

MGNREGA – Towards ensuring the Right to Work in rural India

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Abstract

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has completed four years since its inception in India. The aim of this programme is to enhance livelihood security of households in rural areas of the country by providing at least one hundred days of manual wage employment to every household in a year. If this programme achieve its objectives of, first, providing work and thus income to the poor and marginal sections of the society and second, create productive assets that raise land productivity and thus, contribute in raising agricultural yields, then it would be able to transform the face of rural India.

The 'Right to Work' established in this Act makes it a distinctive and special in terms of resource allocation and the number of households demand employment. Today, 45 million households have demanded jobs under this programme for year 2009-10. The participation of Schedule Castes and Schedule Tribes and Women in the large proportion is one of the main achievements of this programme. There are still large regional variations in the performance in the implementation of this scheme in various states. It is essential to reduce this gap among states in terms of its implementation. However, the average 42 days of the work at all India level have been provided under MGNREGA and this is significant to raise this average, specially when it is completing now two years of implantation in all rural districts of the country.

Various independent studies have challenged the claims made by the government regarding the success of this programme. But important is that, such a huge employment guarantee programme in terms of size and resources is showing its positive results on the rural India. It is important to underline that vast mechanism for its monitoring and evaluation sometime works in making the implementation process slow. But the involvement of Gram Sabha, civil society members and government administration machinery has been bearing the good results in general. However, challenges are there but progress is quite encouraging. There are reports of delays in the release of funds, providing jobs, payments of work and issuance of job cards etc. Lack of trained and professional staff is another acute problem at the grass root implementation of the programme.

But despite all these weaknesses this Act is a major step in the direction of addressing the problem of poverty in rural India. The change is slow but its impacts are visible in terms of income generation and creation of productive assets in villages. Off course, whether more optimistic possibilities work themselves out depends on a number of conditions. Most importantly it

depends on the social mobilisation, and participation of beneficiaries in the planning, implementation and evaluation of the programmes

Contents

Introduction	1
MGNREGA : Main Features.....	2
Implementation: Official Perspective	5
Issuance of Job Cards.....	6
Households provided 100 Days Employment.....	11
Monitoring, Transparency and Social Audit	13
Challenges Ahead	15
Shortage of Human Resources	16
Professionalism in MGNREGA.....	18
Release of Funds	19
Transparency in Wage Payment	20
Conclusion	22
Footnotes.....	23
References:.....	24

Introduction

India today presents a striking contrast of development and deprivation. Nearly two decades after the unleashing of economic reforms in India, there is no doubt that GDP growth has accelerated. The rate of GDP growth has consistently been above 5% during the last two decades (Nagaraj, 2008). India is the 12th largest economy in the world in terms of GDP and is also one of the fastest growing economies in the world today (World Bank, 2008).

Impressive as these achievements are, they pale into insignificance when confronted with the fact that after six decades of planned development, nearly 77 per cent of India's population or over 800 million people, have a per capita consumption expenditure of less than or equal to Rs.20 per day (roughly \$2 in PPP terms) (NCEUS, 2007). The National Family Health Survey-3 (2005-06) shows that since the previous NFHS-2 survey of 1998-99, the proportion of anemic children under-3 has gone up from 74% to 79%. Nearly half of India's under-3 year children continue to remain underweight. India has the highest percentage (87%) of pregnant anemic women in the world (World Bank, 2007). Deaton and Dreze (2002) find strong evidence of divergence in per capita consumption across states in the 1990s. Growth rates of per capita expenditure point to a significant increase in rural-urban inequalities at the all-India level, and also within most individual states. They conclude that rising inequality within states has dampened the effects of growth on poverty reduction. This echoes the findings of Datt and Ravallion (2002) who find that "the geographic and sectoral pattern of India's growth process has greatly attenuated its aggregate impact on poverty" (p.1).

The rate of growth of employment, in terms of the Current Daily Status (CDS) declined from 2.7 % per annum in the period 1983-94 to only 1.07 % per annum during 1994-2000 for all of India. In the both rural and urban areas, the absolute number of unemployed increased substantially, and the rate of unemployment (CDS) in rural India as a whole went up from 5.6% to 7.2% in 1990-00 (NSSO, 2000). A major reason for the low rate of employment generation was the decline in the growth elasticity of employment, which captures the impact of growth on employment (Ghosh, 2006). Latest data from the 61st Round employment surveys of the NSS provide clear evidence of a rise in rural unemployment in the first 6 years of the 21st century (Mukhopadhyay and Rajaraman, 2007). Some of this was because of the decline in public spending on rural employment programmes since the mid-nineties. As a percentage of GDP, expenditure on both rural wage employment programmes and special programmes for rural development declined from 1990s (Ghosh, 2006).

So it was not surprising the employment generation has become not only the most important social-economic issue in the country, but also the most pressing political concern. The mandate of the 2004 general elections in India was clear indicator of this: the people of the country decisively rejected policies that implied reduced employment opportunities and reduced access to and quality of public goods and services. Indeed, one the main reasons for the defeat of the previous government was the widespread dissatisfaction with the government's economic policies, and the complete collapse of rural employment generation was a dominant cause of public dissatisfaction. This was why almost all the political parties that later came into power made the issue of employment a major plank in their electoral campaigns, and their election manifestos.

Therefore, it was only to be expected that the promise of generating rural employment through public works programmes would find major expression in the declared programme of the government of United Progressive Alliance (UPA) which came into power after 2004 elections. One of the first sections of the Common Minimum Programme of the UPA government makes mentions it clearly: "The UPA government will immediately enact a National Employment Guarantee Act. This will provide a legal guarantee for at least 100 days of employment on asset-creating public works programmes every year at minimum wage for every rural household." ¹

If we see the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in this back ground, this is clear that an urgent need to implement this kind of scheme was an urgency for pacifying the mounting discontent of rural unemployed population.

