madhya Pradesh has used distribution of job cards, employment provided on them, expenditure incurred, number of works done, personnel deployed, status of grievance redressal as the indicators of performance in its administrative report for the year 2006-7 which was tabled in the Legislative Assembly of Madhya Pradesh. It is widely felt that these parameters reflect more the outputs than outcomes and there is a need to evolve a much more rigorous impact evaluation system to meet the ends of the enactment.

Chapter 7

Findings and Recommendations

This chapter highlights first the potentials and ramifications of the NREGA and then sums up the findings of this study to bring out the gap between where we are and where we ought have been. At the end, the recommendations have been discussed that can take the program to the desired heights.

7.1 NREGA: The Promises

The NREGA is one of the most powerful initiatives ever undertaken for the transformation of livelihood base in rural India. Potentially, probably, it has deeper and longer ramifications than even the green revolution. Unprecedented commitment of financial resources of the government to this largest employment program in human history is matched only by its imaginative architecture. The innovative design features make it not only an employment generation program or a tool of poverty alleviation, but also a vehicle for radical economic and social transformation of rural India. Direct benefits from the wage transfers alone are of enormous importance to poor households. The note presented before the National Development Council by Prof. Jean Dreze (2004, pp. 6-7), a developmental economist of international repute points out, “the benchmark figure of one percent of GDP is not very high, yet it could lead to a major decline in standard indicators of rural poverty if the funds are properly utilized. To see this, note that hundred days of employment at Rs.60 per day would provide income support of Rs.6000 per year. As it happens an increase in household income of Rs.6000 per year would lift a large majority of poor household below the poverty line. To illustrate, in 1999-2000 about 75% of poor household in rural India would have been able to cross the poverty line with additional earnings of Rs.6000 per year. These illustrative figures probably overstate the potential impact of an employment guarantee program on poverty, if only because they ignore the fact that the program may displace other income earning activities. Nevertheless they helped to convey a simple and essential fact about the economics of poverty. The share of the poor in aggregate GDP is very small and therefore even a small proportion of aggregate GDP (say 1%) to them can make a major difference to their living conditions.” As discussed in chapter one, Murgai and Ravallion (op. cit., p. 3453) have made an estimation (based on econometric analysis), that at a wage rate of INR 50, the scheme may help reduce rural poverty from 37% to 23% in terms of head count index in the lean season, and from 34 percent to 30 percent in terms of the annual impact on the headcount ratio. In a Keynesian framework, promotion of rural employment will also help generate demand for goods and services from the villages that will increase effective demand in the economy. India may be growing at a rate hovering around 9 percent a year, but to sustain the pace, it should be ensured that demand does not sag. Otherwise recessionary pressures will set in; however energetic effort is made on the demand side.

However, the National Rural Employment Guarantee Scheme is much more than a simple wage income transfer scheme and its potential is truly phenomenal. In fact, excessive focus on employment generation has begun to narrow down its objectives and potential. The unique character of the NREGA lies in the tremendous opportunities it opens up to transform the development scenario in rural India. If macro-economic development has not delivered to Indian rural laborers despite the fact that the Indian economy experienced a marked acceleration in GDP growth from the 1980 onwards, then the employment guarantee is the only ray of hope under the present circumstances. As discussed in chapter 1, the indicators of development of agriculture have seen a negative rate of growth during the 1990s. There is a decline in the growth rate of productivity and production in agriculture. Another equally important consequence is the fall in remunerative employment and purchasing power and farm incomes due to rising input costs and relatively static

prices of farm produce. Indebtedness and land alienation grew particularly in dry lands. For the first time in history of Indian agriculture, hundreds of farmers have committed suicide. The single most important factor contributing to the dismal performance of Indian agriculture in the 1990s is the decline in public capital formation. Gross public capital formation in Indian agriculture, at 1993-94 prices, fell from INR 4997 crore in 1994-05 to INR 3919 crore in 2000-01. Public investment in agriculture has also declined in real terms since early 1990s. Another significant factor leading to the decline of Indian agriculture is the grave environmental crisis arising out of the falling water tables due to overexploitation of aquifers, degradation of forest and grass cover and soil erosion due to fast flowing surface runoff.

