

About the Study

The study has put together evidence on implementation of the NREGA and achievements from both official and non-official sources covering all types of works such as surveys, audit reports, and published articles. The framework of analysis is to assess progress over time, discern a few early outcomes, critically cross check and validate the outcomes emerging from official sources, and find out what is working and what is not, and what is the way forward. It also takes on board relevant comparisons with earlier initiatives on employment and outcomes of the NREGA, both all-India and state-wise on employment, distribution of employment, and costs of generating employment. The study has suggested a comprehensive framework to assess implementation and what policy actions are needed to improve effectiveness in implementation, targeting, constraints that have emerged after implementation, and that are likely to emerge in the future.



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Evaluating Performance of National Rural Employment Guarantee Act



NCAER-PIF Study
on

Evaluating Performance of National Rural Employment Guarantee Act



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ABOUT PIF

The Public Interest Foundation has been set up by a group of socially conscious people to focus on issues that concern, and impact the welfare, and larger interest of society. The Foundation seeks to actively follow the execution of public policies and programmes with a view to bring a change in governance and maximise public welfare.

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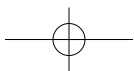
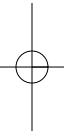
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FOREWORD

Public Interest Foundation (PIF), which was launched on the Republic Day 2008, aims to bring a change in governance and maximise public welfare with particular focus being on finding ways and means by which public programmes can be executed for maximum common good.

National Rural Employment Guarantee Act 2005 (NREGA) is one of the largest public programme initiatives for the benefit of the rural poor which confers the right to guaranteed employment up to 100 days in a year to every needy and poor person in rural areas of the whole country. Efficient and successful implementation of this programme has the potential to provide significant empowerment of the large numbers of the rural poor and especially the BPL families.

In view of the importance of NREGA to the poor, PIF decided to request NCAER to undertake a well researched and comprehensive study on the performance of NREGA. I am happy that this 'NCAER-PIF Study' has been a thorough and in-depth exercise, based on field surveys, on the functioning of NREGA so far. The Study has also come out with well researched conclusions as well as some positive recommendations. On behalf of PIF, I offer my compliments to the NCAER team for this study. I am sanguine that this study, will make significant contribution to help in improving the performance of NREGA.

It would be recalled that a few months ago, the Comptroller and Auditor General brought out a Performance Report on NREGA. The C&AG Report also brings out the deficiencies in implementation of NREGA and highlights the web of complex procedures in administering the scheme.

The need to improve the working of NREGA seems both urgent and critical. We need to have a fresh look as to how to enable the needy poor to avail and enjoy his statutory right to guaranteed employment upto 100 days in a year without difficulty. We need a 'simple' NREGA without complex administrative procedures. We need a rural employment guarantee scheme which can be implemented by states in a flexible framework and which is rigid only in respect of transparency and accountability to the people whom it is meant to serve.

PIF would endeavour to take the follow up on NCAER-PIF study forward through public discussion and debate with all stakeholders on the issues involved with the objective to making NREGA simple, efficient and purposeful.

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EVALUATING PERFORMANCE OF NATIONAL RURAL EMPLOYMENT GUARANTEE ACT



PREFACE

More than two-and-a-half years have passed since the introduction of the National Rural Employment Guarantee Act (NREGA) in February 2006. As an Act of Parliament, this law confers statutory powers to offer up to 100 days of employment per year for adult members of a rural household at the mandated minimum wage rate. The NCAER undertook a study "*Evaluating Performance of NREGA*" to examine how well the Act is being implemented in various parts of the country, what are the main difficulties, and what should be done to make the Act more effective. The study was funded by the Public Interest Foundation.

The study provides a detailed analysis of the official view on implementation; discusses the implementation experience gathered from field reports, studies carried out by research institutions, non-governmental organisations (NGOs), social audit teams, and other independent researchers, and; what is working and what is not working at the ground level.

The framework of analysis used in the study is to assess progress over time, discern a few early outcomes, critically cross-check and validate these outcomes by contrasting official data and field level data both—macro as well as micro—and suggest a way forward. This is different from other studies on the subject wherein the main focus has been on adherence or deviations from the official guidelines.

The analysis has found that while the Act has been relatively successful in issuing job cards, providing some employment and opening bank and post office accounts for direct payment of wages, it has not been very successful in reducing leakages, ensuring accountability and instituting an effective grievance redressal system.

The issues identified in the study have been grouped into two categories—first generation problems, which are to do with effective implementation of the Act at the state, and local level; and, second generation problems, which have cropped up after implementation of the Act. Obviously, proper handling of both types of issues is important so that problems such as poor implementation, corruption and non durability of assets that plagued earlier programmes do not prevent this initiative from reaching its full potential.

Suman Bery
Director-General, NCAER

EVALUATING PERFORMANCE OF NATIONAL RURAL EMPLOYMENT GUARANTEE ACT

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Last, but not the least, I would like to thank Dr. Prabhu Ghate for his contribution on the experience of five states in the implementation of the Act and my colleagues Dr. Laxmi Joshi and Mr. Ajay Sahu for their continuous support in compiling data used in this study.

Anil Sharma

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LIST OF ABBREVIATIONS/ ACRONYMS

Name	Details
ABSSS	Akhil Bhartiya Samaj Sewa Sansth
BDO	Block Development Officer
BIT	Birla Institute of Technology
BPL	Below Poverty Line
CAG	Comptroller and Auditor General
CC	Concrete Cement
CEFS	Centre for Environment and Food Security
CEGC	Central Employment Guarantee Council
CLDP	Comprehensive Land Development Programme
CMP	Common Minimum Programme
CMS	Centre for Media Studies
CON	Contingency Expenditure
CSRE	Crash Schemes for Rural Employment
DADP	Drought Area Development Programme
DISHA	Developing Initiatives for Social and Human Action
DPP	District Perspective Plan
DRP	District Resource Persons
DSR	District Schedule of Rates
DWMA	District Water Management Agency
EAS	Employment Assurance Scheme
EGA	Employment Guarantee Assistants

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FIR	First Information Report
GO	Government Order
GOI	Government of India
GP	Gram Panchayats
GS	Gram Sabha
HIPA	Himachal Pradesh Institute of Public Administration
IAS	Indian Administrative Service
IAY	Indira Awaas Yojana
ICT	Information and Communication Technology
ID	Identification
IEC	Information, Education and Communication
IPC	Indian Penal Code
IRR	Internal Rate of Return
JE	Junior Engineer
JGSY	Jawahar Gram Samridhi Yojana
JRY	Jawahar Rojgar Yojana
JTA	Junior Technical Assistant
KBK	Kalahandi Balangir Koraput
LAMPS	Large-size Adivasi Multi Purpose Societies
MBA	Master of Business Administration
MFAL	Marginal Farmers and Agricultural Labourers
MIS	Management Information System
MKS	Mazdoor Kisan Samiti
MKSS	Mazdoor Kisan Shakti Sangathan
MLA	Member of Legislative Assembly
MOU	Memorandum of Understanding
MP	Member of Parliament

LIST OF ABBREVIATIONS/ ACRONYMS

MPDO	Mandal Parishad Development Officer
MPR	Monthly Progress Report
MT	Material Costs
NABARD	National Bank for Agricultural and Rural development
NFFWP	National Food for Work Programme
NGO	Non-governmental Organizations
NHM	National Horticulture Mission
NIC	National Informatics Centre
NIRD	National Institute of Rural Development (NIRD)
NREGA	National Rural Employment Guarantee Act
NREP	National Rural Employment Programme
NRM	Natural Resource Management
NSS	National Sample Survey
NSSO	National Sample Survey Organisation
OBC	Other Backward Caste
OREGS	Orissa Employment Guarantee Scheme
PACS	Poorest Area Civil Society Programme
PC	Percentage
PD	Project Director
PDS	Public Distribution System
PIREP	Pilot Intensive Rural Employment Programme
PO	Programme Officers
PRI	Panchayati Raj Institutions
PRIA	Participatory Research in Asia
PWD	Public Works Department
RAGAS	Rashtra Grameena Abhivruddi Samacharam
RAS	Rajasthan Administrative Service

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RKVY	Rashtriya Krishi Vikas Yojana
RLEGP	Rural Landless Employment Guarantee Programme
RTI	Right to Information Act
RWP	Rural Work Programme
SAM	Social Accounting Matrix
SC	Scheduled Caste
SE	Superintending Engineer
SEGC	State Employment Guarantee Council
SERP	Society for Elimination of Rural Poverty
WB	The World Bank
SFDA	Small Farmers Development Agency
SGRY	Sampoorna Grameen Rozgar Yojana
SHG	Self Help Group
SPIU	Strategy and Performance Innovation Unit
SSL	Semi-skilled and Skilled Labour
ST	Scheduled Tribe
TA	Technical Assistant
TCS	Tata Consultancy Services
TII	Transparency International
UL	Unskilled Labour
VLW	Village Level Workers
VMC	Vigilance and Monitoring Committees
VSA	Village Social Auditors
WBD	Water Bound Macadam

EXECUTIVE SUMMARY

More than two-and-a-half years have passed since the introduction of the National Rural Employment Guarantee Act (NREGA) in February 2006. The 'right to work' established in the Act makes it a distinctive and huge programme in terms of both scale of resources as well as the number of people that are expected to participate after its full implementation. For these reasons, there are huge expectations from the Act because it is believed that by providing employment and building rural infrastructure the Act has the potential to transform the lives of the poor living in rural areas. While it may be too early to assess the impact of the programme on employment, growth, and poverty reduction, a few attempts that have been made to examine the implementation experience in some selected districts/states have painted a mixed picture.

As the programme has been expanded to cover all rural districts of the country insights from these early experiences raise several questions about the effectiveness of the Act in bringing about the desired change in rural areas. In particular: how well the Act is being implemented in various parts of the country; what are the main difficulties that are being faced by the administration and by the people who have participated and those who would like to participate; what kinds of work programmes are being undertaken and how are these being selected; what is working and what is not working at the ground level; and what should be done to make the Act more effective?

The answers to these questions are important so that the issues such as poor implementation, corruption and non-durability of assets that plagued earlier programmes are taken care of. This study was undertaken keeping these objectives in view. It provides a detailed analysis of the official view on implementation; discusses the implementation experience gathered from field reports, studies carried out by research institutions, NGOs, social audit teams, and other independent researchers. The framework of analysis used in the study is: to assess progress over time, discern a few early outcomes, critically cross-check and validate these outcomes by contrasting official data and field level data both macro as well as micro, and suggest a way forward. This is different from other studies on the subject wherein the main focus has been on adherence or deviations from the official guidelines.

EVALUATING PERFORMANCE OF NATIONAL RURAL EMPLOYMENT GUARANTEE ACT

The main conclusions that emerge from the study are that while it is true that significant progress has been made in issuing job cards, the analysis carried out in the study, however, reveals that these numbers in many states/districts appear to be cases of over-reporting. 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. And, this is particularly a more serious issue for SC and ST category of households. The estimate based on field surveys, social audits and individual studies also establish significant over-reporting, which is reflected in considerable differences in the official and actual field data. The excess coverage obviously raises serious disbelief about the reliability of these data and confirms that numbers in official records are inflated.

Not just this, several anomalies were also noted in the issuance of job cards, which do not figure in the official estimates - for instance, significant delays in providing job cards and cards being held by village or project functionaries. The field reports also contradict the claim regarding provision of employment to all households demanding employment.

Social audits and independent studies also show low levels of actual employment generated in the areas where these surveys were conducted. Yet another indication of the slow progress made in the actual provision of employment through public works is evident from the latest NSS survey, which covered all states. In the same way the claim of provision of 100 days of employment to 10 per cent households in the official data is also doubtful because independent surveys, social audits, and field studies have revealed several cases of data manipulations, which explains why national and state level data on employment against demand shows a rather healthy picture.

The distribution of employment generated by social groups in the official data indicates that about 55-62 per cent of the total employment generated has in fact been shared by the SCs and STs and adequate representation has been given to the female beneficiaries as the share of women in employment has increased from 41 per cent in 2006-07 to 49 per cent in 2008-09. Notwithstanding these estimates at the aggregate level, significant variations in the provision of employment to women beneficiaries were observed at the regional and state level. The northern region, in particular, has extremely low levels of women participation. Field surveys, social audits and independent studies have also reported cases of discrimination against SCs, women, and the disabled.

Similarly, a comparison of employment generated under NREGA with its previous incarnation, Sampoorna Grameen Rozgar Yojana (SGRY) reveals that there has been a significant increase in employment generated under NREGA at the aggregate level. At the state-level,

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however, there are significant variations in the performance of NREGA *vis a vis* SGRY. For example, performance of the northern region is rather poor. In other regions also there were many states such as Assam, Orissa, and to some extent other smaller states of eastern region, Gujarat and Maharashtra in the western region, and Karnataka and Kerala in the southern region, which exhibited reduction in employment generation under NREGA as compared to SGRY.

Nevertheless, there are two positive outcomes of NREGA: slightly improved share of ST households in employment and the Act also outshines the earlier programme as far as participation of women is concerned.

The range of wages realised by workers under NREGA varied from state to state, but in a large majority of states the average wages realised were a little higher compared to the minimum wages. What is sad, however, is that the official estimates of wages realized by workers are in fact inflated because the actual wages received by workers were much less than what is shown in the official documents. Not only this, a few other anomalies in the payments of wages have also been noticed which demonstrate that no compensation was paid to labour in cases involving delayed payments beyond the stipulated period of 15 days and non-payment of unemployment allowance.

In a few cases, even though the new minimum wage rates had been notified, payments of wages were made on earlier rates. Cases of corruption, fudging in muster rolls, discrepancies in work days and payments have also been reported in almost all studies. To address concerns related to payments of wages, an innovation which has now been adopted by all states is to make payment of wages through banks and post offices. This is a great innovation and when this process gets completed it would mean a lot for financial inclusion.

However, there are large variations among states as three states – Andhra Pradesh and Tamil Nadu from the south and Rajasthan from the west account for 46 per cent share of all accounts opened so far. Also, only about 42 per cent of total wages paid to NREGA workers were made through these accounts, which means that a lot remains to be done. Further, fraudulent payments and anomalies such as extraction of money have also been reported in payments through accounts.

Nominal wages of agricultural and non-agricultural labour in rural areas have witnessed a significant increase and this is true for both male and female labour. In sharp contrast to the significant growth witnessed in nominal wages the real wages, however, did not witness major changes. As a matter of fact, only real wages of female labour showed marginal improvement at

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the national level. The reason for these contrasting outcomes is the huge increase in the consumer price index for both farm and non-farm labour, which ranged between 2.3 to 2.4 times after the launching of NREGA.

The official data also reveal that there has been considerable growth in works undertaken and irrigation-related works, which include minor irrigation, tanks, wells, and rural connectivity. These were the two most important activities, which cornered 74-80 per cent of the funds earmarked for assets during the past two-and-half-years. But, there has been more than 50 per cent slippage in the execution of works undertaken. Works and their implementation have also suffered due to anomalies in the selection of works, poor execution, inflated estimates, inadequacies in measurement, cost overruns, and delays in release of funds by states. Very little is known about the quality of assets that have been created because information is lacking though questions have certainly been raised about the long-term usefulness of assets.

The official data show that significant progress has been made in the verification of muster rolls, but progress in social audits at the Gram Panchayat (GP) level is comparatively modest. The progress on inspection of works also varies from state to state and performance at the district level is below the mandated ratio of 10 per cent. The information on functioning of Gram Sabha (GS) and Vigilance Monitoring Committees (VMCs) is mixed. Surveys have found that state level inspection of works was not being conducted or documented properly and financial audit was also not carried out in several districts of many states. The GSs and VMCs were, in general, non-functional, as neither their reports were discussed nor any documentation was being made available. This makes it rather difficult to ascertain if these institutions were performing their prescribed roles.

Notwithstanding the above, some healthy outcomes, which have been noticed in the field surveys, include effects that have been or are being brought about in the lives of workers participating in NREGA. There is some evidence to show that the Act is making difference to the lives of poor, particularly in areas where it is working well - helping them avoid hunger and migration, allowing them to send their children to school, and helping them to cope with illness. Some of the evidence also shows that with better wages the bargaining power of workers and women in particular has gone up. Reports from several parts of the country indicate some reduction in migration. Disbursal of wages through banks and post offices despite its current flaws is being seen as a major step forward for financial inclusion.