MGNREGA : Main Features

The National Rural Employment Guarantee Act (NREGA), which has now been renamed as 'Mahatma Gandhi Rural Employment Guarantee Act (MGNREGA), notified on 7th September, 2005 by the Government of India. This Act aims at enhancing livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household, whose adult members volunteer to do unskilled manual work. The choice of works suggested in the Act addresses the causes of chronic poverty like drought, deforestation and soil erosion etc., so that the process of employment generation could be maintained on a sustainable basis. The Act covers all 615 rural districts of India, in 200 districts in its first phase in 2006-07, 330 additional districts in

Phase II in 2007-08 and all the remaining rural districts were notified with effect from April 1, 2008 making Phase III of the Act.

The MGNREGA promises wage employment to every adult person who resides in any rural area and is willing to do casual manual work at the statutory minimum wage. The employment seeker has to register with the Gram Panchayat for a job card that will be valid for a minimum of 5 years. Different persons belonging to the same household shall share the same job card which is renewable. All applications must be for at least 14 days of continuous work. There is no limit on the number of days of employment for which a person applies, or on the number of days of employment actually provided to him or her. It is the responsibility of the State government to provide to every applicant within 15 days of receipt of his application. Else, it is liable to pay an unemployment allowance to the applicant at the minimum wage rate.

The Act provides 8 categories of works which can be undertaken i.e. water conservation and water harvesting, drought proofing (including a forestation and plantation) and land development on the private lands of SC/ST, Indira Awas Yojna (Indira Housing Scheme), and land reforms beneficiaries and Below Poverty Line (BPL) families, land development, flood protection and drainage works, providing all-weather connectivity in rural areas. In this Act there is a provision to include any other work that may be notified by the Central Government in consultation with the state governments.

For example the Government of India has now extended the provision of work on individual land of the small and marginal farmers. Under this programme the individual farmers who possess less than 5 acres of land holdings; they can dig a pond a on their field.

The Ministry of Rural Development has made it clear that works on the land of Scheduled Castes and Scheduled Tribes households with the individual landowner possessing a job card alone shall be taken up. Only upon saturation of these two categories in the gram panchayat concerned will work on lands of small and marginal farmers be considered for the second round of investment.

The Ministry allows works relating to irrigation facility, land development and horticulture and plantation to be taken up with the condition that these meet the MNREGA-prescribed labour-material ratio of 60:40. Of the numerous irrigation facilities approved, the Ministry is particular that digging of well shall be taken up only with the clearance of the State government water department regarding water availability. (The Hindu, January 24th, 2010)

Panchayat Raj Institutions are principal planning, implementing and monitoring authorities. The Gram Sabha (village general body) must monitor

the execution of projects and conduct social audits of all projects executed within territorial jurisdiction. For this Programme Central Government bears the 90 percent of its expenditure and state government has to bear 10 percent of its total cost.¹¹

Employment related work programmes, as means of poverty reduction, have a long history in India. The notion of the right to work is not new in India. Constitution of India, in the Directive Principles of State Policy, has emphasized that ensuring what is now called “decent work” for all should be a crucial focus of state policy. Thus Article 41 of the Directive Principles states that “The State shall within the limits of its economic capacity and development, make effective provisions for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want.”(Ghosh, J.2006).In India after independence several-employment oriented schemes were introduced.

The government has consistently been introducing in past a large number of rural welfare programmes. Schemes such as Jawahar Rozgar Yojana, the Swarojagar Yojana, the Sampoorna Grameen Rozgar Yojana and the National Food for Work Programme have all seen somewhat similar fates. With huge amounts of leakages and the actual intended beneficiaries getting a minute proportion of the funds allocated for them, these schemes have far from achieved their intended goals. The failure of schemes for rural development can be attributed to various factors such as lack of awareness among the locals of their rights and entitlements, lack of a proper legal enforcement mechanism to handle cases of fraud, lack of a physical auditing system and most importantly – inadequate implementation due to bureaucratic bottlenecks.

All these programmes were treated as top-down missions with little involvement of the local population and led to the involvement of a number of intermediaries between the government and the target group. Poor monitoring and lack of safeguards resulted in large-scale leakages and inefficiencies in the implementation of these programmes.¹¹¹ What makes MGNREGA different, is that it is one of the largest rights-based social security programmes in the world, which is open to all rural people who are willing to take manual work as unskilled workers.

The ‘Right to Work’ established in the Act makes it a distinctive and huge programme in terms of both scale of resources and the number of households demanding employment. Already the number of households demanding employment as per official estimates have increased from 21 million in 2006-07 to 34 million in 2007-08, 45.11 million in 2008-09 and 44.91 million in

2009-10 (up to February 2010), respectively. Hence, there are huge expectations from the Act because it is believed that by providing employment and building the productive assets in rural areas the Act has the potential to transform the lives of the poor living in villages. The twin benefits of employment and creation of productive assets are expected to reduce migration from rural areas.

The MGNREGA differs from all the other schemes in that the legal provision under this scheme to prevent corruption is much stronger and several steps have been taken to ensure greater transparency of operation. The most significant difference between the MGNREGA and the other schemes is that it provides the rural worker with The Right to Work.

Implementation: Official Perspective

The Ministry of Rural Development (MoRD) has specially designed a separate website to provide up-to-date information on various aspects of MNGEGA at the State, District and Panchayat levels. This website provides extensive information on this huge programme and it has a significant role to make it more accountable and transparent in terms of access to information on its various aspects and working. Certainly the reliability of the information on the data provided on this website is still the question of debate and it may be too early to expect the high proportion of accuracy on its part, particularly when there is a severe shortage of human-resources and skilled staff in this programme. But along with the staff shortage, the sufficient procedures and provisions are also required to developed make this website more useful and effective.

