

Towards Transforming Rural India: Challenges and Opportunity of NREGA

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Background

The National Rural Employment Guarantee Act (NREGA) 2005 is landmark legislation in Indian history of social security legislation after independence. Enacted after a successful struggle for an employment guarantee legislation, this legislation is a partial victory towards a full-fledged right to employment in any developing country context. The essential feature of this legislation which separates it from any other public service provisioning scheme is its enactment through the parliament of India. Read with the Right to Information Act, this legislation has been bringing about a silent revolution in rural areas of the country.

In brief, this Act provides for 100 days of employment for all households in rural areas in manual work, if demanded. Read with various transparency and accountability measures and provisions for social audits, this Act for the first time brings the role of the state as provider of livelihood within the reach of the participants/beneficiaries themselves. By design it is different from any employment generation scheme that has been previously implemented. It requires a different approach towards employment generation schemes and towards overall involvement of the State in providing the right to employment to its masses (even though it is still far from being a full right). The real challenge as well as the strength of the Act comes from it being given the legitimacy as well as authority from the Indian Parliament, which puts the onus of its implementation in the hand of the recipient as well as that of the implementing authorities. The recipients have a greater role, at least by design, not only in demanding the employment but also in deciding on how the Act will be implemented. Such a situation is unique in terms of posing challenges of implementation where the existing system has one of being a dole to be handed to the recipients at the mercy of the 'babus' of the state. It also drastically alters the power equations which the agents of the state and the powerful groups within the local society have become used to enjoying. Moreover, for the first time, it provides for mechanisms for penalising the government if it fails to provide employment on time. Precisely because of these, despite the well-intentioned nature of the Act, it poses necessarily new challenges and enables new ways of exploitation as well as new ways of fighting such exploitation.

Needless to mention, a legislation of this nature is bound to have repercussions at different levels, right from altering the socio-economic conditions of the affected districts, more particularly for the disadvantaged and the poor, to altering the social dynamics which are currently very heavily weighted against the disadvantaged and the poor in these backward districts. To a certain extent, the extent and nature of impact of NREGA on overall economic and social conditions is influenced by the overall political economy and nature of change in the social and political structures of power in these districts. Although well intentioned in spirit, this Act has found limited support from the states

as well as central government in implementation of the Act. Arguments and excuses have been manufactured to make it as toothless as possible. However, despite these, the Act has become a rallying point for smaller struggles on field as well as in larger public policy arenas to highlight the success of a democratic state in ensuring right to well being for its members. These experiences vary from state to state with relatively large successes in states like Rajasthan to almost negligible success in states like Jharkhand, Uttar Pradesh and Bihar.

At the same time, a programme of such a large scale has drawn both criticisms and accolades. The critics, mainly from the 'minimalist state' perspective have argued against the efficacy of such a programme in providing either income support or employment support to rural poor. This has also taken the form of questioning the logistics of transferring such large sums of money to poor in a state where the track record of public service delivery has been acknowledged to be dismal. On the other hand, the success of the programme has emboldened the government to introduce the Act to all the districts of the states in 2008 itself. Nevertheless, the debate is far from settled on this controversial issue.

It is in this context that an urgent need is felt to do a stock-taking of the implementation of the NREGA in the last three years. Although a programme of this magnitude will take time to settle down and be of any relevance in changing the landscape of rural India in such a short span of time, initial reports of the evaluation studies of NREGA by various institutions and individuals has documented the processes of revival and resurgence largely driven by the NREGA as an axis of struggle by the rural poor. It has neither been claimed nor was envisaged that NREGA is the key to successful rejuvenation of rural areas of the country that have remained marginalised in the growth process of the country. This requires many such efforts particularly towards ensuring the broken linkages of the growth process to include the rural areas as engines of growth. Nonetheless, it does offer an opportunity for the rural poor to stake claim to the fruits of the growth. Moreover, success stories of NREGA provide opportunities for mainstreaming and legitimising the struggle for other social security legislations. Above all, they re-enforce the faith in the state in being able to do something for the poor and marginalised of the country in being included in the growth process. Therefore, the success of NREGA is as much a hope for those civil society activists fighting for the rights for the poor as it is a critique of the developmentalist state in case it fails to deliver.

