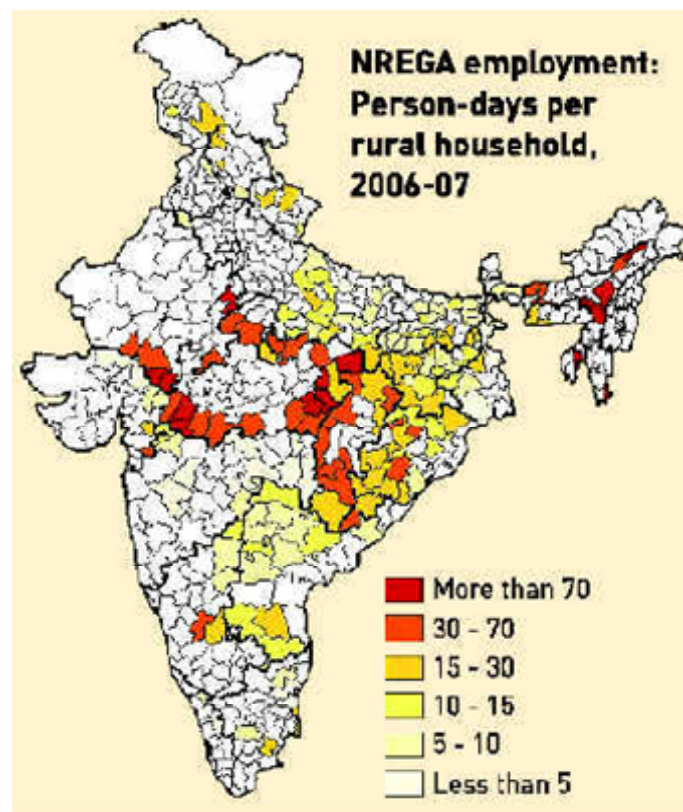


Commendable act

JEAN DREZE AND CHRISTIAN OLDIGES

Field reports suggest that the anticipated benefits of employment guarantee are beginning to show in the pioneer districts.



Source: See Table 2. Data for northeastern States are incomplete.

THE National Rural Employment Guarantee Act (NREGA) has been a subject of lively debate in the past two years or so. Unfortunately, the factual basis of this debate has been, so far, rather thin. This has made it possible for extremist positions to flourish without being put to the test of careful evidence. While the Act is regularly pilloried in the corporate-sponsored media as an "expensive gravy train" (as a former Chief Economic Adviser described it), the government gets away with extravagant claims of success.

Fortunately, the scope for informed analysis is rapidly growing as reports are beginning to pour in from various parts of the country. Some statistical evidence is also available, notably on the NREGA website launched by the Ministry of Rural Development (www.nrega.nic.in). This website is not exactly a model of clarity and elegance. Many of the links do not work, quite a few tables are blank, and essential facts that ought to be available at a glance tend to be oddly scattered through the site. More importantly, much of the site is a rather puzzling mix of valuable data and dubious statistics. It is hard to understand why a Ministry that spends more than Rs.10,000 crore a year on implementing the NREGA is unable to ensure that this crucial

resource is up to the mark. Be that as it may, there is much to learn here for those who have the patience to find their way through the maze.

Table 1 presents a simple "fact sheet" on the NREGA based on official data from the Ministry's website. The data pertain to the financial year 2006-07, and should be interpreted bearing in mind that this was essentially a "learning phase" for the NREGA. The Act came into force on February 2, 2006 in 200 districts. Many districts were unable to put the required systems in place before the summer months (April to June), which tend to be the period of peak demand for employment in public works. Some of these districts had much higher levels of NREGA employment this summer, but this is not captured in Table 1 since the reference period ends on March 31, 2007. Quite likely, the levels of NREGA expenditure and employment in these 200 districts will be much higher in 2007-08 than in 2006-07 (that is, if the Finance Ministry cooperates). Nevertheless, it is useful to look at the record of the NREGA in "year zero", so to speak.