Therefore, if implemented well, the Act has potential to change the lives of the poor living in rural areas through supplemental income, productive assets, responsive and better functioning local governments, and the largest number of bank and post office accounts linked to a

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development programme. The study has found that there are some areas in which the Act has been relatively successful. These are the issuance of job cards, some provision for employment, opening bank and post office accounts for direct payments of wages, and creating a web based MIS system. The areas in which the Act has been unsuccessful in most states include reducing leakages, thorough enforcement of transparency safeguards including social audits, ensuring accountability, fixing responsibility for specific acts of omission and commission, instituting a grievance redressal system, implementing the principle of work-on-demand for the workers as a legal right, and activating participatory planning.

The issues identified in the study have been grouped into two categories – first generation problems, which are to do with effective implementation of the Act at the state, and local level, and; second generation problems, which have cropped up after implementation of the Act. The study suggests a comprehensive framework to assess implementation covering all aspects related to the Act, and policy actions that are needed to improve effectiveness in implementation and targeting, overcome constraints, making provisions related to transparency a reality, and areas for further research.

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INTRODUCTION

More than two-and-a-half years have passed since the introduction of the National Rural Employment Guarantee Act (NREGA) in February 2006.¹ As an Act of Parliament, this law confers statutory powers to offer up to 100 days of employment per year for adult members of a rural household at the mandated minimum wage rate. As a result, people living in rural areas, willing to participate in the NREGA, are entitled to employment on public works for doing casual manual work within 15 days of applying. And, if work is not provided within the stipulated time, they are entitled to an unemployment allowance under the Act.²

Initially, the Act came into force in 200 of the country's most backward districts; later on it was extended to cover another 130 districts in 2007-08. From April 2008 onwards it was implemented in all the 615 rural districts of the country.

Employment related work programmes, as means of poverty reduction, have a long history.³ What makes NREGA different is that it is one of the largest rights-based social protection initiatives in the world, which is open to all rural people who are willing and able to under-

1. The final Act came about after two years of its initiation in the Common Minimum Programme (CMP) in 2004.

2. The daily unemployment allowance is to be specified by the State Government, by notification, in consultation with the State Council with a stipulation that no such rate shall be less than one-fourth of the wage rate for the first 30 days during the financial year and not less than one-half of the wage rate for the remaining period of the financial year.

3. These programmes have their origin during the Great Depression days when western countries used these as counter-cyclical policy instruments. Several countries of the developing world have also used public work programmes to deal with droughts and famines. Over time these schemes have evolved into employment creation and poverty alleviation programmes. Programmes like these have been used and advocated for alleviating both chronic and transient poverty in the South Asian context for a long time (Ravallion 1991).

In India, after the Fourth Five Year Plan (1969-74) several employment-oriented schemes such as Crash Schemes for Rural Employment (CSRE), Half a Million Job Scheme, Rural Work Programme (RWP), Pilot Intensive Rural Employment Programme (PIREP), Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labourers (MFAL) scheme, and Drought Area Development Programme (DADP) were launched. In the 1980s two more rural employment programmes – National Rural Employment Programme (NREP 1980) and Rural Landless Employment Guarantee Programme (RLEGP 1983) – were introduced.

In the 1990s, the Employment Assurance Scheme (EAS) was launched in October 1993 in 1778 identified backward blocks situated in drought-prone, desert, tribal and hill areas where the revamped public distribution system (PDS) was in operation. Subsequently, the scheme was extended to cover all the blocks by April 1997. Jawahar Gram Samridhi Yojna (JGSY) was launched in 1999 to ensure development of rural infrastructure at the village level by restructuring the erstwhile Jawahar Rojgar Yojna (JRY), which was born after merging NREP and RLEGP. Finally, Sampoorna Grameen Rozgar Yojana (SGRY) was introduced in 2001 by merging the EAS and JGSY.

Some of these programmes were area specific (RWP, RMP, CSRE, and PIREP), but others had a wide coverage. The target group for these programmes have been largely rural poor comprising of agricultural labourers, rural landless, and marginal and small farmers. Initially, the objective of employment-oriented schemes was not only generating employment, but also creation of assets as a means of providing long-term employment opportunities along with providing relief to the rural poor during slack seasons.

The experience with these programmes has been that they 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 groups. Poor monitoring and lack of safeguards resulted in large-scale leakages and inefficiencies in the implementation of these initiatives. Our late Prime Minister, Shri Rajiv Gandhi once mentioned that only 15 paise in a rupee gets through to the poor. Bhalla (2005) found these estimates to be true. Other studies have also come up with similar estimates.

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take manual work. From the original concept of a supplementary wage-employment programme to the rural poor through public work programmes, the Act provides a sort of economic and social security net by way of guaranteed wage employment to all people living in rural areas.⁴

The 'right to work' established in the Act makes it a distinctive and huge programme in terms of both scale of resources as well as the number of people that are expected to participate after its full implementation. Already the number of households demanding employment as per official estimates have increased from 2.1 crore in 2006-07 to 3.4 crore in 2007-08 and 3.3 crore in 2008-09 (up to October 2008). Actual expenditure on implementation of the Act during first three years – 2006-07, 2007-08, and 2008-09) has been Rs 8,694 crore, Rs 15,850 crore and Rs 12,763 crore (up to October 2008), respectively.

For the reasons elaborated above, there are huge expectations from the Act because it is believed that by providing employment and building rural infrastructure the Act has the potential to transform the lives of the poor living in rural areas. The advantages are that the Act offers work in local areas to those who require seasonal employment and also helps in creating productive infrastructure in rural areas. The twin benefits of employment and productive infrastructure are expected to reduce distress migration. Moreover, theoretically, programmes like these are considered to be 'self-targeting' provided wages are set at appropriate levels.

While it may be too early to assess the impact of the programme on employment, growth, and poverty reduction, a few attempts that have been made to examine implementation experience in some selected districts/states have painted a mixed picture.⁵ Numerous weaknesses have been highlighted by these early evaluations, which raise scepticism about the achievement of intended objectives.

4. Originally the Act was supposed to cover only below poverty line (BPL) households living in rural areas, but the final law introduced universal coverage for all rural households. The reasons for this change as discussed in the Standing Committee Report were to do with the very concept of BPL households, which the Committee found to be flawed. The members were of the view that a worker's willingness to work at a low minimum wage is a clear indicator of his poverty and no further indicators were needed. The Committee also felt that the identification process of BPL households involves lot of administrative work, periodic revision of BPL households and is full of corruption. Under these conditions it is very difficult to ensure that benefits reach the genuine BPL households.

On the coverage of districts, the Parliament Committee recommended that it should be clearly indicated in the legislation that the Act will be extended to all rural areas of the country within four years. Further, the Committee strongly recommended that areas covered under Schedules Fifth and Sixth are the most backward, and people residing in these areas are poor, therefore, these areas should be included in the first phase of implementation of employment guarantee legislation.

5. These include Ambasta *et al.* (2008), Bhatia and Dreze (2006), Centre for Environment and Food Security (CEFS) (2007), Comptroller and Auditor General (CAG) (2008), Chakraborty (2007), Datar (2007), Dreze (2007), Dreze and Oldiges (2007), Dreze, Khera, and Sidhartha (2008), Dreze and Khera (2009), Jacob and Varghese (2006), Krishnamurthy (2006), Louis (2006), Poorest Area Civil Society Programme (PACS) (2006, 2007), Saxena (2007), Shah (2007), and Society for Participatory Research in Asia (PRIA) (2006, 2007).

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1.1 ISSUES

As the programme has been expanded to cover all rural districts of the country, insights from these early experiences raise several questions about the effectiveness of the Act in bringing about the desired change in rural areas. Though the prime objective of the Act is to enhance livelihood security of households in rural areas by providing guaranteed wage employment, however, its linkages with works identified through district perspective plans and permissible activities that can be taken up means that the broad objective is to generate long-term employment opportunities through sustained development.⁶ Therefore, the questions that need to be answered are:

1. How well is the Act being implemented in various parts of the country?
2. What are the main difficulties that are being faced by the administration and by the people who have participated and those who would like to participate?
3. To what extent are the poor actually benefiting from the Act?
4. What kinds of work programmes are being undertaken and how are these being selected?
5. What is the quality of assets that are being created and usefulness of these assets for the poor and areas covered under the Act?
6. What should be done to make the Act more effective either through more efficient implementation or through building synergies with other programmes that are being implemented in rural areas?

The answers to these questions are important so that the issues such as poor implementation, corruption and non-durability of assets that plagued earlier programmes are taken care of.

1.2 METHODOLOGY AND COVERAGE

There could be several ways of examining the performance of the NREGA involving analysis of secondary data, field surveys, and comprehensive evaluations based on household data taking into account both supply-side and demand-side factors and functioning of labour markets in various states. Keeping in view the shortage of time at our disposal the research was carried out using secondary data and review of the work that has been done so far supplemented by field visits to five states – Andhra Pradesh, Jharkhand, Rajasthan, Orissa, and Uttar Pradesh.

6. The permissible works included in the programme are: (i) water conservation and water harvesting; (ii) drought proofing, including afforestation and tree plantation; (iii) irrigation canals, including micro and minor irrigation works; (iv) provision of irrigation facility to land owned by households belonging to the Scheduled Caste (SC)/Scheduled Tribe (ST), or land of the beneficiaries of land reforms, or to land of the beneficiaries under the Indira Awas Yojana; (v) renovation of traditional water bodies, including de-silting of tanks; (vi) land development; (vii) flood-control and protection works, including drainage in waterlogged areas; (viii) rural connectivity to provide all-weather access. The construction of roads may include culverts where necessary along with drains; (ix) any other work that may be notified by the Central Government in consultation with the state government.

The outline of the study is as follows. Chapter 2 provides a few details of the Act and the official view on implementation, which is based on the official data put out by the Ministry of Rural Development. Chapter 3 discusses the implementation experience gathered from field reports and studies carried out by research institutions, non-governmental organisations (NGOs), Social Audit Teams, and other independent researchers. Issues related to the types of assets that are being created, their short-term and long-term usefulness and scope for synergies with other programmes under which similar/different assets are being created are dealt with in Chapter 4. Administrative features, requirements, hurdles, and issues associated with how the administration is actually implementing the scheme, what is working and what is not working at the ground level are examined in Chapter 5. Finally, main policy issues originating from this analysis are summarised in Chapter 6.

1.3 WHAT IS NEW IN THE STUDY?

The study is different from other reports/studies on the subject in the following respects.

First, it is an all-India study, which covers all states and all aspects related to the Act. Other studies on this subject have been specific to states or regions and cover aspects of the Act relevant to their studies.

Second, the framework of analysis in other studies such as review by the Comptroller and Auditor General (CAG) was adherence or deviations from the official guidelines. The framework of analysis in this study is to assess progress over time, discern a few early outcomes, critically cross check and validate the outcomes emerging from official sources, and find out what is working and what is not, and what is the way forward.

Third, effort has been made to put together evidence on implementation and achievements from both official and non-official sources covering all types of works such as surveys, audit reports, and published articles.

Fourth, it contrasts official data and field level data – both macro (*vis a vis* NSSO) as well as micro (surveys, audit reports, and other studies).

Fifth, it also takes on board relevant comparisons with earlier initiatives on employment and outcomes of the NREGA, both all-India and state-wise on employment, distribution of employment, and costs of generating employment.

Sixth, based on the experiences of five states, the study has identified areas in which the Act has been relatively successful, and areas in which it has been unsuccessful.

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Seventh, the study has suggested a comprehensive framework to assess implementation covering almost all aspects related to the Act and what policy actions are needed to improve effectiveness in implementation, targeting, constraints that have emerged after implementation, and that are likely to emerge in the future.

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CHAPTER 2

IMPLEMENTATION OF THE ACT: THE OFFICIAL VIEW

This chapter examines the implementation experience of the Act based on secondary data collected from the website of the Ministry of Rural Development, which has been specifically designed to provide up-to-date information on various aspects of NREGA at the state and district level. Since actual implementation of the programme began only after the enactment of law we have data on the physical and financial performance of the Act for two-and-a-half years, that is, 2006-07, 2007-08, and 2008-09 (up to October 2008). The purpose of exploring this information is to get some idea about the performance of various states/districts in terms of coverage of households, participation of various social groups including women, employment generated, wages realised by workers, and expenditure incurred. This is useful in understanding whether the observed trends are in line with the broad guidelines and expectations and where they are deviating from the established procedures. Hence, the objective of this exercise is twofold - to assess progress and to discern a few early outcomes.

We first discuss the status of implementation and coverage of districts and states starting with 2006-07. Then we discuss issues associated with the coverage of households, their social status including participation of women and how these numbers compare with the actual number of households in the districts covered under the Act. After having covered these details the next section of the chapter deals with the core issue of employment generated so far (by type of households and by gender). The discussion is then carried forward by analysing wages realised by the workers, comparing them with the minimum wages specified by various state governments and their impact on farm and non-farm wages at the state level. Subsequent sections of the chapter explore issues associated with expenditure incurred, monitoring, and transparency.

2.1 STATUS OF IMPLEMENTATION AND COVERAGE

The Act initially came into force in 2006-07 in the country's most backward 200 districts.¹ Later on it was extended to cover another 130 districts in 2007-08, and from April 2008 onwards it has been expanded to include all the 615 rural districts of the country. Evidently, there have been three distinct phases in which the programme has been implemented.

1. According to the Ministry of Rural Development districts covered during the first phase were selected on the basis four factors - population of SCs, STs, agricultural productivity, and agricultural wages (G.O.I. 2008).

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In the first phase, of the 200 districts the maximum number of districts covered under the programme were from eastern region (44 per cent) followed by the western region (27 per cent), northern region (17 per cent), and southern region (13 per cent), respectively (Table 2.1). Seven states - Bihar, Uttar Pradesh, Jharkhand, Orissa, Madhya Pradesh, Chhattisgarh, and Uttarakhand - which account for 61 per cent of the country's poor living in rural areas, had a share of about 58 per cent in these 200 districts covered in 2006-07.

In the second phase also, a large majority of the newly inducted districts were from the eastern region (40 per cent) and the pattern was similar to that of 2006-07 with western, northern, and southern regions accounting for 25 per cent, 21 per cent, and 14 per cent, respectively.

Because a large majority of the districts from the eastern region had already been covered up to 2007-08, the new districts which were added in 2008-09 were concentrated in the northern region (34 per cent) and western region (25 per cent) with eastern and southern regions accounting for the remaining 20 per cent and 18 per cent, respectively. Just about 4 per cent of these districts were from the Union Territories.

Given high rates of poverty in almost all districts of Bihar and Jharkhand and a large majority of districts in Orissa, Chhattisgarh, and Uttarakhand, a good number of districts of these states had been covered during the first two phases of the programme. This is also true for West Bengal and Andhra Pradesh, which have relatively low levels of rural poverty. However, other criteria such as proportion of STs, SCs, agricultural productivity, and agricultural wages also played a significant role in the selection of a large number of districts from these two states during the initial phases.

Apparently, from the relatively better-off states such as Gujarat, Rajasthan, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Karnataka, Kerala, and Tamil Nadu only about one-fifth to one-third of their districts were covered during the first two phases. Thus, except for Goa and the Union Territories, which do not have rural districts, the programme was implemented in all major states during the first two phases with varying degrees of coverage.

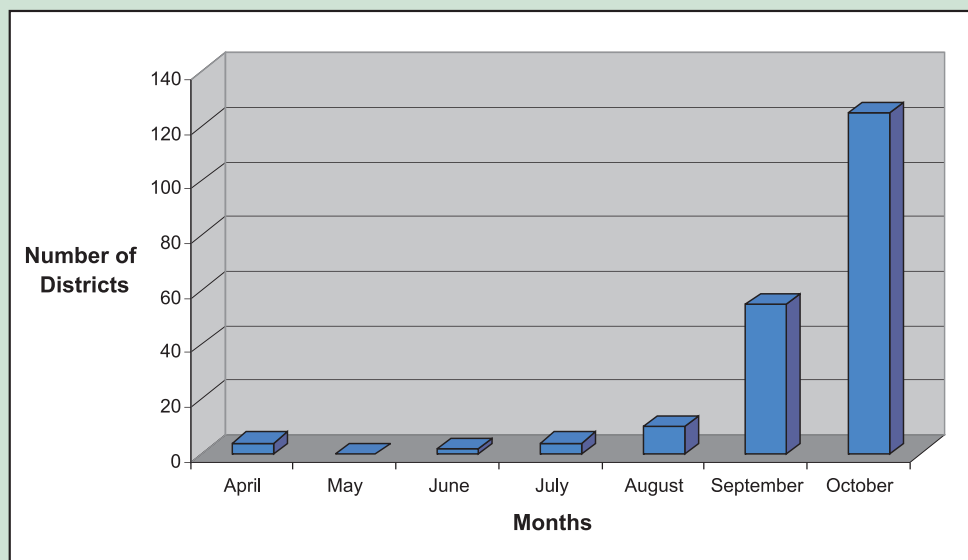
Another important fact that emerges from this information is that of the lag in implementation of the Act in various districts of different states. In spite of the fact that guidelines were issued in February 2006 the actual implementation started much later. The data based on the months when information on financial and physical performance was made available reveal that there was a lag of about six to seven months in the actual implementation of the Act (Figure 2.1). Except for Kerala, which implemented the Act in its two districts and Tamil Nadu, which implemented it in two of its six districts in the month of April, in all other states the actual implementation began in the months of September and October (Table 2.2).