In the first phase of its implementation (2006-07), the Act was enacted in 200 most backward districts^{IV} of the country. In this phase there is a lag in implementation of the Act in various districts of different states. In spite of the fact that guidelines were issued in February 2006 the actual implementation started much later. The Comptroller and Auditor General Report has identified many reasons for delays in implementation, which include delays in notification at the state and district level, non formulation of rules, lack of adequate administrative support, and planning. However we will show later in this study that still many states have not implemented the various provisions of this Act even after the four years of its implementation. This is one of the main reasons that the Act is not showing the desired results in terms of achieving its all primary objectives.

Issuance of Job Cards

Job cards are the most important instrument which can ensure that the workers are not being cheated on their entitlements. The data shows that with the increase in the coverage of districts the number of households those were provided job cards increased by 27.71 percent between 2007-08 to 2008-09 when the scheme was expanded from 200 districts to 511 districts in the second phase. The ratio of job cards issued increased by 48 % in the year from 2007-08 to 2008-09 as all rural districts were covered now under this scheme. (NREGA official website, GOI) The increase in the number of households issued job cards are negligible for last two years because during these two years there is no addition of new districts in this scheme as already it has been implemented in all rural districts.

There seems to be a slight increase in the number of households provided jobs under this scheme as a share of the households issued job cards in consequent years. In 2007-08 the proportion of the households who were provided jobs is 21.71 percent, for the next year it was 29.83 percent, while for the financial year 2009-10, 33.59 percent of the total households who have job cards and got the employment under MGNREGA. These ratios suggest that roughly 26 percent to 35 percent of the households those were provided job cards demanded employment, though there were significant variations among districts and states (MGNREGA official website).

Table - 1

Job Cards Issued, Employment Demanded and Provided			
(million households)			
Year	Job cards issued	Employment demanded	Employment provided
2007-08	48.8	11.2	10.6
2008-09	94.3	28.4	28.1
2009-10*	94.3	32.1	31.7
* Till February			
Source : NREGA Official Website			

The increase in the proportion of households that demanded employment is not difficult to understand as the expansion of coverage to more number of districts, some lag is expected. However, more districts included under this programme, with time, the awareness about this Act increases among the workers. It shows the wider reach of the programme among the poor in rural areas. Another interesting fact evident from the data is that there was hardly any difference between households demanding employment and those were provided employment. This implies that all those who demanded jobs were provided jobs barring few exceptions. The reason behind this might be the advice of state governments to their district and local administration to avoid the payment of unemployment allowance, which state governments have to pay if they fail to provide the jobs on demand.

If we analyze the social status of the households which have been issued job cards for the last two years (2008-9 and 2009-10), we find that proportion of scheduled castes and scheduled tribes is quite significant (Table-2). However, if we see the proportion of the workers who go the employment then there the result is not that satisfactory. In India the incidence of poverty is more acute among these castes. Keeping this fact in mind that their proportion in the poor strata of the population is quite high this share makes the point clear that they are not represented in adequate proportion in MGNREGA.

As shown in Table- 2, the share of Scheduled Castes (SCs) job card holders in total rural households who issued job cards is 20%, this share in the total person days of employment generated for the year 2008-09 remained 19 percent and almost same for the next year. Although their share in the poor people at all India basis is quite higher than this ration. It shows that they are not getting the proper share in the jobs created under this programme. For the Schedule Tribe households, their share in the total households issued job cards is 17 percent. and share in the total employment generated under MGNREGA is 25.4 percent. This means the allotment of work for Scheduled Tribes (STs) is more than their proportion in the job cards issued. The shares of ST households have witnessed an improvement in employment under this employment programmes. This may be due to initial targeting of the programmes in districts, where ST households form a sizeable share of the total households.

Table – 2 Share of SCs, STs and Women (percent)

	Job Cards Issued		Employment Person Days Generated		
	SC	ST	SC	ST	Women
2007-08	19	23	17	27	47
2008-09	20	17	19	23	48
2009-10*	20	15	20	18	49

*Till February
Source : Report from MIS, NREGA Website GOI

Table -3 Distribution of Households provided Job Cards under MGNREGA according to their Social Status (Per cent)

S. No	State Name	2009-10			2008-09		
		SCs	STs	Others	SCs	STs	Others
1	ANDHRA PRADESH	25.3	11.7	63	25.3	11.7	63.0
2	ARUNACHAL PRADESH	0.2	89.5	10.3	0.1	93.7	6.1
3	ASSAM	12.5	20.7	66.8	11.0	22.1	66.9
4	BIHAR	42.2	2.2	55.6	44.1	2.1	53.8
5	GUJARAT	14.7	34.2	51.1	14.1	36.1	49.8
6	HARYANA	52.2	0.0	47.8	55.9	0.0	44.1
7	HIMACHAL PRADESH	34.3	7.3	58.5	35.5	7.4	57.2
8	JAMMU AND KASHMIR	10.0	24.2	65.8	8.8	28.2	63.0
9	KARNATAKA	19.3	9.5	71.2	25.8	12.0	62.2
10	KERALA	13.9	3.8	82.3	14.8	4.4	80.8
11	MADHYA PRADESH	18.4	27.6	54.0	19.4	27.3	53.3
12	MAHARASHTRA	20.4	19.9	59.8	20.7	20.5	58.8
13	PUNJAB	77.7	0.0	22.3	73.0	0.0	27.0
14	RAJASTHAN	24.7	19.9	55.3	25.6	20.5	53.9
15	SIKKIM	6.7	41.4	51.9	6.5	37.3	56.3
16	TAMIL NADU	40.1	1.6	58.2	42.7	1.7	55.6

