



## Policy Brief for Parliamentarians

# National Rural Employment Guarantee Act Where do we stand?

*This policy brief aims at*

- familiarizing you with the main provisions of the NREGA
- providing a few glimpses of NREGA implementation from the states
- highlighting some of the weak aspects of NREGA
- suggesting how you, as a Member of Parliament, can intervene to improve things

### Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act (hereafter NREGA) is a law whereby any adult who applies for employment in rural areas has to be given work on local public works within 15 days. If employment is not given, an unemployment allowance has to be paid. The employment guarantee is subject to a limit of 100 days per household per year. **Note that NREGA is a law and not just a scheme.**

The main objective of NREGA is to protect rural households from poverty and hunger. NREGA can also serve other objectives: generating productive assets, protecting the environment, empowering women, reducing rural-urban migration, and fostering social equity, among others. Thus, NREGA is not just an employment scheme: it is a tool of economic and social change in rural areas. CLRA presents this policy brief for parliamentarians to encourage them to take action to ensure proper implementation of the Act.

### Basics of NREGA

Box 1 lists the main entitlements of labourers under NREGA. Note that besides the entitlement to 100 days of work on demand, there are several other important provisions including the payment of the statutory minimum wage within 15 days of the work being done. Labourers' entitlements include the provision of basic worksite facilities, such as drinking water, shade for periods of rest and first aid kits.

The NREGA also includes several provisions for women workers. First, the Act mandates that at least

one-third of the workers should be women. In many states, women participate in large numbers, and yet in others, there are social barriers that hinder their participation in the labour market. It is especially for such regions that the provision of one-third employment has been made. Second, the wage earned is equal for both men and women. Besides this, the NREGA also provides for childcare facilities at the worksite when more than five children under six years of age are present at the worksite. This is an important provision given that, in large parts of the country, there are no childcare arrangements (e.g. functional anganwadis) for working women.

The NREGA is a significant development as far as the empowerment of Panchayati Raj Institutions (PRIs) is concerned. While the 72nd and 73rd amendment gave PRIs a lot of power, PRIs never really had the financial resources to carry out those functions and responsibilities. Under NREGA, at least half of the funds have to be spent by Gram Panchayats (GPs). GPs in Rajasthan have spent up to Rs. 1 crore on development of rural infrastructure under NREGA. This is the first time that so much money is flowing into GPs. Over time, as capacity is built at the GP level and they are activated, NREGA can have the effect of increasing participatory planning and deepening democracy.

A key concern with employment programmes in the past has been that of corruption. However, NREGA includes many provisions aimed at ensuring that all transactions are transparent (remember, corruption thrives on secrecy). For instance, every worksite is supposed to have an information board; muster rolls and other relevant documents are to be made

available for public scrutiny; and so on. Payment of wages directly into the bank or post office accounts of NREGA workers is another important safeguard against corruption. Also, regular "social audits" of all NREGA works are to be conducted by the Gram Sabhas.

Note also that the National Rural Employment Guarantee Act goes hand in hand with the Right to Information Act (also enacted in mid-2005). The right to information is an important tool for fighting corruption and is essential for the success of NREGA. There is, thus, in the case of the NREGA a real chance to check corrupt practices.

### Experiences

NREGA was enacted in August 2005 and came into force in 200 districts in February 2006. By 2008-09, all districts had been brought under the NREGA. Thus, in some districts it has been four years that NREGA has been active. What has the experience so far been like?

Judging from media reports alone, especially the English media, one would arrive at a pretty dismal assessment of the NREGA. While reports of corruption dominate, there are several other negative stories of people being denied

work, delays in wage payments, and so on. While there is a lot of truth in these reports, they do not give a balanced picture.

Table 1 gives a brief summary of the status of NREGA in the financial year of 2008-09. The scale of NREGA employment in 2008-09 was massive: if NREGA worksites were open only for one day in the year, one would find 216 crore persons working! On average each household (that worked on NREGA works) got 48 days of employment. Of the households that worked on NREGA, more than one-tenth got their full entitlement of 100 days. Finally, note that a large proportion of the employment went to disadvantaged groups such as SCs and STs. Women got close of half of all employment (48%), which is higher than stipulated under the Act.

There are several criteria on which the implementation of the NREGA can be evaluated. These include scale of NREGA employment generated, participation of women and other disadvantaged groups in NREGA, quality of assets created under NREGA, involvement of Panchayati Raj Institutions in the planning process, implementation of transparency safeguards (important for controlling corruption), labour "friendliness" (work-on-demand, timely payments and so on) of the system and so on.