IMPLEMENTATION OF THE ACT:THE OFFICIAL VIEW

**Table 2.1: States and Number of Districts Covered under NREGA
(2006-07, 2007-08 and 2008-09)**

S. No.	Zone	State	Rural Poverty (Per cent)	Rural Poor (Lakh)	First Phase (2006-2007)	Second Phase (2007-2008)	First and Second Phase	Third Phase (2008-2009*)
1	East	Assam	22.3	54.5	7	6	13	14
		Bihar	42.1	336.7	23	15	38	
		Jharkhand	46.3	103.2	20	2	22	2
		Orissa	46.8	151.8	19	5	24	6
		West Bengal	28.6	173.2	10	7	17	1
		N-E States	22.3	22.3	9	17	26	33
		Total		841.6	88	52	140	56
2	West	Chhattisgarh	40.8	71.5	11	4	15	1
		Goa	5.4	0.4				
		Gujarat	19.1	63.5	6	3	9	17
		Madhya Pradesh	36.9	175.7	18	13	31	17
		Maharashtra	29.6	171.1	12	6	18	15
		Rajasthan	18.7	87.4	6	6	12	21
		Total		569.5	53	32	85	71
3	North	Haryana	13.6	21.5	2	2	4	16
		Himachal Pradesh	10.7	6.1	2	2	4	8
		Jammu and Kashmir	4.6	3.7	3	2	5	17
		Punjab	9.1	15.1	1	3	4	16
		Uttar Pradesh	33.4	473.0	22	17	39	31
		Uttara khand	40.8	27.1	3	2	5	8
		Total		546.5	33	28	61	96
4	South	Andhra Pradesh	11.2	64.7	13	6	19	3
		Karnataka	20.8	75.1	5	6	11	18
		Kerala	13.2	32.4	2	2	4	10
		Tamil Nadu	22.8	76.5	6	4	10	20
		Total		248.7	26	18	44	51
5		Union Territories						11
	All India		28.2	2209.2	200	130	330	285

Source : Government of India (2008).

Figure 2.1: Progress of Actual Implementation of NREGA (2006-07)

Source : Computed from G.O.I. (2008).

This has also been highlighted in a number of studies and field reports that have been carried out during the last two-and-a-half years (G.O.I. 2008) and Bhatia and Dreze 2006). The CAG report has identified several 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.

These issues are discussed in great detail in the next chapter, but it was found that 19 states had not appointed full-time programme officers in 70 per cent of the blocks surveyed and 52 per cent of the 513 Gram Panchayats (GPs) inspected had not appointed Employment Guarantee Assistants (EGA). Further, state governments were to create panels of accredited engineers at the district and block levels to carry out costing of works to be undertaken, to take measurements of the works done for releasing payments as stipulated in the Act. These initial hitches obviously led to significant delays in implementation of the Act.

2.2 COVERAGE OF HOUSEHOLDS

Under the Act adult members of a rural household are required to apply for employment if they are willing to do unskilled manual work. The interested households have to first apply for registration to the local GP following which the GP has to issue a job card to the household

IMPLEMENTATION OF THE ACT:THE OFFICIAL VIEW

Table 2.2: Progress of Implementation of NREGA in various States in 2006-07

S. No.	Zone	State	April	May	June	July	August	Sep-tember	October
1	East	Assam							7
		Bihar						23	
		Jharkhand							20
		Orissa							19
		West Bengal					9	1	
		N-E States			1	1	1	5	1
		Total			1	1	10	29	47
2	West	Chhattisgarh							11
		Goa							
		Gujarat							6
		Madhya Pradesh						18	
		Maharashtra						12	
		Rajasthan						6	
		Total						18	35
3	North	Haryana							2
		Himachal Pradesh							2
		Jammu and Kashmir				3			
		Punjab						1	
		Uttar Pradesh							22
		Uttarakhand						3	
		Total				3		4	26
4	South	Andhra Pradesh						13	
		Karnataka			1				4
		Kerala	2						
		Tamil Nadu	2					4	
		Total	4		1			4	17
	All India		4		2	4	10	55	125

Source : Government of India[2008]

after proper verification. Subsequently, the household has to submit an application for employment to the GP stating the time and duration when the work is sought.² The GP will have to provide employment to the members of a household demanding employment within 15 days of submitting application or from the date when the work is actually sought.

2. The application for work must be for at least 14 days of continuous work (G.O.I. 2008).

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Given this background we first examined the number of households that were given job cards and the actual number of households that were provided employment. We then compared these with the total number of rural households in the districts covered of various states. Further, we also looked at the distribution of households participating in the programme according to their social status *vis a vis* the distribution of households according to the 2004-05 National Sample Survey (NSS) data.

The data for 2006-07 and 2007-08 show that with the increase in the coverage of districts the number of households that were provided job cards increased by 70 per cent from 379 lakh in 2006-07 to 643 lakh in 2007-08 (Table 2.3). Major part of the increase in the number of households that were issued job cards between 2006-07 and 2007-08 at the national level was contributed by the eastern region (43 per cent), which is in consonance with the fact that about 40 per cent of the newly covered districts (52 out of 130) were added in this region. This region also accounts for the largest share of household population covered. The second highest contribution was made by the southern region with a share of 22 per cent to total job cards issued at the national level between 2006-07 and 2007-08. This may appear to be an aberration if one goes by the number of new districts added during this period (18 out of 130) though it is again consistent with the share of this region in the households that were added due to inclusion of new districts in 2007-08.

In 2008-09, the western region made the highest contribution to the increase in total job cards issued between 2007-08 and 2008-09 at the aggregate level, which is in accordance with 33 per cent increase in the additional households covered during this phase. The southern region, contributed the second largest share to the increase in the number of households that were issued job cards between 2007-08 and 2008-09 at the aggregate level.

The distribution of number of households that had been provided job cards by the middle of 2008-09 shows that among the major regions of the country the eastern and western regions accounted for about 31 per cent share each of the total 959 lakh job cards issued (Table 2.3). The third rank is occupied by the southern region with a share of 25 per cent of total job cards pie, followed by the northern region, which had a share of just about 13 per cent in the total number of job cards issued. Among various states of the country the maximum number of households that had been provided job cards were in Madhya Pradesh (112 lakh) followed by Andhra Pradesh (109 lakh) and Uttar Pradesh (102 lakh) in that order, respectively.

There seems to be a slight decrease in the proportion of households that demanded employment from 56 per cent in 2006-07 to 53 per cent in 2007-08 and 35 per cent in 2008-09. The same pattern is evident in all the four regions though in 2007-08 (west and south) the share of

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households demanding employment had witnessed an increase compared to their shares in 2006-07. These ratios suggest that roughly 26 per cent to 40 per cent of the households that were provided job cards demanded employment in 2008-09 in four regions though there were significant variations among states.

In Rajasthan and Assam, and the smaller states of the north-eastern region, the proportion of households that demanded employment was above 50 per cent. At the other extreme, in a state like Maharashtra, Orissa, Gujarat, Jammu and Kashmir, and Uttarakhand less than one fifth of the total households who had been issued job cards demanded employment.

The decrease in the proportion of households that demanded employment is not surprising because with the expansion of coverage to more number of districts some lag is expected. But, more importantly the newly added districts are comparatively well developed and have a lesser number of poor households. Hence, demand for manual work under NREGA is likely to be lower in these districts.

Another interesting fact, evident from the data, is that there was very little difference between households demanding employment and those that were provided employment. The only exception was Punjab, where this ratio was observed to be 56 per cent in 2008-09. What this implies is that whosoever demanded employment was provided employment barring minor exceptions.

The progress made under the Act so far appears to be impressive, but the real test of progress lies in comparing the number of households that have been issued job cards to the total number of rural households in the country. In Table 2.4 we calculated proportions of households that have been issued job cards to the total number of households in selected districts of various states as per the 2004-05 NSS data. The estimates are quite revealing; there were wide variations in the ratios of households that have been given job cards against the total number of households.

At the aggregate level the data suggest that 64 per cent of the rural households had been provided job cards by the middle of 2008-09. Among the four regions of the country, the western region appears to be at the top with coverage of as high as 76 per cent of the total rural households. The second and third ranks were occupied by the eastern and southern regions, which reported 71 per cent and 68 per cent coverage, respectively. The northern region was at the bottom because only 39 per cent of the total rural households of this region have been issued job cards so far.

The coverage ratios for households in some states, however, appear to be cases of over-reporting because in two states of the western region – Madhya Pradesh and Rajasthan – these

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Table 2.3: Coverage of Households under NREGA – 2006-07, 2007-08 and 2008-09 (Up to October 2008)

S. No.	Zone	State	Number of Households Provided Job Cards (Lakh)			Households Demanding Employment (Per cent)			Households Provided Employment		
			2006-2007	2007-2008	2008-2009*	2006-2007	2007-2008	2008-2009*	2006-2007	2007-2008	2008-2009*
1	East	Assam	9.2	15.7	21.9	87.1	92.5	50.0	99.3	96.9	97.5
		Bihar	35.6	79.5	90.8	48.0	49.4	30.1	98.8	97.0	84.6
		Jharkhand	23.0	29.6	32.7	60.5	56.8	33.5	100.0	100.0	94.5
		Orissa	25.9	41.1	49.0	54.3	27.7	14.5	99.1	96.7	96.1
		West Bengal	51.5	85.8	88.9	62.9	45.7	24.8	95.3	98.0	99.2
		N-E States	2.8	9.3	16.6	105.7	96.7	76.2	98.4	95.9	92.3
		Total	148.0	260.9	299.8	59.7	49.9	30.4	97.8	97.6	92.9
2	West	Chhattisgarh	18.5	28.8	32.9	69.4	79.9	44.1	98.0	99.5	98.0
		Goa			0.0						
		Gujarat	6.3	8.7	22.8	35.8	33.6	19.9	100.0	100.0	95.0
		Madhya Pradesh	44.5	68.6	111.8	61.5	60.2	33.9	104.8	100.0	99.4
		Maharashtra	27.5	31.3	44.3	12.8	15.2	10.0	109.0	100.0	99.6
		Rajasthan	15.1	28.7	80.2	77.9	75.7	64.5	100.0	99.9	99.4
		Total	111.9	166.0	292.1	51.6	56.4	38.8	102.4	99.8	99.1
3	North	Haryana	1.1	1.6	2.8	47.5	43.9	22.5	100.0	100.0	99.2
		Himachal Pradesh	1.0	3.9	7.3	67.6	70.0	43.2	94.5	98.4	97.2
		Jammu and Kashmir	1.8	2.5	3.1	67.7	54.5	16.5	100.0	100.1	100.0
		Punjab	0.4	1.0	3.3	85.2	50.8	27.7	99.6	100.0	56.1
		Uttar Pradesh	40.0	73.1	102.2	66.8	56.1	26.3	96.2	99.8	98.6
		Uttarakhand	2.0	3.6	7.4	67.4	52.8	14.8	100.0	100.0	127.3

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Table 2.3: Coverage of Households under NREGA – 2006-07, 2007-08 and 2008-09 (Up to October 2008)

S. No.	Zone	State	Number of Households Provided Job Cards (Lakh)			Households Demanding Employment (Per cent)			Households Provided Employment		
			2006-2007	2007-2008	2008-2009*	2006-2007	2007-2008	2008-2009*	2006-2007	2007-2008	2008-2009*
		Total	46.3	85.8	126.2	66.6	56.3	26.3	96.5	99.7	98.3
4	South	Andhra Pradesh	50.7	88.5	109.1	42.7	54.3	48.8	100.0	100.0	100.0
		Karnataka	8.0	15.2	29.6	68.9	36.4	14.6	99.4	99.3	98.3
		Kerala	2.1	4.8	13.5	49.1	54.1	22.6	94.5	71.5	97.8
		Tamil-Nadu	11.6	22.0	50.9	59.1	56.1	49.5	100.0	100.0	98.8
		Total	72.3	130.6	240.7	48.4	52.5	39.7	99.7	98.9	99.3
	All India		378.5	643.2	958.8	56.0	53.0	34.7	99.2	98.8	97.4

Source : Government of India [2008].

Note : Up to October 2008.

ratios were in excess of 100 per cent. The same is the case with Assam and other smaller states in north-east where these ratios were observed to be above 100 per cent in 2006-07. Further, this problem is not only restricted to these states because there were a large number of districts in many states, where the proportion of households that have been issued job cards to the total number of households as per 2004-05 NSS survey was in excess of 100 per cent (Figure 2.2).

In all there were 103 districts (19 per cent)³ for which the reported coverage is more than 100 per cent of all rural households. These districts are spread across several states and in all the three phases. However, Madhya Pradesh and Rajasthan, and smaller states of the north-eastern region accounted for the majority of them – 79 per cent of all such districts.

3. This ratio is out of 536 districts for which NSS data and job card data were available.

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Table 2.4: Proportion of Households covered under NREGA to the Total Number of Households (as per 2004-05 NSS Data in the districts covered)

S. No.	Zone	State	Households Provided Job Cards (Per cent)			Households Demanding Employment (Per cent)			Households Provided Employment (Per cent)		
			2006-2007	2007-2008	2008-2009*	2006-2007	2007-2008	2008-2009*	2006-2007	2007-2008	2008-2009*
1	East	Assam	106.2	74.2	49.2	92.5	68.7	24.6	91.8	66.5	24.0
		Bihar	45.0	62.7	71.7	21.6	31.0	21.6	21.4	30.1	18.3
		Jharkhand	55.7	65.7	83.1	32.6	36.1	27.8	32.6	36.1	26.3
		Orissa	64.8	75.9	72.2	35.1	21.0	10.5	34.8	20.3	10.1
		West Bengal	73.9	62.6	70.0	46.8	32.4	17.4	44.6	32.2	17.2
		N-E States	117.0	84.8	95.8	123.6	81.9	73.0	121.7	78.4	67.4
		Total	61.0	65.9	70.9	36.3	34.0	21.6	35.5	33.3	20.0
2	West	Chhattisgarh	83.0	87.2	99.7	57.6	69.6	44.0	56.5	69.2	43.1
		Goa									
		Gujarat	41.6	40.1	34.6	14.9	13.5	6.9	14.9	13.5	6.6
		Madhya Pradesh	114.8	115.5	127.1	70.6	69.6	43.1	74.0	69.6	42.9
		Maharashtra	69.3	54.1	37.1	8.9	8.2	3.7	9.7	8.2	3.7
		Rajasthan	107.9	108.2	101.9	84.1	82.0	65.7	84.1	81.9	65.3
		Total	86.1	83.7	75.8	44.4	47.2	29.4	45.5	47.2	29.1
3	North	Haryana	37.3	31.0	9.1	17.8	12.1	2.1	17.8	12.1	2.0
		Himachal Pradesh	61.9	61.6	61.4	41.8	43.1	26.5	39.5	42.4	25.8
		Jammu and Kashmir	68.2	27.5	34.1	45.8	8.3	5.6	45.8	8.4	5.6
		Punjab	16.6	11.5	10.8	14.1	5.8	3.0	14.1	5.8	1.7
		Uttar Pradesh	50.2	53.8	44.3	33.5	30.2	11.7	32.2	30.1	11.5

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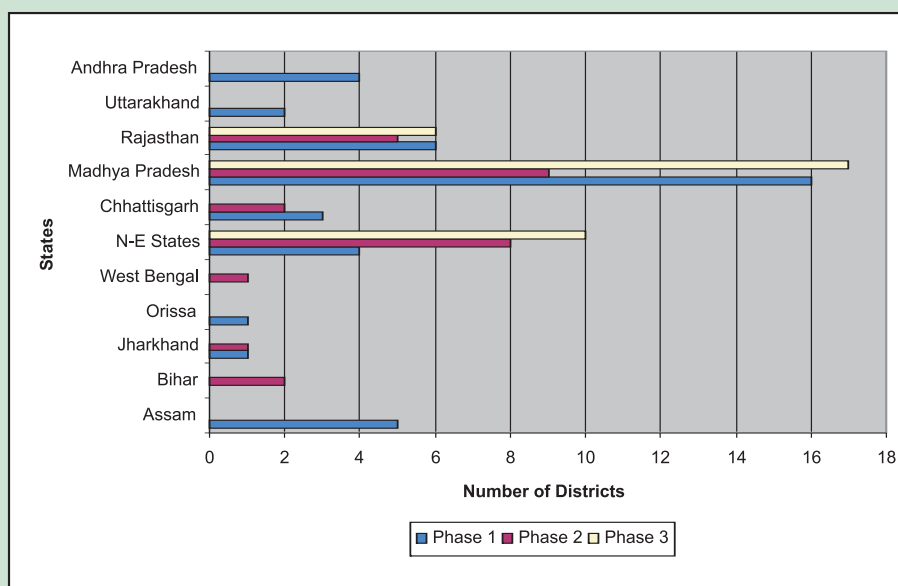
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Table 2.4: Proportion of Households covered under NREGA to the Total Number of Households (as per 2004-05 NSS Data in the districts covered)

S. No.	Zone	State	Households Provided Job Cards (Per cent)			Households Demanding Employment (Per cent)			Households Provided Employment (Per cent)		
			2006-2007	2007-2008	2008-2009*	2006-2007	2007-2008	2008-2009*	2006-2007	2007-2008	2008-2009*
4	South	Uttara-khand	92.3	63.5	59.0	62.3	33.5	8.7	62.2	33.5	11.1
		Total	50.3	51.0	38.7	33.5	28.6	10.2	32.3	28.5	10.0
		Andhra-Pradesh	69.2	76.7	79.2	29.5	41.6	38.7	29.5	41.6	38.7
		Karna-taka	58.5	48.2	40.8	40.3	17.5	5.9	40.1	17.4	5.8
		Kerala	34.0	42.5	24.6	16.7	23.0	5.6	15.8	16.5	5.4
		Tamil Nadu	52.0	65.0	55.6	30.7	36.5	27.5	30.7	36.5	27.2
		Total	62.7	68.0	67.5	30.3	35.7	26.8	30.2	35.3	26.6
	All India		65.5	67.4	64.2	36.5	36.1	22.3	36.2	35.7	21.7

Source : Computed from the NSS data for 2004-05.**Note :** Up to October 2008.

