

## Employment guarantee: beyond propaganda

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*The extension of the NREGA to the whole country is an unprecedented opportunity to build the foundations of a social security system in rural India, revive village economies, promote social equity, and empower rural labour.*

Ever since its enactment in mid-2005, the National Rural Employment Guarantee Act (NREGA) has been a target of relentless attacks in the corporate-sponsored media. Numerous business columnists, most of whom have never seen an NREGA worksite (except perhaps from an airplane), have gone out of their way to rubbish this programme. “Expensive gravy train”, “money guzzler”, “costly joke” and “wonky idea” are the colourful terms they have used to describe it.

It would be surprising if this had nothing to do with the “subversive” character of the NREGA. Indeed, the Act runs counter to the current reorientation of economic policy and state intervention in favour of corporate interests, misleadingly known as “market-oriented reforms.” As one commentator recently put it, the NREGA is a prime case of “meddling in markets” (*Business Standard*, March 13, 2007). It is another matter that the state freely “meddles with markets” when it suits business interests, whether it is by forcibly acquiring land on their behalf, or by creating special economic zones, or by defending the so-called “intellectual property rights.” The difference is that the NREGA empowers the working class — there lies the danger.

To avoid misunderstanding, let me clarify that I am not dismissing every critique of the NREGA as an act of propaganda. The Act has some major flaws, and there is much scope for reasoned critiques of it as well as for searching assessments of its implementation on the ground. What is striking, however, is that informed critiques of the Act have been few and far between. Instead, a plethora of shallow arguments have been invoked to deride it.

### Outlandish claim

By way of illustration, prominent media attention was given a few months ago to a so-called “study by the India Development Foundation,” allegedly showing that the NREGA caused inflation. This is an outlandish claim, and I leave it to the reader to guess why this particular item of government expenditure was singled out as being responsible for inflation, as opposed to, say, the defence budget, which is almost 10 times as expensive. Further enquiry revealed that this “study” did not exist; it was just a speculative remark made at a panel discussion by a member of this Foundation. Nevertheless, this hot air was promptly pumped into the propaganda balloon.

To put things in perspective, there has also been much “pro-NREGA” propaganda, mainly from the government. For instance, according to a recent note from the Press Information Bureau (released on December 28, 2007), the NREGA is nothing short of a “tremendous success.” This assertion, not backed by any serious evidence, is typical of the ostrich-like attitude of the Central government to the hurdles that are holding up the implementation of the NREGA. Government propaganda, however, is relatively innocuous since the public knows that official claims have to be taken with a pinch of salt. Corporate propaganda is more subtle, and thus more insidious.

## CAG report

The latest wave of anti-NREGA propaganda in the mainstream media focussed on a draft report of the Comptroller and Auditor General (CAG). This report was highlighted in two successive front-page articles published in one of India's leading dailies, with headlines such as: "It's Official: In Poorest States, Job Funds Don't Reach the Poor." This statement, and variants of it printed in this article and elsewhere, give a very misleading picture of the CAG report. Indeed, the report does not present any evidence of massive leakages in the NREGA, nor was this the objective of the investigation. The main focus of the report is on the conformity of the programme with the provisions of the Act as well as with the operational guidelines. The report points out, quite rightly, that the guidelines are routinely violated. This applies, in particular, to the transparency safeguards, making the programme vulnerable to leakages.

There is an important message here, but it is not the same as to say that NREGA funds "don't reach the poor." A large proportion of these funds does reach, and makes a big difference to the lives of, the rural poor. This crucial point should not be lost in the din of arguments for and against the NREGA. Further, recent studies clearly show that it is possible to enforce the transparency safeguards, and that this can go a long way in preventing corruption. This view is fully consistent with the CAG's analysis.

The key message of the draft CAG report is a constructive one, summed up in the concluding paragraph: "The MoRD needs to ensure that State governments take swift and immediate action to remedy these deficiencies and improve their administrative and technical infrastructure..., so that the forthcoming expansion of NREGA to cover all rural districts in the country can be successfully implemented." The report presents useful recommendations on how to strengthen the required support structures, relating for instance to staff appointments, record-keeping and financial management.

The Central government would do well to heed this constructive message. The extension of the NREGA to the whole country, just three months from now, is one of the biggest organisational challenges any government has ever faced. It is also an unprecedented opportunity to build the foundations of a social security system in rural India, revive village economies, promote social equity, and empower rural labourers. As things stand, however, this bold initiative looks like a political stunt, shorn of the far-reaching preparations that are required to make it a success. It is in this context that the draft CAG report needs to be treated as a useful wake-up call, rather than as another stick to beat the Act with.

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