17	TRIPURA	18.5	38.3	43.2	19.6	37.7	42.7
18	UTTAR PRADESH	51.0	0.8	48.2	50.7	0.9	48.4
19	WEST BENGAL	35.1	10.3	54.6	35.3	10.6	54.0
20	CHHATTISGARH	13.9	37.9	48.2	14.8	39.8	45.5
21	JHARKHAND	15.3	37.9	46.8	16.2	37.7	46.0
22	UTTARAKHAND	28.3	4.2	67.5	28.8	3.9	67.3
23	MANIPUR	2.9	53.8	43.3	1.4	54.8	43.7
24	MEGHALAYA	0.3	94.3	5.4	0.4	93.6	6.1
25	MIZORAM	0.0	99.9	0.1	0.0	99.9	0.1
26	NAGALAND	0.0	100.0	0.0	0.0	100.0	0.0
27	ORISSA	19.9	29.4	50.7	20.0	29.9	50.1
	All India				29.2	16.5	54.4

Source : NREGA website GOI

This is a good indication how the economic benefits of MGNREGA trickling down to the marginalised sections of the society. But, still there is a need to raise the share of work allotment to both the deprived categories of the India.

The data on participation of beneficiaries of land reforms and Indira Awas Yojna, the two household groups which belongs to poor class, indicate that participation of such households increased from 26 lakh in 2006-07, 57 lakh in 2007-08 and 65 lakh in 2008-09. This is a significant increase in the number of poor households' participation in MGNREGA. However, it is only 8.5 percent of the total household provided employment (2008-09). Still efforts are required to raise this proportion.

As far as participation of women is concerned, the MGNREGA outshines earlier programmes by significantly higher margins. The participation of women beneficiaries is much higher in the programmes as compare to their participation, for example, in Employment Assurance Scheme (EAS), which was merged with the Swaran Jayanti Gramin Rojgar Yojna in 2001-02 (NCAER-PIF Study).

For women the scheme is especially attractive because there is no gender differentiation in wage rates, in marked contrast to the prevailing system for agriculture labour. Interestingly, males in some poor peasant households send the women to work on MGNREGA projects where the rate of return is certainly higher than in alternative employment on the farm, at least in most months of the year.

**Table - 4 Employment Generated Under MGNREGA –
Total Person Days and Average Person Days Per Household**

S. No.	State	2009-10		2008-09	
		Total Person Days (Lakhs)	Person-Days Per HHs demanded jobs	Person Days per HHs demanded jobs	Total Person Days
1	ANDHRA PRADESH	2952.6	52.2	48.0	2735.45
2	ARUNACHAL PRADESH	6.19	12.7	43.3	34.97
3	ASSAM	569.42	33.1	40.0	751.08
4	BIHAR	902.3	26.3	25.9	991.75
5	GUJARAT	436.86	30.9	25.0	213.07
6	HARYANA	39.61	33.1	42.4	69.1
7	HIMACHAL PRADESH	205.04	48.8	46.1	205.28
8	JAMMU & KASHMIR	65.42	35.5	39.6	78.8
9	KARNATAKA	1482.69	53.2	32.1	287.63
10	KERALA	216.57	27.7	22.2	153.76
11	MADHYA PRADESH	2600.8	53.4	56.6	2946.96
12	MAHARASHTRA	239.37	42.1	46.3	419.85
13	PUNJAB	53.09	26.5	26.9	40.28
14	RAJASTHAN	4200.84	67.6	75.8	4829.55
15	SIKKIM	29.17	53.7	50.6	26.33
16	TAMIL NADU	1966.57	54.8	36.0	1203.61
17	TRIPURA	304.04	54.2	64.0	351.12
18	UTTAR PRADESH	2663.58	57.9	52.4	2272.21
19	WEST BENGAL	619.53	34.4	26.0	786.62
20	CHHATTISGARH	812.04	46.9	54.8	1243.19
21	JHARKHAND	682.72	48.9	47.6	749.97
22	UTTARAKHAND	136.61	33.0	34.9	104.33
23	MANIPUR	239.71	61.7	74.9	285.63
24	MEGHALAYA	104.89	36.9	38.5	86.31
25	MIZORAM	133.7	74.4	72.8	125.83
26	NAGALAND	232.44	75.0	68.3	202.71
27	ORISSA	363.67	34.9	36.1	432.6
	All India		35.4	38.0	

Source : NREGA website GOI

In terms of number of person days employment generated per households there was an increase of 5.38 percent from 2008-09 to 2009-10 (till February). But the number of households who are provided employment has also gone up, hence the average person days of employment per household which is 38 person days in 2008-09, it has not increased at least till February 2010. Still one month of this financial year is remaining therefore these figures are not comparable to the previous year. However if we compare the figures for the period 2007-08 (43 days) and 2008-09 there is a clear decline in the average person days of employment generated per household. One reason may be the inclusion of those remaining districts under this scheme which are relatively better of in terms of economic development. Hence there was less demand for jobs in those districts as compare to the poorer districts which were already under MGNREGA in previous year i.e. 2007-08. But this aspect needs to be further investigated.

Table 4 shows that states like Rajasthan, Madhya Pradesh, Uttar Pradesh, Tripura, Manipur, Tamil Nadu and Andhra Pradesh are again the better performing states as far as the average employment per household is concerned. The states like Kerela, Bihar, West Bengal are again lagging behind in providing employment to unskilled in these provinces under MGNREGA. Among the various states, many states such as Karnataka, West Bengal, Gujarat and Andhra Pradesh have witnessed improvement in the person days of employment per household in 2009-10.