The excess coverage obviously raises suspicion about the reliability of the data. The main reason for doubts regarding the accuracy of official information is the fact that according to these numbers virtually each and every rural household in these districts has been issued a job card. Even after allowing for some mark-up to the highest rates of rural poverty, which in some states is in the region of 40 to 47 per cent and adding a few more for those households who are prepared to do manual work any figure above 60 to 70 per cent would appear to be a bit odd even in those districts where the rates of poverty may be higher.

Figure 2.2: Number of Districts Reporting Excess Coverage

Source : Computed from G.O.I. (2008).

2.3 SOCIAL STATUS OF HOUSEHOLDS COVERED

Ignoring the inconsistencies highlighted above, the distribution of households which have been issued job cards by the middle of 2008-09 on the basis of their social status shows that approximately 31 per cent of the households covered belong to the SC category and a further 16 per cent of these households belong to the ST category (Table 2.5). The remaining 53 per cent households belong to other castes including backward castes (OBCs).

With increased coverage in implementation of the Act there has been a marginal decrease in the share of SC and ST households, which is true for all the four regions of the country. This is consistent with the phased implementation, wherein, the focus was initially on those districts where SC and ST households were concentrated.

At the state level, however, there were several states such as Jharkhand, Orissa, the smaller states of the north-eastern region, Chhattisgarh, Gujarat, Haryana, Punjab, and Uttar Pradesh where representation of SCs and STs was more in comparison to the general category households.

In terms of households who were actually provided employment the data were available for only two years, that is, 2006-07 and 2007-08 (Table 2.6). With a slightly higher share in the

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Table 2.5: Distribution of Households Provided Job Cards under NREGA according to their Social Status

S. No.	Zone	State	2006-07			2007-08			2008-09*		
			SCs	STs	Others	SCs	STs	Others	SCs	STs	Others
1	East	Assam	8.5	46.4	45.1	9.5	30.4	60.1	11.0	23.5	65.4
		Bihar	43.1	2.0	54.8	45.8	2.1	52.1	43.8	2.1	54.1
		Jharkhand	19.3	38.3	42.3	18.4	38.5	43.1	16.7	38.0	45.3
		Orissa	24.1	46.4	29.5	21.6	35.9	42.6	20.6	31.1	48.3
		West Bengal	31.8	13.0	55.1	35.3	11.3	53.4	35.6	10.7	53.6
		N-E States	5.0	82.6	12.4	10.2	65.5	24.3	7.6	66.2	26.2
		Total	29.3	23.5	47.2	32.0	18.5	49.5	30.3	18.4	51.3
2	West	Chhattisgarh	11.7	48.1	40.1	15.3	41.4	43.4	15.6	39.6	44.8
		Goa									
		Gujarat	13.0	49.5	37.5	10.9	56.5	32.6	13.8	37.6	48.7
		Madhya Pradesh	14.3	41.2	44.5	17.8	35.8	46.4	19.0	27.6	53.4
		Maharashtra	19.7	27.1	53.2	21.4	24.6	54.0	22.3	21.2	56.5
		Rajasthan	14.7	57.8	27.5	18.8	40.4	40.8	26.5	21.3	52.2
		Total	15.2	41.6	43.3	17.8	36.5	45.6	20.8	27.0	52.2
3	North	Haryana	57.0	0.0	43.0	52.4	0.0	47.6	58.6	0.0	41.4
		Himachal Pradesh	32.6	20.6	46.8	32.8	8.8	58.4	35.1	7.5	57.4
		Jammu and Kashmir	4.6	27.6	67.8	6.7	27.0	66.3	7.3	24.4	68.3
		Punjab	65.0	0.0	35.0	74.1	0.0	25.9	76.6	0.0	23.4
		Uttar Pradesh	54.7	1.7	43.6	50.7	1.0	48.3	50.7	0.8	48.5
		Uttarakhand	22.3	1.1	76.6	30.5	4.5	65.0	29.2	3.7	67.0
		Total	51.0	3.0	46.0	48.0	2.2	49.8	48.3	1.9	49.7
4	South	Andhra Pradesh	26.3	13.7	60.0	25.7	11.7	62.7	25.6	11.8	62.6
		Karnataka	32.3	18.4	49.3	30.0	15.7	54.3	33.4	11.7	54.9
		Kerala	17.1	9.0	73.9	14.8	12.7	72.6	14.7	5.4	79.8
		Tamil Nadu	49.4	2.8	47.7	44.6	1.7	53.7	42.3	1.7	56.0
		Total	30.4	12.4	57.3	29.0	10.5	60.5	33.2	7.6	59.2
	All India		28.0	24.2	47.8	29.9	19.4	50.8	30.5	16.1	53.4

Source : Computed from G.O.I. (2008).

Note: Up to October 2008.

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number of households that were provided employment in 2007-08, SCs and STs together accounted for about 54 per cent, which implies higher representation of such households in the provision of employment as compared to their share in households that have been issued job cards (49 per cent).

Table 2.6: Distribution of Households Provided Employment under NREGA according to their Social Status

S. No.	Zone	State	2006-07			2007-08		
			SCs	STs	Others	SCs	STs	Others
1	East	Assam	7.3	47.9	44.8	7.8	34.2	58.0
		Bihar	45.7	3.0	51.3	49.1	2.0	48.9
		Jharkhand	20.5	42.5	37.0	20.2	40.0	39.8
		Orissa	23.7	47.9	28.5	22.9	40.3	36.8
		West Bengal	34.1	16.0	49.9	37.2	12.6	50.2
		N-E States	5.0	83.4	11.6	9.8	67.0	23.2
		Total	32.2	23.3	44.5	32.3	21.5	46.2
2	West	Chhattisgarh	15.6	43.7	40.7	14.4	44.5	41.1
		Goa						
		Gujarat	5.2	69.1	25.7	6.6	63.1	30.4
		Madhya Pradesh	15.4	45.6	38.9	19.2	43.5	37.3
		Maharashtra	4.2	88.0	7.8	17.3	38.7	44.0
		Rajasthan	15.8	62.1	22.1	21.8	42.2	36.0
		Total	11.0	64.1	24.9	18.2	43.7	38.1
3	North	Haryana	64.4	0.0	35.6	53.8	0.0	46.2
		Himachal Pradesh	31.5	22.0	46.5	32.1	7.7	60.1
		Jammu and Kashmir	5.4	25.8	68.8			
		Punjab	65.2	0.0	34.8	76.0	0.0	24.0
		Uttar Pradesh	57.4	1.6	40.9	53.6	1.3	45.1
		Uttarakhand	27.1	0.8	72.1	25.9	4.1	70.1
		Total	54.1	2.7	43.2	51.4	1.8	46.8
4	South	Andhra Pradesh	29.2	13.2	57.7	27.3	11.7	61.0
		Karnataka	29.7	20.2	50.1	28.0	19.9	52.1
		Kerala	19.7	11.7	68.6	17.4	13.8	68.7
		Tamil Nadu	54.4	3.2	42.4	56.3	1.5	42.3
		Total	33.8	12.4	53.8	32.4	10.5	57.0
	All India		27.5	33.6	38.8	30.9	23.0	46.1

Source : Computed from G.O.I. [2008].

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This is true for three of the four major zones of the country. Though there were significant variations among states, which could be due to differences in the actual shares of such households in these states or due to preferential treatment provided to such households in the provision of employment. To resolve this we made a similar comparison that we had made earlier at the aggregate level and contrasted the actual number of households in districts covered under the Act according to the 2004-05 NSS data against the number of households that had been provided job cards by the middle of 2008-09.

A quick glance at the shares of households that have been issued job cards against their actual numbers in the districts of various states and regions again highlights serious over-reporting and presence of fake cards for some categories of households (Table 2.7).

And, this is particularly a more serious issue for SC and ST category of households because their ratio of households issued job cards against the actual numbers in almost all states, barring only a few exceptions, were extremely high, engendering an impression of bogus cards.

Of course, the magnitude of the problem varies from state to state, but the degree of disbelief appears to be notably large in Bihar, in the smaller north-eastern states, Madhya Pradesh, Rajasthan, Jammu and Kashmir, Uttar Pradesh, Andhra Pradesh, and even Tamil Nadu. The differences in the job cards issued and the actual number of households are enormous. As mentioned earlier, even after allowing for some mark-up, these numbers appear to be incredible.

2.4 PARTICIPATION OF BENEFICIARIES OF LAND REFORMS AND INDIRA AWAAS YOJANA (IAY)

The data on participation of beneficiaries of land reforms and IAY, the two groups of households which are supposed to be poor indicate that participation of such households increased from 26 lakh in 2006-07 to 57 lakh in 2007-08, which is a significant increase (Table 2.8).⁴ As a ratio of total households which had been provided employment during these two years the increase in participation rates worked out to be approximately 5 percentage points from 13 per cent in 2006-07 to 17 per cent in 2007-08. And, in the first half of 2008-09 participation rate of these households, which numbered around 29 lakh, was just about 9 per cent.

On an average, participation of households covered under land reforms and IAY has been the highest in the southern region, while the western region had the lowest participation of

4. The data for some districts had to be omitted because the reported numbers of beneficiary households in these districts were several times higher than the total number of households which had been provided employment in the same districts. Some of the districts, where the numbers for land reform and IAY beneficiaries were several times higher include West Champaran in Bihar, Sirmaur in Himachal Pradesh, Shahdol in Madhya Pradesh, Gadchiroli in Maharashtra, and Bankura in West Bengal. There were some other districts where these ratios were moderately high, but these variations were ignored.

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Table 2.7: Proportion of Households Issued Job Cards *vis a vis* their Actual Numbers according to their Social Status (as per 2004-05 NSS data)

S. No.	Zone	State	2008-09*			Distribution of Districts Reporting Excess coverage (2008-09)*		
			SCs	STs	Others	SCs	STs	Others
1	East	Assam	55.8	60.8	45.2	5	5	5
		Bihar	125.2	180.2	52.3	24	6	1
		Jharkhand	97.5	100.7	69.2	8	7	0
		Orissa	77.4	82.6	65.0	7	9	5
		West Bengal	89.3	86.4	59.2	6	7	1
		N-E States	68.0	114.0	74.6	3	27	3
		Total	98.5	90.6	57.1	53	61	15
2	West	Chhattisgarh	95.4	97.1	103.7	6	9	5
		Goa				0	0	0
		Gujarat	34.3	65.2	25.5	4	2	0
		Madhya Pradesh	123.9	142.9	121.2	32	30	32
		Maharashtra	53.2	65.1	29.0	6	8	1
		Rajasthan	121.7	134.7	86.3	25	21	12
		Total	89.6	104.8	63.0	73	70	50
3	North	Haryana	18.9	0.0	5.3	1	0	0
		Himachal Pradesh	79.2	87.4	52.2	3	4	0
		Jammu and Kashmir	16.1	1811.9	27.7	0	3	0
		Punjab	19.4	0.0	4.4	0	0	0
		Uttar Pradesh	83.2	66.8	29.3	26	2	0
		Uttarakhand	80.5	58.1	52.9	3	1	1
		Total	66.6	94.6	26.8	33	10	1
4	South	Andhra Pradesh	104.9	102.1	69.4	14	14	0
		Karnataka	63.5	52.6	32.3	3	4	0
		Kerala	29.5	54.5	23.0	0	3	0
		Tamil Nadu	89.4	179.8	42.5	10	2	0
		Total	67.6	83.0	37.5	27	23	0
	All India		79.1	96.3	45.5	186	164	66

Source : Computed from G.O.I. [2008].**Note :** Up to October 2008.

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Table 2.8: Participation of Poor Households covered under Land Reforms and IAY

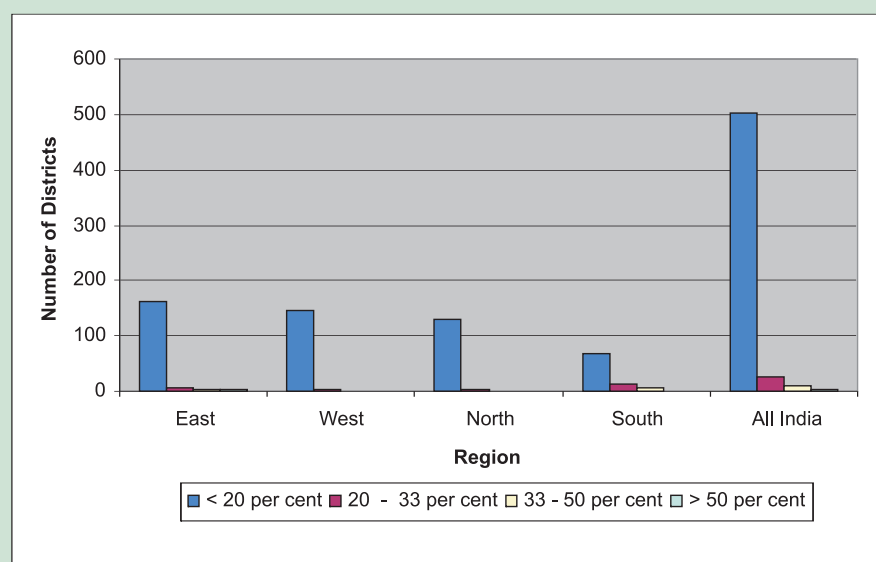
S. No.	Zone	State	2006-07		2007-08		2008-09*	
			Number of households (lakh)	Share in Households Provided Employment (Per cent)	Number of households (lakh)	Share in Households Provided Employment (Per cent)	Number of households (lakh)	Share in Households Provided Employment (Per cent)
1	East	Assam	0.8	10.1	0.7	5.0	1.2	11.0
		Bihar	1.5	8.9	20.6	54.1	2.9	12.7
		Jharkhand	0.0	0.0	5.0	35.3	1.4	13.2
		Orissa	1.7	12.2	0.3	2.7	0.1	1.7
		West Bengal	3.9	14.2	5.3	10.6	1.7	7.9
		N-E States	0.2	6.9	1.0	12.2	0.5	4.6
		Total	8.1	10.0	32.9	24.3	7.9	9.3
2	West	Chhattisgarh	0.8	6.4	0.6	2.6	0.2	1.3
		Goa						
		Gujarat	0.1	4.4	0.0	0.0	0.1	2.8
		Madhya Pradesh	4.2	14.7	3.4	8.2	1.7	4
		Maharashtra	0.1	2.6	0.2	4.2	0.1	2.4
		Rajasthan	0.0	0.0	2.2	10.1	2.2	4.2
		Total	5.2	8.8	6.4	6.8	4.3	3.8
3	North	Haryana	0.0	0.0	0.0	0.0	0.0	0.6
		Himachal Pradesh	0.1	22.0	0.1	3.7	0.0	1.5
		Jammu and Kashmir	0.0	0.0	0.0	0.0	0.0	1.2
		Punjab	0.0	0.0	0.0	0.0	0.0	0.3
		Uttar Pradesh	4.3	16.7	2.5	6.1	0.9	3.3
		Uttarakhand	0.1	7.4	0.1	5.3	0.0	1.9
		Total	5.1	17.7	2.6	5.5	1.0	3.0
4	South	Andhra Pradesh	5.8	26.8	13.4	27.9	14.9	28.0
		Karnataka	1.0	18.3	0.4	7.3	0.2	5.9
		Kerala	0.1	10.1	0.3	16.2	0.1	4.1
		Tamil Nadu	0.3	4.4	0.6	4.9	0.0	0.0
		Total	7.2	20.6	14.8	21.8	15.4	16.3
	All India		25.6	12.6	56.7	16.5	28.5	8.8

Source : Computed from G.O.I. [2008].**Note :** Up to October 2008.

these households. It is important to note, however that there were significant variations even within regions. For example, in the southern region, Andhra Pradesh has very high rates of participation, but participation in other states of this region is low. Similarly in the eastern region, Assam, Bihar, and Jharkhand reported relatively higher participation of these households compared to other states of the same region. Shares of participation for beneficiaries of land reforms and IAY in other states were, by and large, very low.