Objectives of the Seminar

The overall objective of the seminar is to bring together academicians, policymakers and grass-root activists on a platform to evaluate the performance of NREGA since its enactment. Apart from academic perspective on the need, relevance and justification for the NREGA, it also seeks to establish a dialogue between academics and policy makers with those who are working at grass root level to monitor the functioning of the NREGA. Within a short span of time since its inception, there have been various studies on the NREGA, involving secondary but primarily using field surveys in various parts of the country. One of the objectives of the seminar is to bring together all these diverse experiences on a common platform to arrive at some common understandings on the problems faced in implementation of NREGA and also to learn from the successes in implementing NREGA.

More specifically, the seminar seeks to deliberate and review the following issues:

1. How successful has been the NREGA in poverty alleviation and employment generation in rural areas. What has been the impact of NREGA on wage rates and agriculture in rural areas.
2. Are there variations in the level and quality of implementation across states? If so, what are the success stories and failures? What are the factors that can explain this? To what extent is the success or failure related to the level of participation of the beneficiaries and PRIs in the implementation through social audit.
3. Bringing together recommendations and strategies for further strengthening of NREGA.

Broad Themes:

The main themes that the seminar seeks to explore are:

I. NREGA: Towards Ensuring Right To Work

Any evaluation of NREGA will seek to answer if it has fulfilled its role as an employment generating programme along with its impact on poverty reduction. Since conception, this has not been the primary objective of the NREGA, at least among those who struggled for it. Nonetheless, critics as well as proponents have tended to evaluate the impact of NREGA in terms of its efficiency and efficacy in ensuring redistribution of income to the poor. This has not only been debated in terms of its efficacy vis-à-vis universal cash-transfer programme but also in terms of its impact on other economic indicators such as wages. Given the mandatory provisions of the NREGA of ensuring minimum wages on its entire works, there have been genuine concerns on whether this will lead to an upward pressure on wages in rural areas and consequently a realistic wage level at minimum wages stipulated by the minimum wages Act. At the same time, it has opened a Pandora's Box on its likely impact on the labour market. Yet the final impact of the program on rural poverty is unclear. First this program is likely to have non-trivial consequences on local labour markets. By providing low-skill individuals with the possibility of working at a daily wage that is significantly higher than the (informal) market clearing one, the NREGA may affect adversely employment. Second, by leaving to the households the task of allocating its yearly 100 days of work quota among their members, the program may have adverse effects on female or physically challenged members of households. Third, the program may be difficult to put into place in practice, be it only because of the significant administrative cost of organizing the work to be done. Fourth, it may be prone to capture by local elite thus excluding the needy. However, the real question of whether NREGA is a palliative to keep rural distress under control in short terms or is it the long term solution for rural revitalisation still remains.

Some of the key issues in this regard are

- 1) Whether the upward pressure lead to rise in agricultural wages and thus squeeze agricultural surpluses in an economy which is going through agrarian crisis;
- 2) In what ways will it ensure greater non-farm employment diversification?

3) And most important of it, how does NREGA fare in comparison to other rural revitalisation strategies such as greater investment in agriculture or infrastructure. Does NREGA complement the other programmes and initiatives of rural revitalisation or it crowds out public investment in other rural development programme.

II. Implementation of NREGA: Regional Dimensions

Starting from 200 districts, the coverage of NREGA was increased to 330 districts this year and will be covering all the rural districts in the country by next year. However, despite coming out of a countrywide struggle for enactment of EGA, the performance of the NREGA varies a lot across states. Available data from the NREGA website suggests that except for north eastern state of Tripura, no other state has been able to provide even the 100 days of employment mandated in the Act. In some states, this is less than 30 days an year. There is also considerable variation in the wage paid for manual work across states.

To a certain extent, the effective implementation is consequent upon greater awareness and participation of beneficiaries and PRIs, since they have a greater role to play according to the Act. However, technicalities apart, effective implementation of the Act is also conditional on the effort of the state governments in ensuring effective implementation of the Act by doing away with the contractor system, simplifying the implementation design and above all, the political will to ensure its successful implementation.