The NREGA provides an answer to both of these problems. There is an undeniable contribution of the program to capital formation in agriculture. The Act itself spells out the types of works that are permitted. All except village connectivity relates to water and soil conservation and drought proofing. This provides for the need for massive public investment to ensure sustainable agricultural and environmental regeneration. In fact, the raising of agricultural growth rate to 4 percent per annum as planned for the 11th five-year plan, from the prevailing rate of roughly two percent per annum, it is critically dependent upon raising productivity on rain fed agriculture land. Since rain fed agriculture accounts for 60 percent of all agricultural land, both poverty alleviation and increasing productivity will depend on the efficiency of rain fed agriculture, which in turn implies enhancing the coverage and effectiveness of watershed development program. It has already been discussed in the earlier chapter that the theoretical planning framework most suitable for planning of works under NREGS is watershed development particularly in the rain deficient areas of India. NREGS permits the creation of assets on private land belonging to scheduled castes and scheduled tribes and land held by land reforms beneficiaries. It has been further extended to include lands of all families below poverty line and also IAY beneficiaries. It is important to note here that poor possess more than 15 million hectares of land, and the NREGS can provide an integrated package – irrigation, land development, horticulture and other integrated farming systems to these capital starve people. Thus NREGA has a tremendous potential to usher in a second Green Revolution, regenerate the fast degrading forest wealth and stem and restore the depleting soil and water resources.

Moreover, the social consequences of the NREGS are likely to be radical, as it is likely to empower the powerless and thereby disturb the existing power structure in the villages, and even within a household. The Act provides an opportunity and authority to demand, as a matter of right, for work. The legal framework of NREGA assigns them a role in planning, monitoring and evaluation of the program. For the first time in the history of public administration in India, the implementing agencies - the line departments have been made answerable directly to people. The mechanism of social audit makes the government officials answer directly to the questions of the villagers. The scheme is likely to take away workers from the rich on the one hand and raise the market wage rate drastically on the other. It has empowered the poor and has reduced the dependence on the rich thus hitting hard at the very roots of the vestigial feudal structure of the Indian villages. At a household level, the empowerment of women is likely to bring about changes in not only the male dominated power structure of the households but to the far-reaching consequences in terms of nutritional security of the households. The Act has also enhanced the capacities of the community based organizations and NGOs to work with the government through its mechanism of voluntary disclosure keeping all information in public domain, a very liberal introduction of right to information and even making a provision for allowing them to work as an implementing agency. Once these provisions are disseminated, understood and acted upon by the rural masses, it will usher in a new era of socio-political relations. In fact, the NREGA has already provided a stimulus for the

mobilization of the poor across the country through yatras (marches) and abhiyans (campaigns), meetings and discussions, awareness and sharing and organizing social audits and public hearings. The awareness of the guarantee of employment, the direct impact of the wages on the household which enabled children to go to school, improved nutrition within the family, brought down dependence on moneylenders, increased wage bargaining capacity, reduced abject poverty and migration; are likely to bring a more enduring confidence among the poor and are building blocks for living life on equal terms and with dignity.

7.2 Findings

In this light, and on the basis of discussions made in the foregoing chapters, the main findings of the thesis can be summarized in the following points:

- Looking to the intent and scope of the program and the progress made in the district Rajgarh towards the implementation of the scheme, it would not be improper to say that only a rudimentary beginning has been made so far. The district has been able to generate on an average 36 person days only for each household across the year as against 63 days figure for the whole of Madhya Pradesh and 42 days for the whole country. Those completing full hundred days are only 19 percent of the households. This is not because the real demand for employment is low. This is because of the inability of the official machinery to educate, assist and allow the jobseekers to articulate their demand. The right-based demand driven framework of NREGA has not yet crystallized at the field level. Jobs are not provided as and when demanded, it is still the convenience and benevolent initiatives of the Sarpanchas that determine the level of response to the demand of employment. Not giving a dated receipt for a job application sometimes leads to a bureaucratic suppression of demand. The problem of unrealistic schedule of rates leads to nonpayment of minimum wages in a number of works. The frequent delays in wage payments due to non-valuation of works or unavailability of funds is another reason, which detract laborers from NREGS because in case of delay in wage payment they are forced to go to moneylenders or liquefy some asset for survival. Since the interest rates of moneylenders are often exorbitantly high, the labor prefers to quit NREGA and go to some private employment even at a lower wage where his needs are met as per his convenience. The lack of worksite facilities also has a bearing on the turnout of labor. The non-implementation of the facility of crèche or a very mechanical unimaginative use of these provisions is one of the inhibiting factors for women with young children.
- A very significant fact, which is of far reaching consequence so far as the effectiveness of NREGS is concerned, is the failure of the Government to recognize and define the scope and potentials of NREGS and articulate it to those who are at the helm of affairs at the field level. Even the operational guidelines 2006, did not clearly spell out how the basic objective of Act – enhancing the livelihood security in rural areas has to be achieved. It is only in 2008, that the revised guidelines define NREGA goals and explicitly states that the program is to be used as a growth engine for sustainable development of the agricultural economy. But this has not yet percolated down the lower levels of bureaucracy and functionaries of the Panchayats. Prior to this revision of guidelines, the program lacked a long-term perspective in the sense that it neither mentioned the long-term consequences of the Act nor does it mention how the assets generated will be directed towards expanding the mainstream employment. The details of the broad strategy are yet to be fixed. It requires an urgent response for the success of such an ambitious program lies in the details. The real success of the Act lies in the fact that the Act is not needed in the long run. The assets created under the program should be able to generate enough employment in the mainstream economy, thus

gradually reducing the demand for job under the Act. Somehow this long-term focus that ensures the transitory nature of the program is missing completely.

- Another serious lacuna in the program implementation is that there has not been any serious effort towards the mobilization of the community and to ensure that the village assemblies work in a vibrant and effective manner. In fact, it should have preceded the notification of the district under NREGA to ensure the preparedness of the community to make a good beginning of the program. The IEC activities organized so far have focused only on the publicity of the key provisions of the Act. It is not at all designed to go deep and to empower and give voice to the poor, which is a prerequisite for the successful implementation of the right-based scheme of NREGA.
- A related issue is the absolute indifference of the state government towards institutionalizing the tool of social audit for the mobilization of the community as well as for continuous public vigilance. As has been discussed in the earlier chapter, whatever is being done in the name of social audit is just a mockery of it and is absolutely shorn of the basic spirit of social audit.
- Lack of professionalism and shortage of staff is another factor posing a major threat to the success of the programme. The NREGS calls for a break in the traditional thinking of the rural development bureaucracy. The vastly increased work, the imaginativeness required to exploit the maximum potential of the Act and the requirement to respond to the design of transparency and direct accountability to the public under NREGA necessitates a radical re-orientation of the official functionaries, who have delivered so poorly in their history of sixty years. This has remained a neglected area so far. Though the State Government has been trying to provide necessary support staff at the district and block levels, still there is acute shortage of staff, particularly of the technical manpower. What is astonishing is the fact that no initiative has been taken to provide any additional staff at the Panchayat level. It is here that the load of work has increased the most, and the capacity of the existing functionary is usually very poor. It is very unrealistic to assume that the Panchayat secretaries are able to discharge their duties expected under the NREGS along with their preexisting functions.
- Though two revisions of SOR have been made to respond to the anomalies of wage payment faced by the workers, these are piecemeal in nature. No comprehensive time and motion studies have been done so far taking into account the varying field conditions and a combination of sexes and age groups. This has diverted the focus of the program on road building, because it has better opportunities for good wage payment to workers than the water harvesting structures due to unrealistic SORs.
- The gender issues have not been properly addressed. The absence of a gender sensitive schedule of rates, non enforcement of the facilities for child care and crèche and indifference to the selection of specific assets that cater to the requirements of the daily chores of women has been the major inhibiting factors so far as the participation of women is concerned.
- A traceable design to hijack the benefits of the individual beneficiary oriented schemes by relatively bigger farmers is evident in the district. The addition and deletion of names from the BPL list is an open process. The well to do farmers get their holdings partitioned through unscrupulous practices with one member getting a share that will make him eligible for these schemes. Their names are cleared first in the village assembly also because they wield social influence and can tempt the Panchayat functionaries. A circular of the state government that

first priority should be given to those holding more than 2 hectares of land (though this was issued with optimality concerns) becomes handy to the unscrupulous persons while the genuine poor is weeded out for the next year, an assurance which may not come true in the coming year also.