This is also reflected in the rates of participation at the district level. In a majority of districts, about 27 per cent, these rates were less than 20 per cent (Figure 2.3). And, in another 24 per cent of the districts the rates of participation for beneficiaries of land reforms and IAY were between 20 per cent and 33 per cent. Thus, in about 51 per cent districts the share of participation of these poor households was less than 33 per cent.

Figure 2.3: Distribution of Districts according to Participation of IAY Households



Source : Computed from G.O.I. (2008).

2.5 EMPLOYMENT GENERATED

2.5.1 Overall

In 2006-07 a total of 90.5 crore man days were generated out of which roughly 77 per cent share was contributed by the western and eastern regions (Table 2.9). In 2007-08 there was 59 per cent increase in the number of total man days generated from 90.5 crore man days in 2006-

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07 to 143.7 crore man days in 2007-08. A major part of this increase in 2007-08 was contributed by the western (39 per cent) and southern regions (34 per cent) due to higher growth in the number of works undertaken compared to the other two regions.⁵ The contributions of the eastern and western regions to the increase in employment generated between 2006-07 and 2007-08 were only 14 per cent and 13 per cent, respectively.

In terms of number of days of employment generated per household there was 25 per cent increase in the number of man days generated from 35 days per household in 2006-07 to 43 days per household in 2007-08. The western region, which occupied the top slot in terms of the maximum number of days generated (63 days per household) recorded the highest increase in employment generated per household between 2006-07 and 2007-08 (44 per cent). It was followed by the southern region, which registered 33 per cent increase in employment generated per household during the same period. The average employment generated in this region was almost equal to the all-India average of 43 days per household. In the remaining two regions – eastern and northern the employment generated on per household basis witnessed only 8-10 per cent increase in 2007-08. Incidentally, these two regions also rank lower in terms of average employment generated per household in comparison to the other two regions (western and southern).

In 2008-09, approximately 121.4 crore man days had been generated up to October 2008, which is just about 16 per cent lower than the employment generated during the whole year in 2007-08. In fact, in a few states like Rajasthan, Tamil Nadu, Maharashtra, and the smaller north-eastern states, the employment generated in the first seven months of 2007-08 had already crossed previous year's total employment generated. Though on per household basis the employment generated was obviously lower than in 2007-08, but many states have witnessed significant improvement. This is particularly true for Bihar and Maharashtra, which reported higher number of days of employment per household in 2008-09 in comparison to 2007-08.

With the expansion of coverage from 200 districts to 330 districts and then to all rural areas it is but natural that the share of Phase 1 districts in total employment is likely to come down (Table 2.10). In 2007-08, nearly two-thirds of the total increase in additional employment generated over 2006-07 came from the new districts added in 2007-08. The contribution of old districts was only 34 per cent. At the regional level also, similar pattern was observed in the northern and western regions where newly added districts contributed more than two-third share to the additional employment created in 2007-08. In southern region, however, the pattern was reverse because new districts contributed only 31 per cent share to the additional

5. Western and southern regions recorded 33 per cent and 22 per cent growth in the number of works undertaken per district during 2007-08 compared to 2006-07. At GP level the increase in the number of works undertaken per GP in these two regions during the same period works out to be 40 per cent and 39 per cent, respectively.

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Table 2.9: Employment Generated under NREGA – Total Man days and Average Man days per Household

S. No.	Zone	State	2006-07		2007-08		2008-09*	
			Total Man days (Lakh)	Man days per Household	Total Man days (Lakh)	Man days per Household	Total Man days (Lakh)	Man days per Household
1	East	Assam	572.9	72.3	487.6	38.9	347.6	32.6
		Bihar	596.9	16.4	855.1	23.3	583.6	25.2
		Jharkhand	520.5	36.6	747.6	45.7	463.8	44.9
		Orissa	799.3	57.3	405.2	36.6	202.7	29.7
		West Bengal	440.1	13.6	968.8	25.2	393.3	18.0
		N-E States	120.8	44.6	338.0	39.6	365.1	31.2
		Total	3050.5	28.4	3802.2	30.8	2356.2	27.9
2	West	Chhattisgarh	700.2	53.9	1316.1	57.4	810.9	57.0
		Goa						
		Gujarat	100.5	44.4	90.1	34.5	89.6	20.7
		Madhya Pradesh	1971.8	67.6	2753.0	63.3	1717.8	45.5
		Maharashtra	159.3	4.7	184.9	39.4	231.3	52.2
		Rajasthan	998.9	85.0	1678.4	75.6	2970.2	57.8
		Total	3930.6	43.6	6022.4	62.8	5819.8	51.9
3	North	Haryana	24.1	47.6	35.8	49.1	24.2	38.3
		Himachal Pradesh	29.9	47.1	97.5	36.0	84.1	27.3
		Jammu and Kashmir	32.3	34.7	33.4		15.0	29.7
		Punjab	15.6	49.2	19.2	38.5	9.8	18.9
		Uttar Pradesh	822.9	31.8	1363.1	34.3	865.4	32.6
		Uttarakhand	40.6	30.2	80.3	42.4	35.5	25.3
		Total	965.4	32.6	1629.2	35.8	1034.1	31.6
4	South	Andhra Pradesh	678.8	32.6	2010.3	41.8	1792.8	33.7
		Karnataka	222.0	38.3	197.8	36.0	107.4	25.3
		Kerala	20.5	20.5	60.8	33.3	53.1	17.8
		Tamil Nadu	182.8	28.1	645.2	51.2	805.1	32.3
		Total	1104.1	32.4	2914.1	42.9	2929.6	30.9
	All India		9050.5	34.6	14368.0	43.1	12139.7	37.4

Source : Computed from G.O.I. (2008).**Note :** Up to October 2008.

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Table 2.10: Employment Generated under NREGA – Total Man days and Average Man days per Household in 2007-08 (Phase 1 and Phase 2 Districts)

S. No.	Zone	State	Phase 1 Districts		Phase 2 Districts	
			Total Man days (Lakh)	Man days per Household	Total Man days (Lakh)	Man days per Household
1	East	Assam	369.9	45.8	117.7	26.3
		Bihar	578.2	26.4	276.9	18.7
		Jharkhand	708.3	46.8	39.3	31.6
		Orissa	365.7	39.4	39.5	22.1
		West Bengal	584.4	25.2	384.4	25.2
		N-E States	139.3	51.5	198.6	34.1
		Total	2745.9	34.2	1056.4	24.4
2	West	Chhattisgarh	1079.8	65.0	236.3	37.4
		Goa				
		Gujarat	84.4	39.7	5.7	11.8
		Madhya Pradesh	2288.5	74.3	464.6	36.7
		Maharashtra	170.4	41.8	14.5	23.6
		Rajasthan	1002.3	84.0	676.1	65.8
		Total	4625.2	70.6	1397.2	46.0
3	North	Haryana	18.6	58.5	17.2	41.9
		Himachal Pradesh	29.8	46.0	67.7	32.8
		Jammu and Kashmir	28.6			4.8
		Punjab	10.0	38.1	9.1	39.1
		Uttar Pradesh	989.1	37.5	374.0	28.0
		Uttarakhand	71.4	43.8	9.0	34.0
		Total	1147.5	39.3	481.8	29.5
4	South	Andhra Pradesh	1506.7	45.7	503.6	33.4
		Karnataka	188.6	39.7	9.2	12.3
		Kerala	54.7	39.0	6.0	14.2
		Tamil Nadu	596.0	62.8	49.2	15.9
		Total	2346.0	48.2	568.0	29.4
	All India		10864.6	48.6	3503.4	32.0

Source : Computed from G.O.I. (2008).

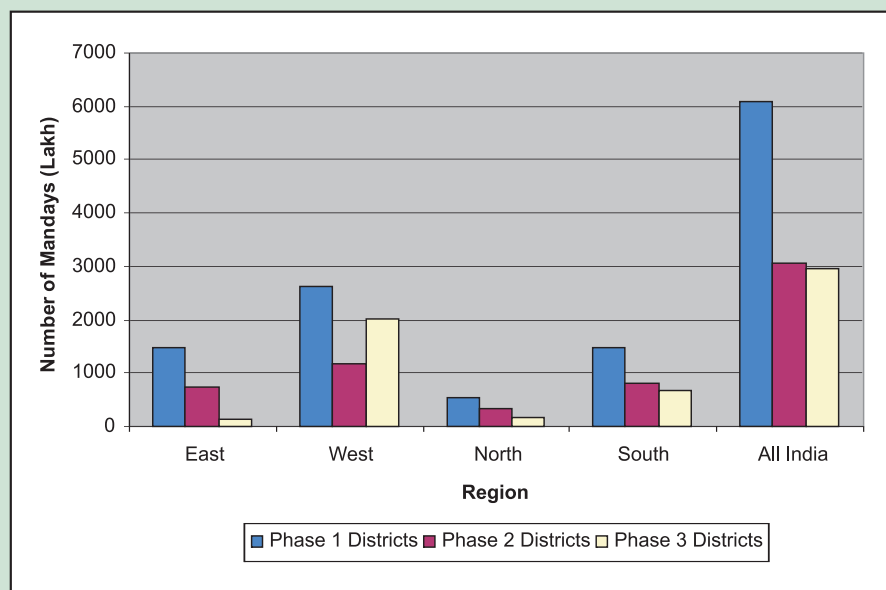
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employment created in that region between 2006-07 and 2007-08. And, in the eastern region, it was the new districts that contributed all additional man days generated in 2007-08 because there was a fall in employment generated in the Phase 1 districts.

In fact, there were many states like Assam, Bihar and Orissa in the eastern region, Gujarat in the western region, Haryana, Himachal Pradesh, Jammu and Kashmir, and Punjab in the northern region, and Karnataka in the southern region, which observed a fall in employment generated in Phase 1 districts in 2007-08 compared to 2006-07. Moreover, there were four states (Assam, Orissa, Gujarat, and Karnataka), which witnessed a fall in employment generated in both old and new districts in 2007-08 despite increase in the number of districts covered under the Act. In some other states such as Maharashtra, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Uttarakhand and Kerala there was only a marginal increase in employment generated in 2007-08 over 2006-07.

In terms of average employment per household while there were many states such as Bihar, West Bengal, Maharashtra, Kerala, and Tamilnadu, which recorded a significant increase in 2007-08, yet in four of these five states average employment generated was very low. Also, in states like Assam, Orissa, the smaller north-eastern states, Gujarat, Rajasthan, Himachal

Figure 2.4: Distribution of Employment Generated in 2008-09 (Up to October 2008)



Source : Computed from G.O.I. (2008).

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Pradesh, Punjab, and Karnataka many of which had witnessed either a fall or marginal increase in overall employment generated, there was a reduction in average employment generated per household.

For 2008-09 the trends seem to suggest that 50 per cent of the total employment created so far has been generated in Phase 1 districts (Figure 2.4).

This is true for a majority of states with some states recording a higher share for Phase 1 districts. However, surprisingly in a few states like Rajasthan, Haryana, Punjab, Himachal Pradesh, and the smaller north-eastern taken together, the share of employment generated in Phase 2 and Phase 3 districts is higher compared to Phase 1 districts.

2.5.2 Households Getting 100 days of Employment

In 2006-07 there were approximately 22 lakh households, which were provided 100 days of employment (Table 2.11). The number of such households went up by 67 per cent to 36 lakh in 2007-08, however, in terms of the share of such households in total number of households there was not much change. The ratios reveal that only 11 per cent of all households that were provided employment received 100 days of employment. In 2008-09 so far only 14 lakh households had been provided 100 days of employment, which constituted just about 4 per cent of all households who had been provided employment.

Among the four major regions, only the western region had a relatively higher proportion of households that were provided 100 days of employment, about 22 to 23 per cent in 2006-07 and 2007-08. This is due to the fact that in two states of this region – Madhya Pradesh and Rajasthan – 22 per cent and 42 per cent of all households that were provided employment in 2007-08 received 100 days of employment. In 2008-09 again, the share of households receiving 100 days of employment is higher in this region.

In other regions, barring the exception of Assam in the eastern region and Kerala in the southern region, other states were able to provide 100 days of employment to a very small number of households. There were a large number of states including Gujarat and Maharashtra in the western region, Jammu and Kashmir in the northern region, and Karnataka in the southern region, and all states in the eastern region with the exception of Assam, where less than 5 per cent of all households have been provided 100 days employment. Similarly, in Himachal Pradesh, Punjab, Uttarakhand, Andhra Pradesh, and Tamil Nadu the proportion of households that have been provided 100 days of employment is between 5 to 10 per cent.

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Table 2.11: Households provided 100 days of Employment under NREGA

S. No.	Zone	State	2006-07		2007-08		2008-09*	
			Number of Households (Lakh)	Share of Total Households (Per cent)	Number of Households (Lakh)	Share of Total Households (Per cent)	Number of Households (Lakh)	Share of Total Households (Per cent)
1	East	Assam	1.9	23.4	2.4	17.1	0.3	2.5
		Bihar	0.6	3.6	0.5	1.4	0.9	4.1
		Jharkhand	0.5	3.7	0.5	3.0	0.1	1.4
		Orissa	1.5	11.1	0.4	3.4	0.1	1.4
		West Bengal	0.2	0.6	0.3	0.8	0.0	0.1
		N-E States	0.4	15.5	0.1	1.4	0.1	1.2
		Total	5.1	6.0	4.2	3.3	1.6	1.9
2	West	Chhattisgarh	1.3	10.4	2.6	11.2	0.6	4.3
		Goa						
		Gujarat	0.1	5.4	0.1	3.9	0.1	1.6
		Madhya Pradesh	5.3	18.5	9.2	22.3	1.0	2.7
		Maharashtra	0.1	1.4	0.1	1.8	0.1	2.6
		Rajasthan	6.4	54.4	9.1	42.0	6.5	12.7
		Total	13.2	22.3	21.1	22.6	8.4	7.5
3	North	Haryana	0.1	11.1	0.1	10.4	0.0	0.2
		Himachal Pradesh	0.2	26.5	0.1	5.1	0.1	2.5
		Jammu and Kashmir	0.1	9.7	0.0	3.0	0.0	0.8
		Punjab	0.1	16.8	0.0	5.3	0.0	0.2
		Uttar Pradesh	1.5	6.0	4.4	10.6	0.8	2.8
		Uttarakhand	0.0	2.8	0.2	8.3	0.0	0.3
		Total	2.0	6.7	4.8	10.0	0.8	2.6
4	South	Andhra Pradesh	0.6	2.7	4.3	9.0	2.7	5.0
		Karnataka	0.7	12.8	0.2	4.2	0.1	1.8
		Kerala	0.0	0.5	0.6	32.1	0.0	0.1
		Tamil Nadu	0.0	0.3	0.8	6.2	0.4	1.4
		Total	1.3	3.7	5.9	8.7	3.2	3.3
	All India		21.6	10.3	36.0	10.7	14.0	4.3

Source : Computed from G.O.I. [2008].**Note :** Up to October 2008.