Households provided 100 Days Employment

The target of MGNREGA is to provide at least 100 days work to every households in rural India who demands the unskilled work. But data show that it is still far away target to be achieved. At all India level the ratio of households who completed the 100 days employment is 14.5 percent of the total households demand employment during the financial year 2008-09. This is the only year for which the data is available for the full year and when MGNREGA has been implemented in all rural districts. For the year 2009-10 only 8.4 percent (till February 2010) of the total households who demanded jobs were able to get employment of 100 days under this programme. Obviously, what these numbers reveal is that barring very few exceptions only a small minority of households have been able to get 100 days of employment mandated under the Act. There could be several reasons of this, including reluctance on part of local administration to fulfill the target, lack of administrative set-ups needed to generated and implement projects, initial

delays in the procedure to start the work, lack of funds at grassroots level or may be lack of demand in some areas.

As Table - 5 shows, there are few states where the achievements are quite satisfactory in providing 100 days of employment. Rajasthan, Madhya Pradesh, Andhra Pradesh and Tamil Nadu have performed better in terms of providing 100 days employment. On the other hand states like Bihar, West Bengal and Punjab have dismissal performance in providing 100 days employment to the rural households. There is a large regional variation in the performance of different states when it comes to providing the jobs under MGNREGA. Rajasthan is the best performer among all major states in terms of employment generating per rural household. Indeed, employment guarantee has been a lively political issue in Rajasthan for quite a few years, and the state also had a high level of preparedness of the Act. In the North-East India, Tripura is doing better in the implementation of this Scheme.

Table -5 The ratio of households got 100 days jobs					
Sr. No	Name of the State	2008-09		2009-10	
		HHS provided employment	Ratio of HHS complete 100 days	HHS provided employment	Ratio of HHS got 100 days Employment
1	ANDHRA PRADESH	5699557	8.5	5655178	15.2
2	ARUNACHAL PRADESH	80714	15.8	48929	0.0
3	ASSAM	1877393	9.4	1721834	3.5
4	BIHAR	3822484	2.7	3429047	4.7
5	GUJARAT	850691	5.8	1413161	4.8
6	HARYANA	162932	6.0	119662	3.0
7	HIMACHAL PRADESH	445713	11.3	420378	4.1
8	JAMMU AND KASHMIR	199166	3.8	184138	5.7
9	KARNATAKA	896212	3.0	2483437	10.5
10	KERALA	692015	2.1	702634	0.9
11	MADHYA PRADESH	5207665	18.8	4873389	9.2
12	MAHARASHTRA	906297	3.6	568060	3.1
13	PUNJAB	149902	2.6	200120	1.2
14	RAJASTHAN	6373093	41.3	6216818	17.7
15	SIKKIM	52006	5.5	54296	5.4

16	TAMIL NADU	3345648	15.2	3588272	5.3
17	TRIPURA	549022	10.4	550780	1.8
18	UTTAR PRADESH	4336466	14.9	4597126	9.3
19	WEST BENGAL	3025854	0.8	3108018	0.6
20	CHHATTISGARH	2270415	11.1	1733022	3.5
21	JHARKHAND	1576348	6.1	1395634	6.0
22	UTTARAKHAND	298741	4.2	413642	0.9
23	MANIPUR	381109	35.9	388506	0.0
24	MEGHALAYA	224263	11.7	284506	0.6
25	MIZORAM	172775	53.1	179777	0.0
26	NAGALAND	296689	11.5	309772	2.1
27	ORISSA	1199006	4.4	902606	2.5
Grand Total		45115358	14.5	45611716	8.4

Source: Same as previous Table

Monitoring, Transparency and Social Audit

One of the most important features of the MGREGA compared to previous programmes on employment is the development of a vast mechanism for the monitoring and transparency of the implementation at the lowest level. For this purpose the involvement of Gram Sabha, Civil Society members and government administration machinery has been made mandatory. There are the formation of Vigilance and Monitoring Committees to the highest level through State and Central Employment Guarantee Council. These provisions in this Act empower participation of local people in the programme and administration to check the progress, quality of work, and aspects related to implementation, utilisation of funds, payments, records, and grievances, if any. The objectives of monitoring and transparency are sought to be achieved through surveillance, vigilance, and organization of social audits. Accordingly, districts and states are supposed to send this information in a format, which has details related to verification of muster rolls, social audits conducted, and inspections of works undertaken at the state, districts and block level; number of Gram Sabhas, and vigilance and monitoring committee held; and complaints received and disposed off.

There are the provisions of verification and quality audit by external monitors by Centre, State and District level. For this purpose, National Quality Monitors (NQM) at the national level has been designated by the Ministry of Rural Development with the approval of the Central Council. Similarly, State Quality Monitors (SQM) at the state level have been designated by the state government with the approval of the State Council. A

comprehensive Monitoring and Information System (MIS) has been developed by the Ministry to facilitate monitoring. A national online monitoring system for key performance indicators has been developed. Various districts level and block level studies are being conducted by the State Employment Guarantee Council and District Programme Coordinators with the association of research institutions. It felt that the pendulum of strict procedures and monitoring has swung to the other extreme where too much vigilance and strict evaluation make this Programme more difficult to implement on ground. Sometime this becomes the reason for delay in the implantation and approval of the various projects under MGNREGA. Thus the whole process of planning and design of works, implementation, measurement and payment is marked with poor attention to quality and long delays.

On this issue, the performance differs at regional and state level. In the states like Rajasthan, Chattisgarh, Tamil Nadu where the rate of social audit is above the 80 percent, on the other hand there are states like Orissa, West Bengal and Jammu and Kashmir where the performance of meetings of vigilance committees and social audit is not satisfactory. The excess of number of muster rolls verified to the total number of muster rolls used in Rajasthan and for social audit in Gram Panchayats in Tamil Nadu suggest over-reporting (*NCAER-PIF Study*).

A common criticism of large public expenditure directed towards improving the conditions of the poor or less well off sections, is that the problems of public service delivery and corruption ensure that the poor rarely benefit only partially from these programmes. However, certainly in principle, or even in practice, this is not necessary because the Act itself has included many provisions to ensure greater community participation and monitoring , through the Panchayats, and more public disclosure of important information such as the muster rolls of workers.