As Table 1 indicates, works under the NREGA generated 90 crore (nearly one billion) person-days of employment in 2006-07, at a cost of about Rs.9,000 crore. By any reasonable analysis, this is much below the employment and expenditure levels that would materialise if the Act were implemented in letter and spirit. For instance, based on rather conservative assumptions, the National Advisory Council estimated two years ago that fair implementation of the Act in the country's poorest 200 districts would create about 200 crore person-days of employment - more than twice the actual level of employment generation in 2006-07. Nevertheless, 90 crore person-days is a start of sorts, and certainly more - much more - than the amount of employment generated in these districts in earlier years under the National Food For Work Programme (NFFWP) and the Sampoorna Grameen Rozgar Yojana (SGRY).

K.K.MUSTAFAH



Farm workers returning home with grain received as part of their wages, near Thrissur in Kerala. In terms of NREGA performance, Kerala is at the bottom of the table. Perhaps this is a reflection of the low demand for NREGA employment in the State rather than of a failure to provide it.

Having said this, there are startling differences in the levels of the NREGA employment in different States. The point is illustrated in Table 2, where States are ranked in descending order of employment generated *per rural household* (in the relevant districts). Some State governments have clearly decided to "own" the NREGA and have seized this opportunity to provide large-scale employment to the rural poor at the cost of the Central government (which foots about 90 per cent of the bill). In other States, the whole programme is yet to take off.

Looking first at the top of the scale, it is perhaps not surprising to find that Rajasthan was the best performer among all major States in 2006-07 (in terms of employment generation per rural household). Indeed, employment guarantee has been a lively political issue in Rajasthan for quite a few years now, and the State also had a high level of preparedness for the Act, having organised massive public works programmes almost every year in living memory. Note, however, that the small State of Tripura in northeastern India (not shown in the table) is doing even better than Rajasthan, with 87 days of NREGA employment per rural household in 2006-07. In both States, employment generation under NREGA is already quite close to the upper limit of "100 days per rural household". This is an unprecedented achievement in the history of social security in India.

At the other end of the scale, there are some surprises. Kerala is at the rock bottom, but perhaps this is partly a reflection of the low demand for the NREGA employment in the State, rather than of a failure to provide it. The same interpretation, however, is unlikely to apply to Maharashtra and West Bengal. The fact that the NREGA is - as of now - a flop in both States may seem surprising, but it is actually in line with recent policy priorities. Maharashtra has assiduously sabotaged its own Employment Guarantee Scheme from the early 1990s onwards. The government of West Bengal, for its part, had an ambivalent attitude towards the NREGA from the beginning.

There is another way of looking at the State ranking in Table 2. As is well known, the southern and western States (Andhra Pradesh, Gujarat, Karnataka, Kerala, Maharashtra and Tamil Nadu) routinely do better than most of the northern and eastern States when it comes to social policy and rural development programmes. The large north Indian States, for their part, tend to lag far behind. But when it comes to NREGA, the pattern is reversed: only one of the southern or western States (Karnataka) has generated more than 10 person-days of employment per rural household in 2006-07, while the eastern and northern States have done comparatively well in this respect. Of course, this pattern has to be read in the light of the fact that the need for fallback employment may be greater in the eastern and northern regions. Nevertheless, it is encouraging to find that the NREGA made an early start in these deprived regions (with the significant exceptions of Bihar and West Bengal).

NREGA fact-sheet, 2006-07 (financial year)

Table 1

Person-days of employment generated

Total	90 crore
Per rural household ^a	17
Per job card	24
Per household employed in NREGA	43

Share of marginalised groups in total NREGA employment

Women	40 per cent
Scheduled Tribes (ST)	36 per cent
Scheduled Castes (SC)	26 per cent

Number of NREGA works

Taken up	8.3 lakh
Completed	3.8 lakh
In progress	4.5 lakh

Expenditure on NREGA

Total expenditure	Rs. 8,813 crore
Average expenditure per district	Rs. 44 crore
Average expenditure per person-day	Rs. 98
Average wage cost per person-day ^b	Rs. 65
Share of wages in total expenditure ^b	66 per cent

^a In the relevant districts, the number of the rural households was taken from the 2001 Census.

^b Unskilled labour only.