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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 for this, including initial delays, lack of demand, lack of funds, or lack of administrative set-ups needed to generate and implement projects.

2.5.3 Employment Generated by Type of Households

The distribution of employment generated by social groups indicates that about 25-31 per cent of the total man days generated during the past two-and-a-half years were accounted for by SCs and another 24-36 per cent of the employment generated was cornered by STs (Table 2.12). Thus, in aggregate, about 55-62 per cent of the total employment generated has in fact been shared by the SCs and STs. This, therefore, implies lower representation of general category households and slightly better targeting.

Of the four regions, only the southern region has a higher representation of general category households in employment generated, which is consistent with their higher share in job cards issued as well as households that have been provided employment. In other three regions, however, the share of SCs and STs in employment created is overwhelming. This is particularly true for the western region, where the share of general category households in employment generated was just a little over one-third.

There are obviously significant variations among states as the shares of three categories of households differ. The share of general category households in average employment generated during the past two-and-a-half years was more than 50 per cent in Assam, Himachal Pradesh, Jammu and Kashmir, Uttarakhand and three states of the southern region with the exception of Tamil Nadu. But, this is in accordance with the shares of such households in job cards issued.

By and large, the shares of SC and ST households in employment generation are higher in comparison to their shares in job cards issued in a large majority of states and the reverse is true for general category households. But, the differences in shares in employment and job cards issued are large for STs implying higher preference for these households in the provision of employment.

The data on employment generated per household by the type of household were available for the first two years only. The numbers show that average employment received by ST households is in general higher than the average employment per household for SC or general category households (Table 2.13). Even among regions at the aggregate level, more or less a similar pattern was observed, which is tilted in favour of ST households because average employment provided to ST households is higher than SC or general category households. Within regions, however, there were several variations among states.

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Table 2.12: Proportions of Employment Generated by Social Groups

S. No.	Zone	State	2006-07			2007-08			2008-09*		
			SCs	STs	Others	SCs	STs	Others	SCs	STs	Others
1	East	Assam	8.7	46.3	45.1	7.6	39.1	53.3	9.3	35.4	55.3
		Bihar	47.1	3.2	49.7	45.7	2.5	51.9	50.6	2.5	46.8
		Jharkhand	23.5	40.3	36.2	20.7	41.7	37.6	20.2	40.1	39.7
		Orissa	23.7	49.3	27.1	24.3	39.6	36.0	25.2	31.7	43.2
		West Bengal	36.1	18.6	45.3	36.3	13.8	49.9	39.2	14.9	45.9
		N-E States	6.7	80.9	12.4	11.4	65.6	22.9	11.7	66.4	21.9
		Total	26.5	35.0	38.5	28.2	27.3	44.5	28.4	29.2	42.3
2	West	Chhattisgarh	12.0	45.6	42.4	14.9	41.4	43.7	17.4	38.3	44.2
		Goa									
		Gujarat	7.0	64.3	28.7	5.9	65.9	28.2	11.9	56.0	32.1
		Madhya Pradesh	15.9	48.6	35.5	17.9	48.8	33.4	21.0	44.4	34.6
		Maharashtra	16.2	40.9	42.9	18.4	38.5	43.1	18.9	42.0	39.1
		Rajasthan	16.0	64.4	19.7	19.2	46.4	34.4	30.0	23.7	46.3
		Total	15.0	52.2	32.8	17.4	46.4	36.1	24.9	33.1	42.1
3	North	Haryana	60.0	0.0	40.0	53.8	0.0	46.2	58.6	0.0	41.4
		Himachal Pradesh	30.4	22.4	47.2	32.3	11.0	56.7	31.9	8.0	60.1
		Jammu and Kashmir	5.4	23.2	71.4	9.9	24.3	65.8	7.2	29.3	63.5
		Punjab	69.4	0.0	30.6	76.3	0.0	23.7	80.7	0.0	19.3
		Uttar Pradesh	56.8	3.1	40.0	53.8	1.8	44.4	53.6	2.1	44.3
		Uttara-khand	26.7	1.4	71.9	27.3	4.3	68.4	26.8	3.9	69.3
		Total	53.3	4.2	42.5	50.5	2.9	46.5	50.6	2.9	46.4
4	South	Andhra Pradesh	29.8	13.0	57.2	27.7	12.8	59.5	26.5	13.1	60.5
		Karnataka	33.0	20.4	46.6	30.2	19.2	50.6	28.6	15.4	56.0
		Kerala	20.1	12.4	67.5	16.9	16.9	66.2	20.6	9.7	69.7
		Tamil Nadu	56.1	2.4	41.6	57.4	2.6	40.0	57.7	1.6	40.7
		Total	34.6	12.7	52.7	34.2	11.1	54.7	36.5	9.2	54.3
	All India		25.4	36.4	38.2	27.4	29.3	43.3	30.5	24.0	45.4

Source : Computed from G.O.I. (2008).**Note :** Up to October 2008.

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In states like Assam, Madhya Pradesh, Rajasthan, Himachal Pradesh, Uttar Pradesh, and Tamil Nadu average employment provided to ST households was higher than SC or general category households. This is similar to the pattern observed at the all-India and regional levels.

Table 2.13: Employment Generated under NREGA – Average Man days per Household

S. No.	Zone	State	2006-07			2007-08		
			SCs	STs	Others	SCs	STs	Others
1	East	Assam	85.9	69.9	72.7	37.7	44.5	35.7
		Bihar	16.9	17.6	15.9	21.7	28.7	24.7
		Jharkhand	42.0	34.7	35.9	46.8	47.5	43.2
		Orissa	57.3	59.0	54.6	38.9	36.1	35.9
		West Bengal	14.4	15.9	12.4	24.6	27.6	25.1
		N-E States	60.2	43.3	47.7	46.3	38.8	39.2
		Total	23.4	42.7	24.6	26.8	39.1	29.6
2	West	Chhattisgarh	41.5	56.3	56.2	59.4	53.4	60.9
		Goa						
		Gujarat	60.5	41.3	49.6	31.2	36.1	32.0
		Madhya Pradesh	69.5	72.0	61.6	59.0	71.1	56.6
		Maharashtra	18.3	2.2	25.7	42.1	39.1	38.5
		Rajasthan	85.9	88.0	75.8	66.9	83.1	72.1
		Total	59.4	35.5	57.4	60.2	66.7	59.6
3	North	Haryana	44.3		53.5	49.1		49.1
		Himachal Pradesh	45.5	48.0	47.7	36.2	51.4	33.9
		Jammu and Kashmir	35.0	31.3	36.0			
		Punjab	52.4		43.3	38.7		38.1
		Uttar Pradesh	31.5	60.9	31.1	34.4	48.0	33.8
		Uttarakhand	29.8	50.7	30.2	44.8	45.3	41.4
		Total	32.2	49.7	32.1	35.2	58.6	35.6
4	South	Andhra Pradesh	33.3	32.2	32.3	42.5	45.7	40.8
		Karnataka	42.7	38.5	35.7	38.8	34.7	34.9
		Kerala	20.9	21.7	20.2	32.2	40.6	32.1
		Tamil Nadu	29.0	20.7	27.6	52.2	92.6	48.5
		Total	33.2	33.1	31.7	45.2	45.0	41.1
	All India		31.9	37.6	34.1	38.3	55.0	40.5

Source : Computed from G.O.I. [2008].

There were two states (Maharashtra and Karnataka) and a group (smaller states in the north-eastern region) where average employment provided to SC households was slightly higher than average employment provided to ST or general category households. But there were several states such as Jharkhand, Orissa, West Bengal, Haryana, and Punjab where differences in average employment provided among the three categories of households were very small.

In a nutshell, it appears that ST households in many states have received higher preference in the provision of employment as compared to SC households or general category households. There were only a few states where SC households have received better preference in the provision of employment. While in some states all three types of households seem to have been treated equally in the provision of employment because there was hardly any difference in average employment provided on a per household basis among the three categories of households.

2.5.4 Employment Generated by Gender

The numbers on participation of women in employment suggest that employment provided to women participants increased from 36.8 crore man days in 2006-07 to 61.1 crore man days in 2007-08 (Table 2.14). In the first half of 2008-09 employment provided to women beneficiaries was 59.5 crore man days, which is close to the employment provided during the full year 2007-08. Clearly there has been a tremendous increase in employment for women, and the share of women beneficiaries in total employment generated, which was 41 per cent in 2006-07 increased marginally to 43 per cent in 2007-08.

During this year, 2008-09 it has gone up to 49 per cent. This obviously reflects that adequate representation has been given to female beneficiaries because the Act mandates 33 per cent share for women participants.

Notwithstanding these estimates at the aggregate level, significant variations in the provision of employment to women beneficiaries were observed at the regional and state levels. The southern region with a share of a little over 60 per cent for women employment is at one extreme, whereas the northern region with a share of less than 20 per cent is at the other extreme. The other two regions were in the middle of these two extremes – the share of women in employment is about half in the western and 30 per cent in the eastern region.

Among states, Tamil Nadu and Kerala in the southern region and Rajasthan in western region were clearly at the top of the employment ladder in which shares of women in employment were above two-thirds to four-fifths of the total employment generated. Whereas, West Bengal in the eastern region, Jammu and Kashmir and Uttar Pradesh in the north were at the lower end of the employment ladder with shares of women ranging from as low as 1 per cent in

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Table 2.14: Participation of Women in NREGA

S. No.	Zone	State	2006-07		2007-08		2008-09*	
			Number of Man days (Lakh)	Share of Total Number of Man days (Per cent)	Number of Man days (Lakh)	Share of Total Number of Man days (Per cent)	Number of Man days (Lakh)	Share of Total Number of Man days (Per cent)
1	East	Assam	181.4	31.7	150.4	30.9	96.4	27.7
		Bihar	103.7	17.4	227.6	26.6	178.9	30.7
		Jharkhand	205.5	39.5	203.1	27.2	145.5	31.4
		Orissa	284.6	35.6	147.5	36.4	92.5	45.6
		West Bengal	80.5	18.3	164.6	17.0	79.5	20.2
		N-E States	102.6	84.9	130.9	38.7	158.2	43.3
		Total	958.2	31.4	1024.2	26.9	751.0	31.9
2	West	Chhattisgarh	275.3	39.3	553.4	42.0	342.2	42.2
		Goa						
		Gujarat	50.4	50.2	41.9	46.5	33.2	37.0
		Madhya Pradesh	852.5	43.2	1147.3	41.7	720.4	41.9
		Maharashtra	59.1	37.1	73.9	40.0	114.9	49.7
		Rajasthan	670.7	67.1	1158.0	69.0	2043.3	68.8
		Total	1908.0	48.5	2974.5	49.4	3254.0	55.9
3	North	Haryana	7.4	30.6	12.3	34.4	7.9	32.5
		Himachal Pradesh	3.7	12.2	29.4	30.1	20.9	24.9
		Jammu and Kashmir	1.4	4.5	0.4	1.1	0.1	0.6
		Punjab	5.9	37.8	3.1	16.3	2.9	29.0
		Uttar Pradesh	136.2	16.6	198.0	14.5	107.0	12.4
		Uttarakhand	12.4	30.5	34.4	42.8	12.9	36.3
		Total	166.9	17.3	277.6	17.0	151.6	14.7
4	South	Andhra Pradesh	371.9	54.8	1160.9	57.7	1043.7	58.2
		Karnataka	112.2	50.6	99.4	50.3	57.5	53.5
		Kerala	13.4	65.6	43.4	71.4	44.1	83.1
		Tamil Nadu	148.3	81.1	529.1	82.0	630.3	78.3
		Total	645.9	58.5	1832.8	62.9	1794.1	61.2
	All India		3679.0	40.6	6109.1	42.5	5950.8	49.0

Source : Computed from G.O.I. [2008].

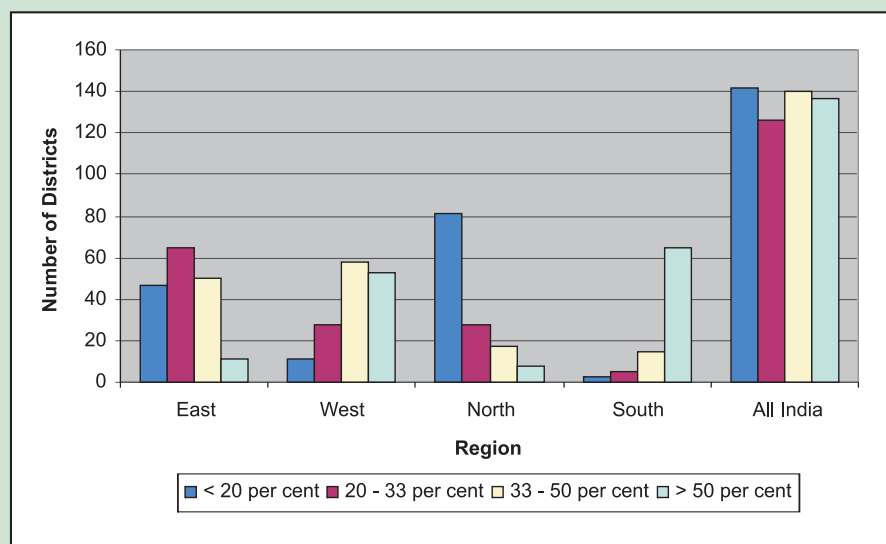
Note : Up to October 2008.

Jammu and Kashmir to 19 per cent in West Bengal. Apart from these three states a few other states where the shares of women in employment were below one-third include Assam, Bihar, Himachal Pradesh, and Punjab.

The rates of women participation in employment are fairly skewed at the district level as there were 26 per cent districts, where these rates were less than 20 per cent and in another 23 per cent of the districts these were between 20-33 per cent (Figure 2.5).

What this implies is that in about 49 per cent districts the shares of women in employment were less than 33 per cent. Majority of these districts, about 96 per cent were from the northern and eastern regions. It is, therefore, not surprising that rates of women in employment are so low in these two regions. Whereas, the western and southern regions, together have a share of 52 per cent in the total number of districts that have shares of women participation in excess of 33 per cent.

Figure 2.5: Distribution of Districts according to Participation of Women in Employment



Source : Computed from G.O.I. (2008).

2.6 EMPLOYMENT GENERATED UNDER THE NREGA *VIS A VIS* EARLIER SCHEMES

A comparison of employment generated under the NREGA with its previous incarnation, the SGRY reveals that there has been a significant increase in employment generated both dur-

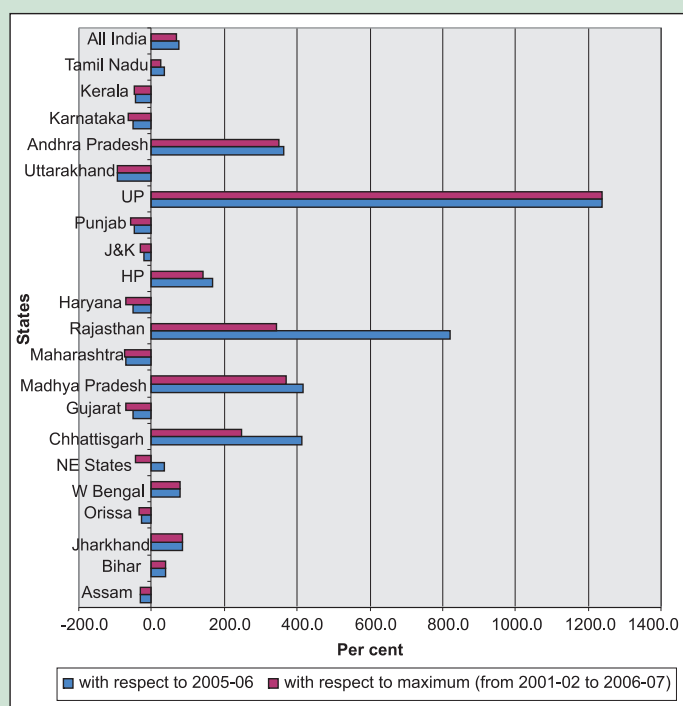
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ing 2006-07 and 2007-08 when the NREGA was implemented compared to the situation that existed in 2005-06 under the SGRY (Figure 2.6). The increase in employment generated after the introduction of the NREGA is also established when a comparison of employment generated under the NREGA is made with the maximum employment generated under the SGRY during any year from 2001-02 to 2005-06, when the SGRY was running.