- The basic transparency measures are not being implemented. The work of updating the MIS is lagging far behind and the mechanism of social audit is not functioning at all. It is not the elaborate documentation per se, but the transparency provisions that are the basic deterrents against corruption. With transparency mechanism not in place, there is a fear of corruption hitting back with its monstrous tentacles which has been one of the officially acknowledged causes of the failure of the earlier wage employment programs.
- No outcome indicators have so far been evolved. The government has used distribution of job cards, employment provided, person days generated, number of assets created, expenditure incurred etc. as program outcomes. But these are outputs rather than outcomes if a long-term perspective is taken. The program has two components - the cash transfer in the form of wages and the creation of productive assets to trigger a self sustained growth of the rural economy. So, mere wage transfer cannot be an end in itself. The NREGA has to be considered as a tool for transmission of the economy from a labor surplus economy to a labor using economy. Suitable outcome indicators should be developed keeping in view this long-term perspective of the scheme.
- The program has been marginalized as a scheme of mere one ministry. Bureaucracy is fractured along the departmental lines and departments like forest, agriculture; irrigation, planning etc. have so far not been very forthcoming to share the ownership of the program. To realize the full potential of the NREGS, it has to transcend these departmental barriers and grow as a seamless program of rural reconstruction and ecological regeneration.

7.3 Suggestions

The above analysis shows some serious shortcomings in planning, implementation, monitoring and evaluation of the NREGS. The suggestions to improve the effectiveness of the program can broadly be divided in two categories. The first category touches the core of the issue. If these are not addressed properly and corrective measures not taken on an urgent basis, the program will degenerate into the long list of failed and aborted wage employment programs India has experienced earlier. These are as follows:

- The vision, the long-term perspective and the emphasis on the point that the NREGA is a major departure from earlier wage employment programs not only in terms of operational mechanism but also in terms of expected outcomes need to be articulated strongly down the line. Until this perspective is developed in the mind of the functionaries, it will not be reflected in the selection and execution of works, and the productivity gains that are envisioned as a major benefit of the NREGS will not be realized. The NREGS is not about maintaining a permanent army of unskilled workers to be supported by the national exchequer. It is about creating right kind of assets and their productive use to expand mainstream employment in the economy.
- An approach to align individual goals with the organizational goals can be management by objectives (MBO). The MBO process starts with the organization defining its objectives. The process of strategic planning, goal setting or visioning generates from its process a set of

objectives that the organization should strive to achieve. Then individual targets are set in consultation with each member. These targets have to be SMART – specific, measurable, achievable, realistic and time based. The individual goals or targets when aggregated represent the organization goals. These targets are monitored on a regular basis to take corrective measures as and when needed to ensure achievement of goals. The MBO process is focused on explaining the employees what an organization is doing and why it is doing it. It makes members of the organization understand the individual roles they play and how their jobs contribute to the achievements of the goals of the organization. Since the nature of jobs under NREGS is not too complex because the environment is more or less static, MBO appears to be a suitable strategy to achieve the ends of the Act. The services of any management school may be hired to give a professional input to the organization in this regard.

- As discussed in the earlier chapter, no satisfactory outcome indicators have as yet been evolved. Though it is difficult to make an assessment of the impacts of the program like NREGS within one or two years of initiation, it is the outcome indicators that give the program a definite direction. One reason for the loss of direction at the implementation level can be attributed to the absence of outcome indicators. The outlays for NREGS have to be transformed into outcomes. Investment made under NREGA are expected to generate employment and provide a social safety net, raise productivity in agriculture, regenerate natural resources, reduce distress migration, strengthen the grass root democracy and bring about socio-political mobilization and empowerment of the poor. Thus, the following could be considered as the outcome indicators:
 - Rise in productivity, particularly of small and marginal land holdings.
 - Increase in area under double or multiple crops.
 - Prevalent market wages of agricultural labor particularly women
 - Increase in milk / fish production.
 - Increase in average annual income of poor households.
 - Groundwater recharge.
 - The quality of village assembly meetings etc.