Source: Calculated from official data posted on the NREGA website (www.nrega.nic.in).
All figures pertain to the 200 districts where NREGA came into force on February 2, 2006.

Is NREGA doing better in States ruled by particular political parties? No obvious pattern emerges in this respect. Nevertheless there is a hint that, if any national political party is taking the NREGA seriously, it is the Bharatiya Janata Party (BJP). Indeed, among the major States, the four best performers in terms of employment generation under NREGA are Rajasthan, Assam, Madhya Pradesh and Chhattisgarh, all of which, except Assam, had BJP governments in 2006-07. As it happens, Assembly elections are due relatively soon in Chhattisgarh, Madhya Pradesh and Rajasthan. One wonders whether active implementation of the NREGA in these States is part of a deliberate electoral strategy of the BJP. It would be a cruel irony if the BJP were to reap the political benefits of a programme initially championed by the Congress and the Left parties.

Empowering Women

The last three columns of Table 2 look at other features of the implementation of the NREGA in different States and enable us, in particular, to spot some important irregularities. Consider, for instance, the participation of women in the NREGA. It is encouraging to note that women's share of NREGA employment is not far from half (40 per cent to be precise) at the all-India level, rising to a startling 81 per cent in Tamil Nadu. The economic dependence of women on men in

rural India plays a major role in the subjugation of women, and in this respect the NREGA is an important tool of social change. However, many States are violating the Act by failing to ensure that the share of women in NREGA employment is at least one third: Jammu and Kashmir (4 per cent only), Himachal Pradesh (12 per cent) and Uttar Pradesh (17 per cent) among others. In this connection, it is also worth mentioning that the mandate to provide crèche facilities at NREGA worksites has been brazenly ignored so far almost everywhere. Better arrangements for child care are urgently required to facilitate the participation of women in the NREGA. Of course, it is not just a matter of child care. But the provision of crèche facilities at NREGA worksites would certainly help and would also have much value as a means of creating wider social acceptance of child care arrangements as a basic right of working women.

The labour component of the NREGA is supposed to account for at least 60 per cent of total expenditure. As Table 2 indicates, this requirement is comfortably met in most States, though some of them (Bihar, Jharkhand, Orissa and Uttar Pradesh, for instance) have marginally lower ratios, and Himachal Pradesh spends only 52 per cent of NREGA funds on the labour component. It would be interesting to know how States like Maharashtra and Tamil Nadu manage to implement NREGA works with virtually no expenditure other than wages. Of course, there is a strong incentive for States to adopt labour-intensive techniques under the NREGA since the labour component is entirely funded by the Central government (unlike the material component, which is shared). The share of wages at the all-India level is 66 per cent, which seems like a satisfactory figure.

The last column in Table 2 presents average wage costs per person-day. This is, for practical purposes, the same as the average wage rate (in rupees per day). Here again, there are major inter-State variations, with (say) Kerala paying more than twice as much as Rajasthan. These large differences raise the question whether it is better to have State-specific wages or a national norm. This complex matter is yet to be adequately debated. Indeed, wage payments raise a host of interesting and complex questions that have been lost in the din of arguments for and against the Act: how NREGA wages should be determined; whether there should be a national norm; whether piece-rate payments are better than daily-wage payments; how work should be measured; whether the "schedule of rates" should be gender-specific; how to avoid long delays in the payment of wages; and so on. It is not too late to initiate an informed debate on these issues.

Minimum wage

Finally, it is alarming to find that some States are evidently paying less than the statutory minimum wage, in flagrant violation of the Act. The most glaring offender in this respect is none other than Rajasthan, where NREGA workers earned a meagre Rs.51 a day on an average in 2006-07 even though the statutory minimum wage was Rs.73 a day. This is a trifle paradoxical, since workers' organisations in Rajasthan have been at the forefront of recent struggles for minimum wages. Also, it is in the context of relief works in Rajasthan that the Supreme Court delivered a landmark judgment stating that employing labourers without paying the minimum wage is "forced labour" insofar as it amounts to "[taking] advantage of the helpless condition of the affected persons" (*Sanjit Roy vs. State of Rajasthan* 1983, SCC (1) 525). More than 20 years after this indictment, the problem persists.