While the increase in employment generated under the NREGA is clearly evident at the gross level, at the state level, however, there are significant variations in the performance of the NREGA *vis a vis* the SGRY. For example, at the regional level performance of the northern region is rather poor. The performance of employment generation in four of the five states of this region – Haryana, Jammu and Kashmir, Punjab, and Uttarakhand – was rather inadequate in comparison to the SGRY. Therefore, despite significant improvement in employment generation in Himachal Pradesh and Uttar Pradesh, the region as a whole witnessed poor performance.

In other regions also there were many states such as Assam, Orissa and to some extent other smaller states of the eastern region, Gujarat, and Maharashtra in the west and Karnataka and Ker-

Figure 2.6: Changes in Employment Generated under the NREGA *vis a vis* the SGRY



Source : Computed from G.O.I. [2008].

ala in the south, which did not exhibit improvement in employment generation under NREGA.

Notwithstanding some of these disappointing outcomes there were many states like Bihar, Jharkhand, Chhattisgarh, Madhya Pradesh, Rajasthan, Himachal Pradesh, Uttar Pradesh, Andhra Pradesh, and Tamil Nadu, which have witnessed substantial improvement in employment generation under NREGA. The encouraging performance in some of the poorer states - Bihar, Jharkhand, Madhya Pradesh, and Uttar Pradesh is remarkable.

Another positive outcome of the NREGA is a slightly improved distribution of SC and ST households in employment (Table 2.15). Under the SGRY, the share of these households was 55 per cent in 2005-06, a year before the implementation of the NREGA in 2006-07, which witnessed a marginal improvement in 2007-08.

The shares of ST households, in particular, have witnessed immense improvement in employment under the NREGA in almost every state. This may, however, be due to initial targeting of the programme in districts, where ST households form a sizeable share of the total households and also due to over-reporting discussed earlier.

As far as participation of women is concerned, the NREGA outshines earlier programmes by a significantly higher margin (Figure 2.7). The participation of women beneficiaries under the NREGA is much higher in comparison to their participation, for example, in Employment Assurance Scheme (EAS), which was merged with the SGRY in 2001-02. In fact, barring the sole exception of Jharkhand, participation of women in all other states under the NREGA has been significantly higher compared to their participation under the EAS.

2.7 MINIMUM WAGES AND WAGES PAID UNDER THE NREGA

For wages, there are two types of systems in place under the Act – piece rates and daily wages. In most of the cases, however, labourers are being paid under the piece-rate system in which workers are supposed to complete a piece of work, for example, a pit of specified size to earn the minimum wage. Hence, wages presented in the Table 2.16 are actually wages realised by workers in various districts where the Act has been implemented during 2006-07 and 2007-08.

It is evident that the range of wages realised by workers under the NREGA varied from a minimum of 70 per cent of the minimum wage in Rajasthan to a maximum of 216 per cent of the minimum wage in Maharashtra fixed in various states in 2006-07 with an average, which was 9 per cent above the minimum wage rate. In 2007-08, there was marginal reduction in wages realised by workers as the range varied from a minimum of 80 per cent to a maximum of 165 per cent of the minimum wage rate with an average of 105 per cent, which was again higher

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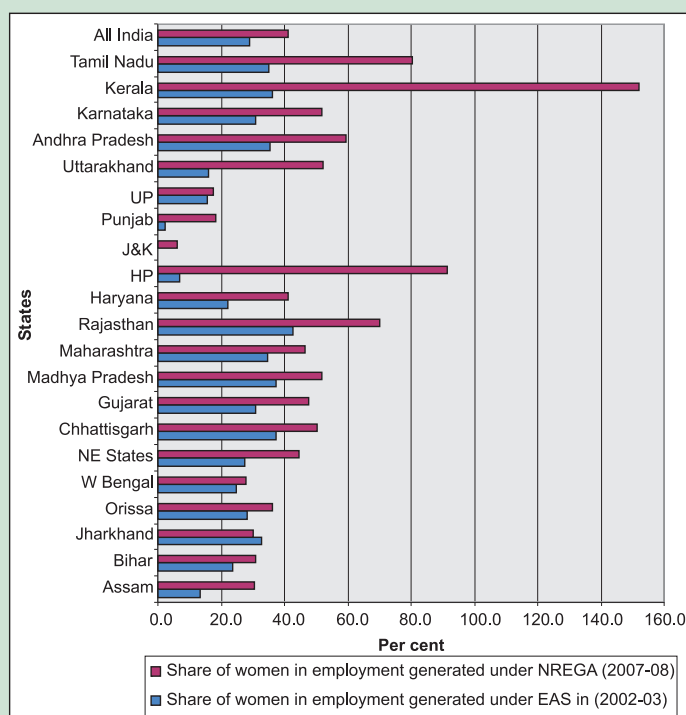
Table 2.15: Distribution of Employment Generated under SGRY and NREGA by various Social Groups

S. No.	Zone	State	SGRY (2005-06)			NREGA (2007-08)		
			SCs	STs	Others	SCs	STs	Others
1	East	Assam	15.1	32.4	52.5	7.6	39.1	53.3
		Bihar	49.1	3.2	47.7	45.7	2.5	51.9
		Jharkhand	26.9	36.7	36.4	20.7	41.7	37.6
		Orissa	26.6	35.0	38.5	24.3	39.6	36.0
		West Bengal	41.1	17.1	41.9	36.3	13.8	49.9
		N-E States	11.1	64.3	24.6	11.4	65.6	22.9
		Total	29.8	27.5	42.8	28.2	27.3	44.5
2	West	Chhattisgarh	16.9	43.9	39.2	14.9	41.4	43.7
		Goa	2.6	29.8	67.5			
		Gujarat	19.0	41.8	39.2	5.9	65.9	28.2
		Madhya Pradesh	26.3	39.7	33.9	17.9	48.8	33.4
		Maharashtra	26.0	22.9	51.1	18.4	38.5	43.1
		Rajasthan	34.6	29.4	35.9	19.2	46.4	34.4
		Total	24.9	33.4	41.7	17.4	46.4	36.1
3	North	Haryana	61.5	0.0	38.5	53.8	0.0	46.2
		Himachal Pradesh	42.6	8.3	49.1	32.3	11.0	56.7
		Jammu and Kashmir	13.8	12.2	74.0	9.9	24.3	65.8
		Punjab	69.4	0.0	30.6	76.3	0.0	23.7
		Uttar Pradesh	57.0	0.2	42.8	53.8	1.8	44.4
		Uttarakhand	41.1	17.1	41.9	27.3	4.3	68.4
		Total	52.6	4.5	42.9	50.5	2.9	46.5
4	South	Andhra Pradesh	26.9	14.6	58.5	27.7	12.8	59.5
		Karnataka	28.6	12.2	59.3	30.2	19.2	50.6
		Kerala	33.7	5.0	61.2	16.9	16.9	66.2
		Tamil Nadu	48.9	3.3	47.8	57.4	2.6	40.0
		Total	35.3	9.4	55.3	34.2	11.1	54.7
	All India		35.4	19.6	45.0	27.4	29.3	43.3

Source : Computed from G.O.I. [2008].

than the minimum wage rate. In 2008-09, yet again, the average realisation by workers has been 18 per cent above the minimum wage rate.

Figure 2.7: Share of Women Participation in Employment Generated under EAS and NREGA



Source : Computed from G.O.I. (2008)

At the state level, there were some variations in actual wages realised by the workers though in a majority of states average wages realised under NREGA were a little higher compared to the minimum wages. In 2006-07, in states like Assam, Orissa, Rajasthan, Uttar Pradesh, Uttarakhand, and Kerala the average wages realised by the labourers employed under NREGA were lower than the minimum wages. In 2007-08 again, there were eight states – Assam, Chhattisgarh, Rajasthan, Haryana, Himachal Pradesh, Punjab, Uttar Pradesh, and Kerala, where average wages realised by a worker turned out to be lower than the minimum wages.

At the other extreme, in Maharashtra average wages realised by the workers were the highest – 2.2 times the minimum wages in 2006-07. Similarly, in Jharkhand, wages realised by workers were observed to be 1.6 times of the minimum wages in 2007-08 and 1.7 times of the minimum wages in 2008-09, respectively. Within states also there were significant variations in the minimum and the maximum wages realised by workers (Table 2.17). The range of the lowest wages realised and the highest wages realised was the maximum in Maharashtra in 2006-07 and West Bengal in 2007-08, respectively.

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Table 2.16: State-wise Minimum Wages and Wages Paid under NREGA

S. No.	Zone	State	2006-07		2007-08		2008-09*	
			Minimum Wages	Wages Realised	Minimum Wages	Wages Realised	Minimum Wages	Wages Realised
1	East	Assam	69.0	67.0	76.4	72.0	76.4	77.1
		Bihar	66.0	70.1	66.0	81.7	66.0	82.2
		Jharkhand	50.1	79.3	50.1	82.4	50.1	87.2
		Orissa	55.0	52.8	70.0	77.1	70.0	83.2
		West Bengal	65.0	70.0	74.3	79.1	74.3	77.9
		N-E States	80.9	73.1	75.2	78.3	75.2	82.7
		Total	61.4	66.7	67.6	79.2	67.6	81.9
2	West	Chhattisgarh	52.9	61.6	69.0	68.4	69.0	72.2
		Goa						
		Gujarat	50.0	55.6	50.0	63.3	50.0	66.7
		Madhya Pradesh	57.0	59.5	61.4	63.6	61.4	75.3
		Maharashtra	48.0	103.7	69.0	84.0	69.0	85.8
		Rajasthan	73.0	50.8	73.0	58.6	73.0	86.0
		Total	59.8	59.4	66.3	63.8	68.5	80.6
3	North	Haryana	88.3	96.6	135.0	114.8	135.0	139.9
		Himachal Pradesh	70.0	68.8	75.0	70.7	75.0	101.5
		Jammu and Kashmir	66.0	69.4	66.0	71.4	66.0	67.6
		Punjab	90.6	94.0	100.7	100.2	100.7	97.1
		Uttar Pradesh	58.0	56.2	100.0	87.7	100.0	99.4
		Uttarakhand	73.0	72.5	73.0	73.3	73.0	73.9
		Total	60.6	59.3	97.3	86.5	97.4	99.2
4	South	Andhra Pradesh	64.0	86.1	64.0	82.8	64.0	83.2
		Karnataka	56.5	68.0	71.3	73.7	71.3	76.6
		Kerala	125.0	120.8	125.0	118.4	125.0	113.9
		Tamil Nadu	70.0	80.0	70.0	77.6	70.0	80.6
		Total	64.6	83.6	67.1	81.7	67.2	83.7
	All India		61.0	66.4	70.3	73.7	70.5	83.2

Source : Computed from G.O.I. (2008).

Note : Up to October 2008.

Some other states where the difference between the lowest and the highest wages realised by workers was relatively high were the small north-eastern states, Bihar, Jharkhand, and Orissa in 2006-07 and Maharashtra in 2007-08. These variations in wages across districts of various states

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could be due to several reasons such as types of works undertaken because wages are linked to completion of a piece of work that is assigned to the labourers and also due to problems in work measurement (lack of trained personnel, etc.) as highlighted by GOI (2008) or corruption, which has also been highlighted in many studies including Transparency International (2008).

Table 2.17: State-wise Minimum and Maximum Wages Paid under NREGA (Rs)

S. No.	Zone	State	2006-07		2007-08	
			Minimum	Maximum	Minimum	Maximum
1	East	Assam	63.7	75.3	66.0	77.0
		Bihar	38.3	105.9	57.5	113.8
		Jharkhand	54.0	113.6	50.3	123.7
		Orissa	34.0	61.4	59.5	127.6
		West Bengal	60.2	76.2	68.9	245.3
		N-E States	48.3	175.2	72.5	102.3
		Total	48.2	88.3	60.6	138.5
2	West	Chhattisgarh	51.0	68.2	67.2	71.5
		Goa				
		Gujarat	47.5	75.3	54.0	78.4
		Madhya Pradesh	44.9	65.5	48.4	74.6
		Maharashtra	48.3	256.5	46.9	144.3
		Rajasthan	42.7	61.0	30.8	78.5
		Total	45.6	72.8	47.6	77.0
3	North	Haryana	96.5	96.6	111.8	116.3
		Himachal Pradesh	67.3	74.0	68.7	77.1
		Jammu and Kashmir	66.3	77.6	70.0	72.8
		Punjab	94.0	94.0	100.2	100.2
		Uttar Pradesh	47.8	60.9	58.0	100.0
		Uttarakhand	71.0	74.0	73.0	76.5
		Total	52.0	63.9	60.7	97.5
4	South	Andhra Pradesh	73.1	98.2	77.0	93.3
		Karnataka	67.0	79.7	67.5	74.0
		Kerala	95.3	153.8	112.1	124.4
		Tamil Nadu	80.0	80.1	75.5	80.0
		Total	74.1	94.0	76.9	89.4
	All India		52.7	80.9	59.0	95.3

Source : Computed from G.O.I. (2008).

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There is no official information on the delays in payments of wages, but many studies have highlighted significant delays in payment of wages. Ambasta et al. (2008) reported delays of as much as two to three months in payment of wages in parts of Shivpuri district, Madhya Pradesh. Wage payments are delayed because of long gaps between execution and valuation of work due to paucity of engineers and so on. These issues are discussed in greater detail in the next chapter.

To take care of concerns related to payments under the public works programmes, an innovation which has been adopted by all states under the instructions of the Ministry of Rural Development is to make payment of wages through banks and post offices. A significant progress has been made as the number of accounts up to October 2008 stood at 509 lakh and majority of these accounts have been opened in Phase 1 districts (46 per cent) followed by Phase 3 districts (30 per cent) and Phase 2 (24 per cent) districts, respectively (Table 2.18). Among the four regions the southern region is at the top with a share of 44 per cent of the total accounts and the western region occupies second spot with a share of 26 per cent of the total accounts. There are large variations among states as three states - Andhra Pradesh, and Tamil Nadu from the south and Rajasthan from the west accounted for 46 per cent share of the total accounts.

While these numbers appear to be amazing, yet only, about 42 per cent of all wages paid to NREGA workers were made through these accounts, which means that a lot remains to be done because for a great majority of workers the wages are still being paid directly. Also, the progress in Phase 1 districts is poor compared to the record of Phase 3 districts, which in a way could be a reflection of availability of banks and post offices in these districts.

The progress in some states such as Andhra Pradesh, Karnataka, Kerala, Himachal Pradesh, and Uttarakhand is heartening as 90 per cent of all payments of wages are being made through these accounts. Similarly, the progress in some other states like Jharkhand and Orissa in the eastern region and Haryana in the northern region is also significant because 68-69 per cent of all wage payments are being made through these accounts. Whether these payments are being made through banks or post offices the data suggest their shares to be 44 per cent in the case of banks and 56 per cent for post offices (Table 2.19).

At the regional and state level these shares essentially reflect the availability of bank branches and post offices. Although in many states the shares of banks are overwhelming, but in states like Andhra Pradesh, Jharkhand, and West Bengal, the shares of post offices seem to dominate.

This is a great innovation, and when this process is completed in theory it could mean a lot for financial inclusion. However, in practice this innovation must be viewed with caution. Apart

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Table 2.18: Payment of Wages through Banks and Post Offices

S. No.	Zone	State	Number of Accounts (Individual and Joint) (Lakh)				Share of Total Wages Paid through Banks and Post Offices (Per cent)			
			P-I	P-II	P-III	All	P-I	P-II	P-III	All
1	East	Assam	2.6	1.5	1.7	5.8	11.3	0.5	42.7	10.8
		Bihar	16.6	13.9	0.0	30.5	6.0	22.0		11.5
		Jharkhand	22.0	2.9	1.0	25.9	62.9	100.0	89.9	66.6
		Orissa	10.4	1.4	0.4	12.2	75.2	37.2	101.1	69.0
		West Bengal	13.0	8.9	0.3	22.1	10.5	2.5	5.6	6.8
		N-E States	0.1	1.4	1.9	3.4	0.0	0.4	46.2	10.6
		Total	64.7	30.0	5.3	99.9	31.8	14.3	48.6	27.1
2	West	Chhattisgarh	12.0	6.5	2.7	21.2	1.3	0.3	46.3	2.5
		Goa								
		Gujarat	3.1	0.6	3.6	7.4	57.2	0.8	91.2	56.6
		Madhya Pradesh	19.8	8.5	11.6	39.9	5.4	5.8	61.1	9.0
		Maharashtra	4.2	0.7	1.5	6.3	24.4	2.8	7.4	17.4
		Rajasthan	14.5	10.0	34.0	58.5	18.5	40.1	64.3	51.4
		Total	53.5	26.2	53.5	133.3	10.3	19.3	63.7	32.3
3	North	Haryana	0.2	0.1	0.7	1.0	38.1	80.3	100.0	68.4
		Himachal Pradesh	0.4	1.3	0.7	2.4	44.0	116.8	79.4	93.3
		Jammu and Kashmir	0.1	0.1	0.0	0.2	47.2	4.9	71.3	43.8
		Punjab	0.1	0.3	0.3	0.6	100.0	20.3	177.9	59.6
		Uttar Pradesh	20.4	9.4	13.0	42.9	29.5	21.0	63.5	32.5
		Uttarakhand	1.3	0.7	3.0	5.1	88.2	105.4	97.5	92.7
		Total	22.5	12.0	17.7	52.2	32.8	39.2	68.3	40.7
4	South	Andhra Pradesh	66.6	38.4	14.7	119.7	78.7	121.1	285.1	99.6
		Karnataka	8.4	6.2	9.7	24.3	101.5	100.0	100.6	101.1
		Kerala	2.0	1.2	2.5	5.7	100.0	99.7	99.9	99.9
		Tamil Nadu	17.7	8.7	30.3	56.7	0.0	0.0	0.0	0.0
		Total	94.6	54.5	74.9	224.0	61.0	100.8	65.7	71.1
	All India		235.4	122.6	151.4	509.4	31.6	40.1	63.8	41.6

Source : Computed from G.O.I. [2008].