Having identified the parameters, a baseline survey should establish their current status. Such survey should be carried out in the district, preferably through independent professional agencies. Target levels should be prescribed for each of these parameters. Periodic evaluations preferably once in two or three years should be carried out to assess the progress under these parameters. The attainment of target levels would signal successful implementation of the scheme.

- Capacity building at different levels requires urgent attention. NREGA is a people's act and the role of the community is central - right from planning to monitoring and evaluation. A continuous public vigilance by village assembly through the mechanism of social audit is the way to keep the program on the right track. In addition to the ongoing IEC activities the following steps may be taken:

- NGOs with creditability and spatial reach should be identified and entrusted with this task.
- NREGA should be added to the curriculum of school education.
- Representatives from the laborers should be given specific training to participate in the different aspects of the program and share and disseminate their knowledge among fellow workers.
- Social audit should be institutionalized.
- This program has a potential of a central agenda for socio-political mobilization by political parties. This potential should be harnessed through dialogue focused on the long-term perspective and goals of NREGA.

The capacity building of the official functionaries and PRIs involves two things: positioning the right personnel in adequate numbers and the continuous upgradation of the capacities of the massive support structure of human resources working under the program. Keeping in view the Panchayat level staffing needs six month or one year diploma courses should be organized at Industrial Training Institutes located at most of the district head quarters, state institute of rural development etc. or private technical institutions. This will ensure quality and put a check on arbitrary selection of functionaries by Panchayats. To overcome the paucity of technical staff, creation of a panel of accredited engineers at the district and block levels has already been suggested in the guidelines. This will end the monopoly of government engineers, an agency known for institutionalizing corruption in public works in India. This will enable Panchayats to choose amongst alternative suppliers. Service users who are dissatisfied with the quality of the service can exit. Such moves under a framework of exit and voice have worked well in course of privatization in United Kingdom. Training has to be a continuous process and it needs to be seen as an investment rather than expenditure. Focused training programs for administration at all levels need to be designed to enable them to understand and appreciate the vast potential of NREGA and equip them with a vision to implement the program with the help of PRIs and CBOs. There should be periodic evaluation of training activities through an independent agency.

- A scientific and sound theoretical framework of natural resource planning needs to be introduced for the selection of works. A work here and another there as per the wishes of the communities can be inefficient and ineffective in a larger perspective and at times it could be counterproductive. The planning should include a sub plan for the optimal use and maintenance of such completed works so that the desired outcome could be ensured. As has been mentioned earlier, for Madhya Pradesh watershed planning can be a suitable theoretical framework.
- The poor performance of information technology initiatives needs to be addressed immediately. Apart from administrative efficiency it is one of the bases of transparency provisions. A large backlog and delay in digitization of necessary data make it irrelevant for concurrent monitoring and its use for transparency purposes. More resources need to be deployed and bring it to up to date level. Once the MIS gets updated, improvements can be made for “in process” monitoring in which violations of rules or other anomalies can trigger alerts in the IT system. In the same way, once the key variables to be monitored are identified, the IT system can aggregate these variables at different levels of government and

provide system generated ranking of administrative units. Certain kinds of information are more meaningful when visualized on maps. To serve this purpose, the IT system may include a geographic information system.

- The problems relating to schedule of rates need to be rectified.

The following are the suggestions which, if implemented, will increase the scope and effectiveness of the program, but these are not a part of the ongoing scheme of things under NREGA:

- Ownership of assets created under the program is important from the point of equity considerations. Usually, the benefits of community assets go to the richer farmers. In order to avoid widening asset inequalities under the program, it may be done that the assets generated under the program are owned (user rights only) by the worker households who are assetless and ultra poor. India has failed on land reforms that could have been a powerful direct instrument of improving access to productive assets to the poor. The opportunity created by NREGA can go a long way to offset the failures at an earlier stage. The poor can share the income received from the use of these assets. The non-poor can be charged for the use of community assets.
- On the bedrock of these strengths, the poor could be assisted to develop sound projects around the assets created under the scheme through SGSY or such other schemes. The skill training, the entrepreneurship training etc. should not be considered outside the purview of the NREGS as these are very much a part of ensuring livelihood security to the poor. The present MIS has the database of each household working under the program. The British set up a sophisticated system to monitor and supervise every plot of land, every tenure-holder for its revenue administration. A time has come for the development administration to track every poor household.
- The NREGS could be linked to human development through convergence with other service delivery mechanisms. In fact, guaranteed employment is a necessary but not a sufficient condition for livelihood security, the stated objective of NREGA. The minimum standards of physical work, the mobilization and empowerment of the poor envisaged in the program requires nutritional security, education services etc. to take advantage of the opportunities created by the NREGA or the general growth in the economy. The impact of NREGA would be fully realized if all the other service delivery systems aiming at human capital formation are able to meet the expectations of the people. This calls for a convergence of the other service delivery systems so that synergy is generated between employment guarantee and other services, thus improving the overall quality of life of rural households. To illustrate this point, the case of childcare can be taken. Anganwadis (child and mother care centers) under the Integrated Child Development Scheme (ICDS) provide their services for four hours in the morning. The NREGS also provides for the facility of crèche on work sites. But the conditions on work site are sometimes so hard particularly during summer that even if temporary sheds are arranged, it is not very comfortable for the child to stay there for such a long time. There is also a tendency among the work supervisors to discourage women to bring children with them because they keep running around their mother and affect the progress of work. A reorganization of these facilities will go a long way in taking care of the poor children for such periods of time when their mothers are at work. Similarly, adult education can be taken up under NREGS also to ensure the mobilization of the community.

- Thus, NREGA is not a standalone program. The intent, scope and implications of the NREGA call for a multi-departmental approach. The NREGA provides the center stage around which the threads of physical and human capital formation need to be woven. This suggests the need for a suitable administrative structure to respond to the calls of the new opportunities. There is an institution of Agriculture Production Commissioner at the provincial level, to coordinate among the different agencies involved in furthering the cause of development of agriculture. It had its relevance in the context of the first green revolution. Now the NREGA promises to bring about not only a second green revolution in respect of dry land farming and small and marginal holdings, but also ecological regeneration and empowerment of rural poor. There is a need to bring departments like agriculture, forest, irrigation, veterinary, fisheries, women and child development planning, labor etc. under one umbrella to effect better co-ordination and convergence of resources. Under the above circumstances, it is advisable that the office of the development commissioner should replace the APC to realize the full potentials of NREGA.

It may be argued that there are a lot of suggestions and they should be prioritized because the resources are usually limited. The first three recommendations related to transmission of vision down the administrative hierarchy, adoption of MBO approach and identification of outcome indicators are related to each other and constitute the priority number one in the opinion of the author. This does not ask for a lot of resources, but just a reorientation of working. The priority number two should be the capacity building at different levels. This will need a lot of resources-money, manpower and time. But NREGA needs an appropriate human resource support structure to truly deliver on its potential. These inputs must be regarded as investments and not as administrative burden. A very small investment can make a big difference in truly transforming NREGA outlays into enduring outcomes.

CONCLUSION

The critics notwithstanding, the National Rural Employment Guarantee Act has widely been acknowledged as a pioneering legislation. Never before in the development history of mankind has there been an initiative of this nature and magnitude. It is indeed the first tangible commitment to the poor that they can expect to earn a living wage, without loss of dignity, and demand and get it fulfilled as a matter of right thus heralding a new era translating the universally acclaimed ideal of right to work into a reality. None of the wage employment programs in India or abroad earlier, as discussed in chapter two, has design features that can make it comparable to the design features of the NREGS. *Jefes de Hogar* is probably the most successful program that we discussed earlier but this was a much more limited intervention than NREGA, focusing on municipal areas, though it covered a wider range of activities including community services, health, education and self employment. The significance of NREGS lies in the fact that it operates at many levels. It creates a social safety net for the vulnerable by providing a fallback employment source, when other employment alternatives are scarce or inadequate. It adds a dimension of equity to the process of growth. It creates a right-based framework for wage employment programs, by conferring legal entitlements and the right to demand employment upon the workers. Thus, it has a potential of triggering a socio-political mobilization of the poor and the deprived to bring an end to the vestigial feudal power structure of the Indian villages. By prioritizing natural resource management and emphasizing the creation of durable assets, it holds the potential of becoming a growth engine for sustainable development of agriculture-based economy and a potent tool for ecological regeneration. Finally, its operational design built around strong decentralization and lateral accountability to local community offers a new way of doing business and a model of governance reforms anchored on the principles of transparency and grass root democracy. In this way, the potential of NREGA spans a range from basic wage security and recharging rural economy to a transformative empowerment process of democracy.