The picture that emerges from the analysis of the data provided on the official website of NREGA maintained by the Ministry of Rural Development, Government of India is different than the some independent studies have portrayed when the sample studies of these different research institutes, civil rights organisations and various departments of different universities are taken into consideration.

Rural jobs shown to have been created under a centrally-sponsored scheme are often grossly inflated, a study done by former Reserve Bank of India governor Bimal Jalan said. "There were a large number of districts in many states, where the number of households that have been issued job cards is

more than the total number of households in these districts," the report said. The study, 'Evaluating Performance of National Rural Employment Guarantee Act', was jointly conducted by Public Interest Foundation (PIF), a non-profit organisation that Jalan heads, and the Delhi-based think tank National Council of Applied Economic Research (NCAER). "The scheme has worked well but the level of satisfaction has been only 50 percent," Jalan said while releasing the study. "It is a good scheme (NREGA), but it will be successful only if it is made a national people's scheme rather than that of any party." The study has suggested that job cards for beneficiaries be regularly filled up at the work sites to prevent fudging of job creation figures, and said the scheme ought to be implemented by states. "We should make NREGA a state-formulated scheme, the main provisions of which should be controlled by the state. However, it should still be part of the central act," Jalan said. Criticising the government estimates about employment trends, the study said: "The claim of provision of 100 days of employment to 10 percent households in the official data is also doubtful because independent surveys, social audits, and field studies have revealed several cases of data manipulations." However, Jalan said NREGA has improved the share of scheduled tribe (ST) households in employment and it also "outshines the earlier programmes as far as participation of women is concerned". The report added that the official estimates of wages realised by workers were "inflated" as the actual wages received by workers were much less than what was shown in the documents.

Challenges Ahead

In 2008-09 only 42 days of work was provided to a average household; this is despite the fact that almost all the households those demanded work had been provided with it. This is mainly because of the lack of information and awareness among the targeted groups. To address the lack of awareness among the these targeted groups, several actions have been taken: one day orientation of all sarpanches at the block level; advertisements in local vernacular newspapers, radio, television, films and local cultural forms; leaflets and brochures in simple language; fixing one day as 'rozgar diwas' in a fortnight; and preparation of primers for the workforce and sarpanches. Penetration of radios is widespread in rural areas and in fact, to increase their penetration, civil society organisations, both national and international, should be encouraged to distribute radios to the poor SCs/STs/landless in rural areas.

Operationalising the monitoring and information system (MIS) has also been carried out for the MGNREGA more effectively than for most other rural development programmes, which are much older. Workers' entitlement related data is also available on the web: registration, job cards, muster rolls, employment demanded and provided. In addition, works-related data is also available: sanctioned shelf of works, work estimates, and work in progress. Finally, financial indicators available include funds available/spent, amount paid as wages, materials and administrative expenses. Computerisation has proceeded apace, with a database having been created on the informations and communications technology (ICT) infrastructure of blocks. However, in most states, data is being entered very late – undermining the utility of data for both transparency and management's purposes. Monitoring has also involved field verification by external and internal agencies. There have been field visits by Central Employment Guarantee Council members to a few states, which included a social audit. Research studies have been conducted by 30 independent agencies covering all states.

Shortage of Human Resources

There is acute shortage of staff for handling this programme at the level of the implementation and planning. Serious under-staffing means that there is barely one or two persons in the block programme officer's office at block level on the MGNREGA. So there could be a six month backlog in entering muster rolls on the computer; this cannot augur well for transparency. With no additional staff, it is not possible to run a programme on the scale of the MGNREGA, certainly not execute it efficiently. Officers are required at the state secretariat level; there is a strong case for such secretariat level staff. Third, the panchayat level has a Rozgar Sewak (Employment Assistant) but an accounts person is needed, since the MGNREGA needs a double entry cashbook. After all, at the GP level, there may be multiple schemes that are run through the GP and it is impossible for the GP to effectively run work without such support. The first report of the National Consortium of Civil Society Organisations on MNREGA (2008-09) has strongly advocated introducing a middle layer of structure in the organization of MGNREG between GP and Block level to make the functioning and implementation of this scheme more effective.

Comptroller and Auditor General of India (2008) in its report has clearly mentioned about the serious shortage of technical and administrative manpower in the implementation of this huge scheme, at present working in India. The CAG report said that every state government was required to

appoint, in each block, a full-time Programme Officer (PO), exclusively dedicated to the implementation of MGNREGA, with necessary support staff. The existing Block Development Officers (BDOs) had been appointed POs and given “additional charge” of MGNREGA. Unfortunately, MGNREGA is not a programme that can work on an “additional charge” basis. An Employment Guarantee Assistant (EGA) was to be appointed in each Gram Panchayat, in view of the pivotal role of PRIs in MGNREGA implementation. According to the CAG report, 52% of the 513 Gram Panchayats it surveyed had not appointed EGAs. The State Governments were also required to constitute panels of accredited engineers at the district and block levels. Without timely and transparent costing of works and their measurement and valuation by such a panel, neither sanction of works nor payment to labour can happen on schedule. CAG found the panel missing in as many as 20 of the states it studied. The state governments were also to appoint Technical Resource Support Groups at the state and district levels to assist in planning, design, monitoring, evaluation, quality audit, training and handholding. The CAG report finds that 23 states had not set up such groups at the state or district levels. According to the report, “non-appointment of a full-time dedicated PO, who is pivotal to the successful implementation of NREGA, and giving the additional charge of PO to Block Development Officers (BDOs), who were responsible for other developmental 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. This was further compounded by the failure to specify timeframes for processing and approval of proposals at different levels. This was reflected in the poor progress in taking up works” (pp.16-17)

The shortage of staff leads delays in execution of works and payment of wages. The junior engineers (JE) prepare the work plans and estimates. This itself takes time, since the JE is also overloaded with other responsibilities. Once the plan is made, it is submitted to the assistant engineers (AE) for approval. Since each AE is at times given the responsibility of more than one block, approval at the AE level also takes extra time. When the AE approves it, the proposal is sent to the POs who have power to approve a plan up to Rs.200,000. If the proposal is for more than this amount, it is sent to the district headquarters. Once the work is approved and funds released for it, the cheque is signed by the head of the village Panchayat, the PO. Once the work reaches a certain stage, the work done has to be valued and payments made

to workers based on this valuation. This requires technical people who are in short supply in rural India. This means that measurement itself can sometimes take several months, although it is supposed to be done within a week. A utilisation certificate (UC) has to be submitted by the Panchayats to the POs, for release of the next instalment.