## Box 1: NREGA: Basic Entitlements

### APPLYING FOR WORK

1. The first step is to get a "Job Card". The job card entitles the holder to apply for work at any time. Applications can be submitted to the Gram Panchayat, or to the Block office.
2. Employment has to be given within 15 days of applying.
3. When applying for work, applicants must get a dated and signed receipt.
4. If employment is not provided within 15 days, applicants are entitled to an unemployment allowance.

### WORKERS' ENTITLEMENTS

5. All workers are entitled to the statutory minimum wage.
6. Wages should be paid within a week, or fifteen days at most.
7. Wages should be paid through bank or post office accounts.
8. Ideally, when wages are paid, muster rolls should be read out and Job Card entries should be made.

### AT THE WORKSITE

9. Muster rolls should be available and maintained at the worksite. Anyone is entitled to check the muster roll at any time.
10. Shade, drinking water and first-aid should be available at every worksite.
11. If more than five children under the age of six years are present, childcare facilities should also be provided at the worksite.

### WATCH THE JOB CARD!

12. The Job Card (with photograph) should be given free of cost.
13. Every nuclear family is entitled to a separate Job Card.
14. No one has the right to take job cards away from the labourers.
15. Entries must be made in front of labourers when wages are paid.
16. Make sure that no false entries are made in the Job Card.

On each of these criteria the record so far has been mixed. The first thing to note is that some states do well on some indicators but not on others; e.g., on the scale of employment Rajasthan and Madhya Pradesh top the list. In the case of participation of women, Tamil Nadu beats all the others. While there have not been many studies on the quality of assets, in the course of our own work, we have seen well-built mitti morram roads, wells, talaabs in Chhattisgarh and Jharkhand. In Kerala and Tamil Nadu, Gram Panchayats play an important role in the planning and implementation process. Andhra Pradesh has got much credit (deservedly) for the implementation of transparency safeguards and monitoring systems. The Ministry of Rural Development's website, [www.nrega.nic.in](http://www.nrega.nic.in), gives data from across the country, down to the GP level on several of these indicators. If you are interested in how your constituency is doing, do visit this website.

**Table 1 : NREGA - A Snapshot**

	2008-09
NREGA employment (crore person-days)	216
Proportion (%) of employed households that got 100 days	11.2
Days of employment	
Per rural household	17
Per job card holder	22
Per job card holder employed on NREGA	48
Share (in total NREGA employment)	
Women	48
SC/ST	54
Expenditure	
Total (Rs. in crores)	27,250
As proportion (%) of GDP	0.7

Source: Calculated from [www.nrega.nic.in](http://www.nrega.nic.in)

Another important aspect on which the NREGA must be evaluated is corruption. In many states we have found that in spite of all the safeguards against corruption, money meant for poor labourers continues to be siphoned off. We found evidence of the continued existence of the old nexus of corruption between contractors, politicians and government officials in many places. The "PC system" (or, the percentage system), whereby a fixed "cut" from each NREGA project is earmarked for different persons in the implementation machinery (e.g., 5% for the junior engineer, 2% for the panchayat sewak and so on), continues. Since the transition to wage payments through banks and post offices, in some places, even banks and post offices have become part of this nexus!

#### **What the parliamentarians can do**

As you might be aware, before the NREGA there were several employment schemes: National Food for Work Programme, Sampoorna Grameen Rozgar Yojana (SGRY), Jawahar Rozgar Yojana, Employment Assurance Scheme, and so on! By the time rural

labourers were able to learn about eligibility criteria for one scheme, the scheme would have been replaced by another one. One of the major advantages of providing employment through the NREGA is that, since it is an Act, people will have the time to learn about their entitlements under the Act as well as the processes to realise these entitlements.

#### **Spotlight: Best practice model from Tamilnadu**

Tamil Nadu is a good example of states from which there is much to learn. Initially, the state focused its energies on the basics: improving capacity at the GP and Block levels and putting systems in place. Great attention was paid to details such as the design of formats for record-keeping, monitoring mechanisms, and so on. For example, the job card in Tamil Nadu includes illustrations aimed at awareness generation apart from being innovative in recording attendance and payments. The "slow and steady" approach means that, in terms of employment generation, Tamil Nadu was at the bottom of the ladder in 2006-07. Yet by 2009-10, it was close to the top.