The relatively better implementation of NREGA compared to previous rural wage employment programmes also owes itself to certain institutional provisions within the NREGA which are crucial for effective implementation of the programme. While, greater involvement of PRIs is certainly a first step in this regard, its effective use is conditional on the functioning of PRIs in states which varies a great deal. An important tool in this regard is the inbuilt mechanism of social audit within the NREGA. Effective social audit of NREGA has been an important instrument of ensuring effective implementation of NREGA in many states, most notably in Rajasthan. However, this process in itself has not been a self-starter in many other cases. This in itself raises the important issue of using social audit as a tool for monitoring government programmes such as NREGA but also extending it to other programmes. So far, the experience has been mixed in this regard. However, it is an important issue which needs to be explored in greater detail.

Some of the important issues in this regard are:

1. What is the regional dimension regarding implementation of the NREGA. Why are some states doing better than others in implementing NREGA
2. To what extent these regional variations linked to the existing institutional arrangements with regard to PRIs, contractors, local political structure and so on
3. In what ways, provisions of NREGA such as social audit help in effective implementation of NREGA and in the medium term, in building accountability institutions?

III. NREGA: The Way Ahead

Despite a long struggle for EGA, the present NREGA is far short of providing an effective employment guarantee to the poor and marginalised of the country. Moreover, its enactment also led to certain compromises because of which, this guarantee is only for less than a third of the year (100 days) and excludes a large majority of the population which is based in urban areas. Moreover, the fact that the entitlement is for the household and not for the individual, the Act falls short of becoming a full-fledged right to work. Since, the entitlement is for the household and not for the individual; the gender distribution of work is left to be determined by the household and not by the Act, despite provision for greater involvement of women in NREGA works.

Related to these are the administrative and political issues of implementation which have an important bearing on the overall design of the programme. Specifically, the division between centre and states in financial, implementation and monitoring processes poses challenges in the present federal structure. For example, a large part of the expenditure of NREGA is covered by the central government but the crucial penalising provision of unemployment allowance is burdened on the states. These become crucial in the context of states where the political alignment of governments at central and state level is hostile to each other. At the same, recent experiences of NREGA also suggest that some of the better doing states are mostly states which are ruled by political parties which are not in alignment with the ruling party at the centre.

These and several other issues which are emerging as part of the ongoing monitoring exercise of the Act need to be discussed and debated by a larger audience of academicians, policymakers and grass root activists. The conference aims to bring together all those who are working on issues related to NREGA on a platform to evolve some concrete suggestions towards improving the NREGA.

Suggested Themes:

NREGA: Impact on poverty, agriculture and labour market

International Experiences of wage-employment programmes

Regional dimension of implementation of NREGA

Women and Children in NREGA

Role of Social Audit and PRIs

Extending the NREGA to urban areas

Political economy of public works programme: Is NREGA changing it or being appropriated

Panel discussion on what needs to be done to improve the implementation of NREGA

STRUCTURE AND PARTICIPANTS

The seminar will be of the duration of two and half days (about 20 hours). While the inaugural and concluding sessions will be of one hour duration each, the rest of the time will be devoted to the

three thematic sessions mentioned above. For each of the substantive sessions, papers will be invited or commissioned on a few identified issues. There will be, altogether, around 15 to 20 papers.

About 100 persons will be participating in the seminar. While most of the participants will be economists and social scientists well known for their work on NREGA and related issues, many of them will be social activists, policy makers and programme implementers and development practitioners involved with various aspects of implementation, monitoring and evaluation of NREGA. About 10-15 experts from outside India, both from academia and international development organisations, will also be participating.

OUTCOME

NREGA is a relatively new legislation with only two years of implementation on the ground so far. However, given the wide reach and the stated objectives of the Act, its performance is of concern to everybody including academicians, planners, policy makers and grass-root level activists. It is also expected that the programme will take time to mature and be of relevance in fulfilling its stated objectives. Nonetheless, this seminar will be a platform to evaluate the functioning of NREGA in all its dimensions and also provide valuable suggestions for course correction, if needed. It is also expected that the seminar will also give a broader insight on the issues facing rural employment and livelihood and its implication for poverty and inequality in the long run. This is critical in designing not only appropriate policies for wage-employment programmes but also for other rural development programmes. Besides, it will also contribute, theoretically and empirically, to a better understanding of the issues involved in designing public welfare programmes either for redistribution or for growth.

The main conclusions and recommendations of the seminar will be brought out soon for wider dissemination among various stakeholders. Later on, a volume containing the revised papers will be published in a book form.