There is a little institutionalization of the social audit^v process in the MGNREGA, though it was seen to be a unique feature of this programme. The Comptroller and Auditor General's (CAG) report on the MGNREGA (based on its first six months of functioning) points to a number of procedural irregularities but it does not present much evidence of large scale embezzlement of funds [CAG 2007]. Institutionalization of Social Audit has to be the main route to ensuring transparency. Greater initiative needs to come from the gram sabha. The fact that in terms of numbers of days of work offered, no distinction is made between districts is an issue of design; 100 days is not likely to be enough in labour-surplus districts, while in labour-scarce ones, 100 days will probably rarely be demanded.

The Report of the National Consortium of Civil Society Organization on NREGA also, has underlined in its report that there is no real social audit process taking place in many locations nor is there any system in place to do so. Provision for mandatory availability of muster rolls on work site is also not followed. Panchayat Secretaries have floated vigilance committees by entering a few names from the GP in their records. These names are also used for 'ratification' by gram sabhas of various decisions. However, these members do not themselves know either of their membership of these committees or about their duties and powers.

Professionalism in MGNREGA

It is only quality works, which will ensure that the required land and labour productivity increase takes place – thus, ensuring the achievement of the second objective of the MGNREGA to create productive assets in village economy. However, quality cannot be ensured merely by putting administrative staff in place (which, in any case, has not happened in many states, as the CAG report notes). Nor is it likely to happen simply by carrying out training (and even here many states have made little effort). The more important need is for technical hand-holding on a regular basis of the administrative and panchayati raj institution (PRI) staff. The CAG report shows that the NREG is being run for all practical purposes with very little professional input. A technical secretariat to the Central Employment Guarantee Council is being created. At the same time, 50 per cent of NREG

works are supposed to be implemented by GPs and without the involvement of contractors. While the direct involvement of the GPs is important to ensure local-level accountability, it is entirely unclear from this mode of operation how the quality of works is going to be maintained. There is anecdotal evidence that the quality of works is positively correlated with demand for work from the poor. Without technical and professional support, which is contractually obtained – being employed on a non-permanent basis – there is little likelihood of the quality of works improving. If the quality of works does not improve, there is little likelihood that the productivity gains that were proclaimed as a major benefit of the MGNREG will be realised.

First, 50 per cent of works are to be carried out by GPs, the remaining by government agencies. But the government does not have the staff to carry out such works, especially in states which have a large number of vacant posts at the district and sub-district levels. At the very least, the staff provided to implement the NREG, have to be appointed (one gram rozgar sewak per GP and one technical assistant for five GPs, plus one full-time programme officer at the block level, as specified in the guidelines) at its earliest. Most government programmes allow for 10 per cent of total expenditure for administrative costs. Hence, the provision for 4 per cent for administrative costs is already proving a serious constraint. However, there is a catch-22 situation here: state governments cannot initiate new works on a large scale under the NREG unless locally available staff have been appointed but with limited works the expenditure on the MGNREGA is correspondingly small and 4 per cent of a small spend limits the appointment of staff, let alone drawing upon professional engineering input. Hence, a serious cost estimate providing the administrative and professional support is required to make the programme work since the NREG needs a double entry cashbook.

Release of Funds

Field reports are suggesting that there remain considerable delays in the release of funds, leading to delays in initiating works, abandoning continuing works already started and sometimes, in delays of payment to workers. The guidelines state that the MGNREGA would be different from the previous employment guarantee schemes because there would not be predetermined allocations but releases based on state proposals. Each state would formulate and submit a state annual work plan and budget proposal to the MoRD. The actual release to a state government will depend upon its actual utilisation of funds released. The MoRD will release funds, say the guidelines; to a revolving fund at the district level to be operated as a joint account of which

one of the signatories will the district programme coordinator (usually the district magistrate). After 60 per cent of the allocation given to any GP has been spent, the GP may apply to the block-level programme officer for the MGNREGA for the release of additional funds. However, this process does not seem to be working and requires urgent attention. MGNREGA district senior officers and state government officials regularly have to visit Delhi to secure the release of payment. There is a possibility that the central government will, instead of releasing funds for the MGNREGA directly to districts allocate funds to state governments, who would then become responsible for allocating to districts. This would clearly be more efficient and less burdensome for the small number of central government staff dealing with the programme. Nevertheless, procedures would need to be streamlined at the state level to ensure that village works are not stalled in the future by delays in fund flows from state capitals to district headquarters. The emergence of an administrative secretariat at the state capitals for the MGNREGA would thus be an important step in the right direction to ensure (a) speedier smoother flow of funds to the districts; and (b) better monitoring of the programme works.

Transparency in Wage Payment

To take care of the problems and delays related to payments under the public works programmes the MoRD has developed the mechanism for making the payment of wages for workers under MGNREGA through Banks and Post-Offices. The objective of the involvement of banks and post-offices is to deal make the wage payments of workers more transparent and ensure the transfer of wages without any deduction by middlemen to the workers. In earlier public programmes the middlemen used to grab a share of the payments meant for the workers for their work. This is a great innovation and when this process will be completed it would mean a lot for financial inclusion and transparency in the payment system.