In other states too, the need of the hour is to keep the focus on the foundation – making staff appointments (e.g., Gram Rozgar Sewaks, Block Programme Officers, technical assistants), ensuring that they are properly trained and activated, focusing on awareness generation among NREGA labourers through newspapers, radio, television, etc., ensuring that job card distribution and the opening of bank and post office accounts is complete and so on. Most states have not yet framed rules for grievance redressal, accountability, and so on. This needs to be done urgently, so that the Act is not implemented in a vacuum. Unless the foundation is strong, the programme is likely to collapse.

This is one of the reasons why one has to proceed with caution in the matter of amending the NREGA. Amendments made in haste without proper public debate and consultations are likely to weaken the impact of NREGA. Take for instance, amendments related to the expansion of the list of permissible works. Initially, works were to be undertaken on private lands, so long as the land belonged to persons from the SC/ST community, or Indira Awas Yojana beneficiaries or land allottees. In 2009, Schedule I of the Act was amended to allow works on the lands of small and marginal farmers also. Incidentally, this category includes more than two-thirds of all land-owning farmers. So now, a tribal landowner will have to compete with, say, a Rajput or Jat farmer to get an NREGA project (e.g., well, or land-levelling work) sanctioned. In such a situation, it is not difficult to predict who will get the work sanctioned. Further, enough thought has not been given to show how the transparency safeguards associated with NREGA works will be implemented when works are carried out on private lands. The discussion on this came after the amendment, and guidelines were issued to prioritize across these groups. However, it is not clear whether these guidelines will be followed.

This is just one example which illustrates the need for you to be vigilant. As Members of Parliament, your involvement in NREGA is crucial to make it a success. You can play an important role in improving the performance of NREGA in your area. At the local level, you and/or your workers could intervene. Here are a few suggestions:

### Parliamentarians' Role

1. **Awareness Generation:** Your office in your constituency can help disseminate awareness generation material (such as leaflets, booklets, etc) on NREGA. A lot of this material is available online on [www.righttofoodindia.org](http://www.righttofoodindia.org) under the "Employment Guarantee Act" section<sup>1</sup>. The Ministry of Rural Development and Panchayati Raj has also developed such material. You could ask them to supply this for local functionaries of your area.

2. **Field visits:** Whenever you make trips to any particular area in your constituency you could visit NREGA worksites to check whether the provisions of the law and operational guidelines are being followed. In particular, you could check if muster rolls are being maintained at the worksite, worksite facilities are being provided, women are being provided work in adequate numbers and so on.

3. **Local Monitoring:** Ensure that the process of issuing job cards remains open throughout the year, so that those who have been left out are able to get them. It is also important that at least one worksite remains active in each Gram Panchayat of your constituency, so that those who need work are able to get it at short notice. Further, make sure that other political parties in your area are not looting money from this scheme, through the "PC system" (mentioned earlier)!

4. **Media work:** As you may well know, the local media is always eager to interact with their MP. You could interact regularly with them, especially after field visits, to report on what is working and where things are not working. While doing so, it is important to bear in mind that you give a balanced picture, highlighting achievements as well as shortcomings in the implementation.

<sup>1</sup> See <http://www.righttofoodindia.org/rtowork/ega-tools-for-action-and-research.html>

5. **Grievance redressal:** Grievance redressal under the NREGA is still quite weak. The Management Information System of the Ministry of Rural Development, [www.nrega.nic.in](http://www.nrega.nic.in), has a facility for filing complaints see <http://164.100.12.7/statepage.asp?check=pgr&lvl=citizen>). You can lodge a complaint as a "VIP" on this page and improve grievance redressal.

Besides this, your interventions in New Delhi, in and outside Parliament, are also crucial:

1. **Monitoring developments in Parliament:** As mentioned earlier, it is very important to monitor any proposed amendments to the NREGA, including Schedules 1 and 2. Remember, you are the only person from your constituency who is likely to have access to these developments early on.

2. **Coordinating between local administration and the State/Centre:** Often, State governments and district administrations complain about the timely release of funds from the Centre. You should keep an eye on this process and ask why delays occurred wherever they occur.

3. **Interventions in Parliament:** In Parliament, you can raise questions related to the NREGA. These could be about the state of the Act in your constituency, or State, or indeed at the national level. For example, you could ask which States have not yet made NREGA staff appointments (as per the Act) and yet are not utilizing administrative resources earmarked for this purpose (the Central government allows each State government to spend up to six percent of total allocations on administrative costs).

4. **Getting involved:** You can keep a tab on the performance and functioning of the State and Central Employment Guarantee Council. You can also be a member of the Standing Committee and other forums that are available through the Parliament.

5. **Ear to the ground:** You must bear in mind that NREGA related concerns are not the same across the country and also change over time. Therefore, it is important for you, as a representative of the people, to keep an ear to the ground.

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