The case study shows that the successful implementation of the Act is a big challenge. In fact the Act has made several assumptions regarding the capabilities of different agencies involved in the implementation of the Act that do not seem to be realistic. The assumptions that there is a committed and efficient bureaucracy, the poor are aware and organized to demand their rights and capable of making Panchayat bodies and administration accountable and the village assemblies function well in the interest of the poor and are capable for planning are unrealistic. It is the level of preparedness of the administration and the community that accounts for the differential qualitative and quantitative progress made in the different parts of the country. Though the teething problems associated with the implementation of such a gigantic program as NREGA is understandable, there is an urgent need to address the key problems to ensure the effective implementation of the scheme at the grass root level. If the NREGS continues along the business as usual manner, the program runs the risk of going the way of most of the previous wage employment programs of the country. Even the best laws are powerless to bring desirable changes in the lives of the people if not backed by the will of the political functionaries, the commitment of the bureaucracy, and most importantly, the demand of an empowered community. The NREGA has provided a unique opportunity for India to herald a remarkable turn in the fortunes of the rural poor. This should not be missed.

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Annexure 1
ACRONYMS

| | |
|-------|--|
| BPL | Below Poverty Line |
| CARE | Cooperative for Assistance and Relief Everywhere |
| CBO | Community Based Organization |
| CBPWP | Community Based Public Works Program |
| CSRE | Crash Scheme for Rural Employment |
| DPAP | Drought Prone area program |
| DPC | District Project Coordinator |
| DRDA | District Rural Development Agency |
| EAS | Employment Guarantee Scheme |
| EGS | Employment Guarantee Scheme |
| ELR | Employer of the Last Resort |
| EPWP | Extended Public Works Program |
| FFWP | Food for Work Program |
| IAY | Indira Awas Yojna (Rural Housing Scheme) |
| IFPRI | International Food Policy Research Institute |
| JGSY | Jawahar Gram Samridhi Yojna (Jawahar Village Affluence Scheme) |
| JRY | Jawahar Rojgar Yojna (Jawahar Employment Scheme) |
| MEGS | Maharashtra Employment Guarantee Scheme |
| MKSS | Majdoor Kisan Shakti Sangathan (An organization of farmers and laborers) |
| NPWP | National Public Works Program |
| NREGA | National Rural Employment Guarantee Act |
| NREGS | National Rural Employment Guarantee Scheme |
| NREP | National Rural Employment Program |
| PRI | Panchayat Raj Institutions (Local self governments for rural areas) |
| RLEGP | Rural Landless Rural Employment Program |
| RMP | Rural Maintenance Program |
| RMP | Rural Manpower Program |
| RTI | Right to Information |
| RWP | Rural Works Program |
| SC | Scheduled Caste |
| SGRY | Sampoorna Gramin Rojgar Yojna (Total Rural Employment Scheme) |
| ST | Scheduled Tribes |
| USAID | US Agency for International Development |
| WFP | World food Program |