NREGA: State-specific indicators, 2006-07

Table 2

State	Person-days of NREGA employment per rural household	Share of women in NREGA employment (in per cent)	Share of wages in total expenditure ^a (in per cent)	Average wage cost per person-day ^a (in rupees)
Rajasthan	77	67	73	51
Assam	70	32	65	67
Madhya Pradesh	56	43	63	59
Northeastern States ^b	45	49	63	63
Chhattisgarh	34	40	65	63
Orissa	21	36	58	53
Himachal Pradesh	20	12	52	69
Uttarakhand	20	30	61	72
Karnataka	17	51	60	67
Jharkhand	14	28	58	80
Jammu & Kashmir	13	4	65	69
Uttar Pradesh	11	17	59	56
Andhra Pradesh	10	55	86	86
Haryana	9	31	65	97
Tamil Nadu	9	81	96	80
Bihar	8	17	59	70
Gujarat	7	50	65	56
Punjab	7	38	59	94
West Bengal	6	18	78	70
Maharashtra ^c	4	37	95	104
Kerala	3	66	89	121
India	17	40	66	65

^a Unskilled labour only. ^b Excluding Assam [approximate figures, based on incomplete data].

^c Up to (and including) February 2007.

Source: Calculated from official data posted on the NREGA website (www.nrega.nic.in). All figures pertain to the districts where the NREGA came into force on February 2, 2006. The States are ranked in descending order of "person-days per rural household" (first column).

As one might expect, the contrasts discussed so far are even sharper at the district level. For instance, employment generation per rural household is just about *one person-day* in Madhubani (Bihar) but as high as 111 days in Dungarpur district (Rajasthan). Similarly, while women's share of NREGA employment is above 80 per cent in most districts of Tamil Nadu, it is *less than one per cent* in five districts of Uttar Pradesh. The inter-district contrasts are illustrated in the graphic, with reference to the level of NREGA employment (measured, as before, in terms of person-days per rural household).

Behind these facts and figures is a simple yet powerful message about the NREGA. Within a year of the Act coming into force, the programme has been actively taken up in a small but significant number of districts (20 of them spent more than Rs.100 crore on NREGA in 2006-07). Further, field reports suggest that many of the anticipated benefits of employment guarantee are beginning to show in these pioneer districts: there is greater economic security, agricultural wages are rising, migration is slowing down, productive assets are being created, women have more economic independence, power equations are changing, and so on. The need of the hour is to extend these positive experiences to other districts. If Sarguja or Mandla or Banswara are able to spend more than Rs.100 crore on this programme in a single year, there is no reason why (say) Palamau or Kalahandi should not be able to do it.

Of course, it is also important to ensure that the reported expenditure levels actually correspond to "real" work and wages. Earlier employment programmes have left a long trail of fake muster rolls and embezzled money. However, there is growing evidence that firm enforcement of NREGA's extensive transparency safeguards can go a long way in preventing corruption.

T.SINGARAVELOU



Women engaged in deepening a water source in Bommiarpalayam panchayat in Villupuram district in Tamil Nadu under the NREGA programme. Women's share of NREGA employment is 40 per cent at the all-India level; in Tamil Nadu it is a startling 81 per cent.

Success stories in this respect are no longer confined to Rajasthan - the stronghold of India's "right to information movement". For instance, a recent verification of muster rolls in Sarguja and Koriya districts (of Chhattisgarh) conducted by students from Delhi University and

Jawaharlal Nehru University, New Delhi, found that 95 per cent of the wages paid according to the muster rolls had actually been received by the concerned labourers. This is a significant achievement, especially in contrast with the massive levels of fraud observed in the same area two years ago under the NFFWP.

It would be naive to think that the long history of fraud in public works programmes has already come to an end. But recent experience shows that it is possible to remove mass corruption from NREGA. This calls for strict implementation of the transparency safeguards, as well as firm action whenever corruption is exposed. In these simple steps lies the future of the Act, and of all those for whom it is a new ray of hope.