This system would almost eliminate any incentive the implementing officers have to fudge the muster rolls, since payments are beyond their reach. To prevent the wrong people from claiming money from the their accounts, banks/post offices will have to insist on photos on passbooks, which can be matched with the photos on job cards, to identify workers when they come to collect their wages. Although cash payments are preferred by workers where banks/post offices are far (there is an opportunity cost for workers if they have to travel say, 10 km, to a bank/post office to receive their payment), there is almost no alternative to direct payment of wages into bank/post office

accounts to avoid poor, illiterate workers being cheated. The department of posts has indicated the need to strengthen its sub-post office/branch post office through the computerisation of the sub-post office.

However, in practice this innovation must be viewed with caution. Apart from the usual difficulties in opening bank accounts, several anomalies have been noticed in payments through banks and post offices. “There have been still reports of middlemen siphoning off money in collusion with bank official and pradhans (Panchayat Head) escorting workers and extracting money” (*Dreze and Khera, 2009*).

The second issue here is, while on an average in the country there are roughly 20 villages to one bank branch and four villages to each post office, there is a wide variation between states in terms of availability of post offices and banks. A way has to be found to ensure that wage payments are made through either banks or post offices and the problem of distance to these sites for workers has to be overcome through innovative means (for example, perhaps through mobile counters). Where payment through post office or banks is not possible, payments should be made in the presence of the panchayat samiti. However, payment through post offices or banks must continue to be pursued, as is happening in some districts even in UP (which has among the poorest bank/post office to population ratio in the country).

However the delays are not confined to the banking system, very often, it takes more than 15 days for ‘payment orders’ to be issued to the banks by the implementing agencies (for example, the gram Panchayat). Thus there are lapses outside the banking system too. For the local administration, blaming the banks is a convenient way of passing the buck. On closer look, various hurdles appear to contribute to the delays. These include delays in work measurement, bottlenecks in the flow of funds, irresponsible record-keeping (such as non-maintenance of muster rolls and job cards). But behind all these hurdles there is a main reason working is the expectation of share in the income of the workers those who are working in the implementation of this programme. With bank payments making it much harder to embezzle funds, the whole programme is now seen as a headache by many government functionaries and some cases village Panchayat members. As a result, slowing down wage payments is a one way to contribute to derail the programme and create some hurdles from their part. This is one of the deep rooted problems of the Indian society which is showing it adverse impacts on this programme too. It is a challenge to tackle this and different provisions of participation of the beneficiaries in planning, implementation and evaluation, all three aspects, is the only way to resolve this issue.

Conclusion

Despite all its weakness in the implementation this Act is a step in the right direction. It is delivering the results, though to some extent, in rural India. The change is slow and it takes time but impact is visible. In one the most backward districts of the Hindi heartland, in an area which is traditionally neglected by public policy and where most citizens' experience of the state is oppressive rather than sympathetic, there is suddenly a very different feeling of optimism and sense of rights, creating new expectations among ordinary people that are almost palpable, and new pressure upon the local government machinery to deliver to meet these expectations. Suddenly, rural workers expect to be offered work and be paid the minimum wage for it; local officials and Panchayats representative feel the need to display all the relevant information about the work they are providing, they even seek advice from the local community about the works to be taken up. And this whole process sends out a very powerful message of hope that can have positive repercussions across the county.

Of course, whether more optimistic possibilities work themselves out depends on a number of conditions. Most importantly, none of this is possible without social mobilization. Once such mobilization occurs and is widespread, and then it creates a momentum that is hard to stop, and which will definitely have ripple effects in surrounding areas as well.

But it is also true that if we do not have the strength and imagination to demonstrate the possibility of positive results through an initiative like MGNREGA, there is a real danger that disaffection will express itself in frustration, cynicism and violence. This will lead to a spiral of negative outcomes, which will always return to hurt the most vulnerable. Neither a vigilant public nor a professional system is by itself sufficient in guaranteeing an accountable democracy, delivering development to the poor. Both must grow organically in tandem with each other.

Footnotes

^I This was the Common Minimum Programme of the United Progressive Alliance (UPA) government formed the government in Center under the leadership of Indian National Congress Party in 200

^{II} For this programme the Central Government will bear:

1. All the costs of wages for unskilled manual workers
2. 75 percent of the cost of material and wages for skilled and semi-skilled workers
3. Administration expenses as may be determined by the Central Government including the salary and allowances of Programme Officer at district level their support staff and work site facilities and expenses of the Central Employment Guarantee Council.

The State Government will bear the following cost:

1. 25 percent of the cost of material and wages for skilled and semi-skilled workers.
2. Unemployment allowance payable in case the State Government cannot provide wage employment within 15 days of application
3. Administrative expenses of the State Employment Guarantee Council

^{III} Main schemes are – Crash Schemes for Rural Employment , Half a Million Job Scheme, Rural Work Programme, Marginal Farmers and Agricultural Labourers Scheme, National Rural Area Development Programme (NREP 1980), Rural Landless Employment Guarantee Programme (RLEGP 1983), Employment Assurance Schemes (EAS), Jawahar Rojgar Yojna (JRY 1999), Sampoorna Grameen Rojgar Yojana (SGRY 2001)

^{IV} According to Ministry of Rural Development, Government of India, districts covered during the first phase were selected on the basis of four factors – population of Schedule Castes, Schedule Tribes, agricultural productivity, and agricultural wages (G.O.I. 2008)

^V The basic objective of a social audit is to ensure public accountability in the implementation of projects, laws and policies. One simple form of social audit is a public assembly where all the details of a project are scrutinized. However, ‘social audit’ can also be understood in a broader sense, as a continuous process of public vigilance. That is the sense in which term is used here.

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