Annexure 2
Effectiveness of NREGA Survey - 2008
Questionnaire

- A. Whether the process of registration was conducted in a transparent manner:
1. Was there a list prepared by the Gram Panchayat of all the possible households that might seek registration?
 2. Was the first registration done in a special Gram Sabha conducted for the purpose?
 3. Was the list of registered persons read out for verification at the Gram Sabha?
 4. Is registration open in the Gram Panchayat on an ongoing basis?
 5. Is the registration list regularly updated and put up on the Gram Panchayat notice board?
 6. Is there anyone remaining who wants to register, but who has not yet been registered?
- B. Whether job cards were prepared, issued and updated in a transparent manner:
1. Were job cards issued within one month of registration?
 2. Is the list of job cards regularly updated and put up on the Gram Panchayat notice board?
 3. Is a file containing photocopies of all job cards available for inspection in the Gram Panchayat office?
 4. Was the job card issued free of cost, or was there a charge imposed for issuing the job card?
 5. Is there anyone who has not received a job card, or is there any other pending complaint?
- C. Whether the applications for work are being treated as per the norms:
1. Are workers receiving dated receipts for their application for work?
 2. Are people being given work on time?
 3. Is the allotment of work being done in a transparent manner, with lists of work allotments being put up on the Panchayat notice board for public notice and display?
 4. Are those who have not been given work on time receiving unemployment allowance? How many people have outstanding payments of unemployment allowance, and are they being compensated for late payment as per the Guidelines?
 5. Are there any pending complaints about the receipt of work applications, the allotment of work and the payment of unemployment allowance?
 6. Is the 33 per cent quota for women being satisfied in the allotment of work?
- D. Transparency in the sanction of works:
1. Was the shelf of projects prepared in the Gram Sabha?
 2. Did the Junior Engineer in consultation with residents of the village prepare the technical estimate?
 3. Were the works sanctioned from the shelf of projects as per the norms?
 4. Has the Gram Panchayat board been updated with the list of works painted on it ?
- E. Transparency in the implementation of works:
1. Were 'work orders' issued in a fair and transparent manner, with adequate publicity?
 2. Was there a board at the worksite giving details of the sanctioned amount, work dimensions and other requisite details?

3. Was an open 'project meeting' held before the commencement of the work, to explain the work requirements to the workers, including the labour and material estimates as per the technical sanction?
4. Were the muster rolls available for public scrutiny at all times at the worksite?
5. Was a worksite material register maintained, along with verification by at least five workers whenever material came to the site?
6. Was a daily individual measurement of work conducted in a transparent manner where piece-rate norms were in force?
7. Was the final measurement of the work (for weekly wage payments) done by the junior Engineer in the presence of a group of workers?
8. Was the Monitoring and Vigilance Committee formed as per norms?
9. Did members of the vigilance committee make regular visits to the worksite and monitor the implementation of various aspects of the work?
10. Were any complaints made? Were they addressed within seven days by the grievance-redressal authority as specified in the Act?

11. Was an open 'project meeting' held within seven days of completion of the work, where all those who worked on the site, and residents of the village where the work took place, were invited to look at the entire records?

F. Wage payments:

1. Were wages paid within seven days?
2. Were wages paid at a designated public place at a designated time?
3. Were all payment details available for public scrutiny before the payments were made (through putting up muster roll copies on notice boards, etc.)?
4. Were payment details read out aloud in public while making payments?
5. Were payments made by an agency other than the one implementing the work?
6. Was a record maintained of payments made beyond the specified time limit?

7. Was compensation given as per the provision of the Payment of Wages Act, 1936 for late payments?
8. Are any wage payments still due?
9. Have there been any instances of workers earning less than the minimum wage, and if so, why?

G. Quality of works:

1. What is the usefulness or expected outcome of works in the opinion of the villagers? Give a work wise note.
2. Is the physical quality of works satisfactory in the eyes of the villagers?
3. Will the works taken up benefit more the big farmers or they are selected in such a way as to take care of the benefits of the BPL or poorer families first?
4. The works were taken up only to open public works for employment or they have been selected with a view to enhance the livelihood security in the long run?
5. If a roadwork has been started, is it superfluous? Was there already one connecting road existing?

6. The site of tanks has been selected with a view to benefit the poor people or they are located near the fields of the big farmers of the village.
7. How many works have been completed? Give details category wise e.g. roads, tanks, wells, No of beneficiaries under horticulture plantation.
8. How many works taken up in private land of the beneficiaries have been completed? If wells have been taken up and not completed before rains, will they be suffering damage during the rains? If the work of horticulture plantation is taken up, what is the general condition of plantation?

H. Problems and suggestions:

1. What are the problems felt in the implementation of the Scheme at the Panchayat level?
2. Suggestions, if any.