Notes : P-I = Phase 1 districts, P-II = Phase 2 districts, P-III = Phase 3 districts and All = All Districts

Note : Up to October 2008.

from the usual difficulties in opening and operating accounts, several anomalies have been noticed in payments through banks and post offices. There have been reports of middlemen

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Table 2.19: Share of Banks in Accounts and Wages Paid

S. No.	Zone	State	Shares of Banks in Accounts (Per cent)				Share of Banks in Wages Paid through Banks and Post Offices (Per cent)			
			P-I	P-II	P-III	All	P-I	P-II	P-III	All
1	East	Assam	61.5	48.1	60.1	57.6	70.6	80.3	38.7	61.0
		Bihar	39.5	36.4		38.1	77.1	51.1		59.9
		Jharkhand	35.9	34.0	33.4	35.6	37.3	46.9	23.6	38.4
		Orissa	75.8	53.8	95.7	73.9	91.1	91.4	92.5	91.2
		West Bengal	45.6	45.4	64.0	45.7	27.6	8.9	100.0	24.6
		N-E States	82.2	59.0	46.5	53.0	94.0	94.3	64.6	65.3
		Total	46.3	41.3	53.0	45.1	54.9	53.0	56.6	54.7
2	West	Chhattisgarh	59.8	40.4	65.8	54.7	91.7	26.5	87.5	87.0
		Goa								
		Gujarat	44.5	13.3	37.6	38.4	84.2	31.8	46.8	74.6
		Madhya Pradesh	87.8	89.9	91.5	89.3	89.1	76.2	84.0	85.1
		Maharashtra	58.1	71.4	92.5	67.7	64.9	35.1	75.7	63.9
		Rajasthan	45.2	61.6	42.8	46.6	82.9	85.9	48.0	55.0
		Total	65.2	64.6	55.6	61.2	82.0	84.4	49.9	58.2
3	North	Haryana	99.0	89.9	95.9	95.7	68.5	95.6	96.1	90.0
		Himachal Pradesh	95.3	88.3	89.0	89.6	96.6	82.8	95.2	86.1
		Jammu and Kashmir	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Punjab	99.2	92.0	43.2	71.4	99.2	99.0	7.5	83.5
		Uttar Pradesh	98.2	98.6	94.7	97.2	98.7	98.0	92.1	96.5
		Uttarakhand	81.8	94.3	86.3	86.3	85.6	98.4	90.8	88.7
		Total	97.2	96.9	92.3	95.5	96.7	90.7	91.9	93.6
4	South	Andhra Pradesh	11.2	6.6	0.0	8.4	3.9	2.8	0.3	3.1
		Karnataka	82.3	97.7	87.5	88.3	91.2	98.0	97.5	93.0
		Kerala	99.8	100.0	95.8	98.1	99.6	100.0	98.1	99.5
		Tamilnadu	100.0	100.0	96.8	98.3	100.0		100.0	100.0
		Total	36.0	33.9	75.5	48.7	13.8	8.6	40.5	16.6
	All India		51.3	48.4	69.6	56.1	41.0	37.1	51.4	44.0

Source : Computed from G.O.I. (2008)..**Notes** : P-I = Phase 1 districts, P-II = Phase2 districts, P-III = Phase3 districts and All = All Districts**Note** : Up to October 2008.

siphoning off money in collusion with bank officials, middlemen, and pradhans escorting workers and extracting money (Dreze and Khara (2009).

2.7.1 Impact of the NREGA on Rural Wages

Since details of wages at the district level were not available we could only compute changes in wages that occurred at the state level. These changes in rural wages were examined over the four year period from 2004-05 to 2007-08. Given that the Act was implemented in 2006-07, changes in rural wages over a period of two years (2006-07 and 2007-08) in comparison to changes over the two years prior to the introduction of the NREGA (2004-05 and 2005-06) could be largely attributed to the introduction of the NREGA.

The facts reveal that wages of agricultural and non-agricultural labour in rural areas have witnessed a significant increase in nominal terms – from a range of 2.7 per cent and 3.0 per cent during 2004-05 to 2005-06 to a range of 6.7 per cent and 7.7 per cent during 2006-07 and 2007-08 (Table 2.20). This is true for both male and female labour in the farm as well as non-farm sectors. Almost all states seem to have witnessed an increase in nominal wages of either male or female labour or both due to the launching of the NREGA. In nine of the 18 states including the small north-eastern states as one group – Assam, Gujarat, Madhya Pradesh, Maharashtra, Haryana, Uttar Pradesh, Andhra Pradesh, Karnataka, and Tamil Nadu – representing all the four regions an increase in wages of both farm as well as non-farm labour was observed. The pattern of increase is somewhat similar for both male and female labour. Also, in states like Assam, Maharashtra, Punjab (male labour), and Karnataka, the increase in nominal wages is very high in comparison to other states.

In the remaining states the pattern of increase in wages is varied. For example, in two states – Rajasthan and Andhra Pradesh – the increase in wages of non-farm labour is higher in comparison to farm labour, but in Tamil Nadu the reverse is true as the increase in wages of farm labour is more pronounced as compared to non-farm labour. In Orissa, only non-farm wages seem to have registered an increase; agricultural wages have not witnessed any significant change. On the other hand, in a state like Bihar wages of male labour witnessed an increase, but there was virtually no change in the wages of female labour.

In sharp contrast to the significant growth witnessed in nominal wages the real wages of both farm as well as non farm labour, however, did not witness major changes (Table 2.21). As a matter of fact, only real wages of female labour showed marginal improvement at the national level. There was only one state, Andhra Pradesh, which exhibited increase in wages of both farm as well as non-farm labour including male and female workers. To a certain extent this is also true for Tamil Nadu barring the exception of male workers in the non-farm sector. But, in many

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Table 2.20: Average Annual Changes in Rural Wages before and after the Implementation of NREGA (Nominal)

S. No.	Zone	State	Average Annual Changes in Wages during 2004-05 and 2005-06				Average Annual Changes in Wages during 2006-07 and 2007-08			
			Farm		Non-Farm		Farm		Non-Farm	
			M	F	M	F	M	F	M	F
1	East	Assam	2.0	6.1	4.6	-0.2	10.5	11.0	6.3	10.9
		Bihar	3.1	3.6	4.4	4.8	4.3	3.5	5.7	3.7
		Jharkhand								
		Orissa	5.6	13.7	4.4	2.6	-0.7	-8.6	6.8	5.5
		West Bengal	6.6	4.8	4.0	4.4	9.4	7.6	6.1	4.5
		N-E States	3.0	1.2	7.3	0.3	5.6	-6.5	5.4	1.4
2	West	Chhattisgarh								
		Goa								
		Gujarat	3.1	2.2	-1.7	-2.4	6.6	5.6	8.3	8.4
		Madhya Pradesh	1.8	1.3	2.2	2.8	4.1	6.3	4.3	4.9
		Maharashtra	0.6	1.0	1.8	1.5	11.5	12.1	7.7	8.9
		Rajasthan	4.2	13.8	0.6	2.0	7.0	11.6	8.0	8.6
3	North	Haryana	6.3	5.5	3.0	3.5	6.7	6.1	7.9	6.4
		Himachal Pradesh	8.7	0.0	3.5	0.0	7.3	0.0	4.7	0.0
		Jammu and Kashmir	-0.4	0.0	1.2	0.0	2.5	0.0	3.2	0.0
		Punjab	0.5	0.0	0.8	0.0	8.3	0.0	8.4	0.9
		Uttar Pradesh	2.6	1.2	2.7	1.4	6.2	7.1	7.6	7.8
		Uttarakhand								
4	South	Andhra Pradesh	6.3	7.6	2.8	3.1	15.3	15.9	11.9	12.4
		Karnataka	1.0	1.3	2.6	0.2	7.2	8.0	6.5	8.2
		Kerala	5.7	2.5	1.8	6.5	-3.7	6.6	8.0	8.0
		Tamil Nadu	2.1	1.5	3.1	4.0	9.3	7.9	7.5	11.5
	All India		2.9	3.0	2.7	3.0	6.7	7.7	6.9	7.4

Source : Computed from G.O.I. (various years).

Notes : M = Male and F = Female

states like Bihar, Orissa and the smaller north-eastern states; Madhya Pradesh in the west; Haryana, Jammu and Kashmir, and Uttar Pradesh in the north; and Karnataka in the south the real wages of both male and female workers in the farm and non-farm sectors exhibited a decline.

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Table 2.21: Average Annual Changes in Rural Wages before and after the Implementation of NREGA (Real)

S. No.	Zone	State	Average Annual Changes in Wages during 2004-05 and 2005-06				Average Annual Changes in Wages during 2006-07 and 2007-08			
			Farm		Non-Farm		Farm		Non-Farm	
			M	F	M	F	M	F	M	F
1	East	Assam	-0.3	3.7	2.0	-2.7	3.1	3.7	-0.9	3.4
		Bihar	-1.8	-1.4	-0.5	-0.1	-4.2	-4.9	-2.7	-4.5
		Jharkhand								
		Orissa	2.4	10.4	1.2	-0.6	-8.5	-15.8	-1.5	-2.7
		West Bengal	3.0	1.2	0.5	0.9	2.8	1.1	-0.3	-1.7
		N-E States	-0.4	-0.9	3.8	-0.5	-1.3	-10.0	-1.6	-2.8
2	West	Chhattisgarh								
		Goa								
		Gujarat	-0.5	-1.3	-5.1	-5.7	-0.9	-1.9	0.8	0.9
		Madhya Pradesh	-2.1	-2.6	-1.7	-1.1	-3.6	-1.6	-3.1	-2.5
		Maharashtra	-3.6	-3.2	-2.5	-2.7	3.0	3.6	0.0	1.2
		Rajasthan	-2.4	6.5	-5.5	-4.2	-1.0	3.3	-0.3	0.3
3	North	Haryana	1.3	0.6	-1.9	-1.4	-1.5	-2.1	0.0	-1.4
		Himachal Pradesh	5.6	0.0	0.5	0.0	1.9	0.0	-1.1	0.0
		Jammu and Kashmir	-1.7	0.0	-0.7	0.0	-4.3	0.0	-3.9	0.0
		Punjab	-4.0	0.0	-3.6	0.0	-0.1	0.0	0.3	-3.5
		Uttar Pradesh	-2.1	-3.4	-1.7	-3.0	-2.1	-1.3	-0.6	-0.4
		Uttarakhand								
4	South	Andhra Pradesh	3.7	4.9	0.2	0.5	7.4	8.0	4.3	4.8
		Karnataka	0.9	1.2	2.6	0.2	-1.0	-0.3	-1.6	-0.1
		Kerala	3.8	0.5	-0.4	4.3	-8.5	1.2	2.6	2.6
		Tamil Nadu	2.4	1.8	3.1	4.0	3.3	1.9	1.9	5.6
	All India		-0.3	-0.3	-0.5	-0.2	-0.9	0.1	-0.4	0.1

Source : Computed from G.O.I. (various years).

Notes : M = Male and F = Female

And, in other states also the changes in wage rates are mixed and more modest when compared to the changes that occurred in nominal terms. The reason for these contrasting outcomes is the huge increase in the consumer price index for both farm and non farm labour, which ranged between 2.3 to 2.4 times after the launching of NREGA .

In three of the 18 states – Jammu and Kashmir in northern region and Karnataka and Tamil

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Nadu in the southern region – increase in the consumer price index was extremely high, more than three times the increase that took place before the introduction of NREGA.

In a large number of states – Assam, Orissa, the smaller north eastern states, Gujarat, Madhya Pradesh, Himachal Pradesh, Andhra Pradesh, and Karnataka – increase in the consumer price index after the introduction of NREGA was found to vary between two to three times of the increase that occurred before the NREGA was launched.

From the above it appears that barring a few exceptions, introduction of NREGA did not translate into a significant increase in the real wages of labour in rural areas in a majority of states. However, it is also important to add that if nominal wages had not increased after the introduction of NREGA the condition of rural labour would have been much worse.

2.8 EXPENDITURE ON NREGA

The pattern of financing NREGA is that the central government bears the entire cost of wages paid to the unskilled manual labour and 75 per cent of the material cost including the wages of semi-skilled and skilled workers. In addition, administrative expenses such as salary and allowances of Programme Officers and their support staff and administrative expenses of Central Employment Guarantee Council are also borne by the central government. The state governments have to bear 25 per cent of the expenses related to the material cost and wages of semi-skilled and skilled workers, unemployment allowance and administrative costs of State Employment Guarantee Council. The funds are released by the central government on the proposals from states based on estimates for the labour budget and number and kind of works to be undertaken.

2.8.1 Actual Expenditure *vis a vis* Allocations

The state-wise and region-wise details on availability of funds and actual expenditure incurred on NREGA are presented in Table 2.22. This reveals that actual expenditure in the first year was approximately 73 per cent of the allocation. In the second year, however, utilisation of funds improved to 82 per cent of the availability. During the current year, that is, 2008-09 expenditure up to the month of October has been about 58 per cent of allocation.

Utilisation of funds at the regional level ranged from 61 per cent in the southern region to 79 per cent in the western region in 2006-07 and 76 per cent in the eastern region to 88 per cent in the western region in 2007-08 (Table 2.22). The performance of the western region in terms of utilisation of funds has by far been the best during both 2006-07 and 2007-08 despite the fact that one state of this region, Maharashtra, had the lowest utilisation of funds among all the

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Table 2.22: Availability of Funds and Actual Expenditure under NREGA

S. No.	Zone	State	2006-07		2007-08		2008-09*	
			Avai- lable (Rs. Crore)	Actual Expen- diture (Rs Crore)	Available (Rs. Crore)	Actual Expenditure (Rs Crore)	Available (Rs. Crore)	Actual Expenditure (Rs Crore)
1	East	Assam	707.7	592.5	806.1	549.1	721.7	337.3
		Bihar	1191.2	712.8	1514.9	1052.2	1324.1	685.8
		Jharkhand	982.2	711.6	1254.7	1062.5	1409.7	677.4
		Orissa	890.2	733.5	801.7	574.0	589.6	227.3
		West Bengal	630.2	394.6	1331.5	1004.3	881.6	390.3
		N-E States	154.6	122.3	432.8	404.7	628.5	284.4
		Total	4556.1	3267.2	6141.6	4647.0	5555.3	2602.5
2	West	Chhattisgarh	840.9	668.8	1517.6	1401.8	1142.3	828.2
		Goa						
		Gujarat	123.7	85.9	126.8	81.8	166.9	71.5
		Madhya Pradesh	2133.7	1862.7	3288.5	2891.7	2745.8	2012.5
		Maharashtra	486.9	174.6	497.8	189.1	515.4	200.6
		Rajasthan	856.2	693.1	1438.7	1477.3	3965.9	3014.4
		Total	4441.4	3485.0	6869.4	6041.8	8536.3	6127.1
3	North	Haryana	46.5	35.9	58.0	52.4	96.3	33.7
		Himachal Pradesh	57.2	39.4	161.5	125.6	233.4	108.9
		Jammu and Kashmir	50.1	34.5	61.5	39.2	80.3	16.1
		Punjab	38.4	25.0	50.3	30.0	66.4	15.2
		Uttar Pradesh	1028.7	779.7	2227.3	1898.3	2163.6	1128.1
		Uttarakhand	71.1	48.5	153.2	95.8	125.5	36.4
		Total	1292.0	963.1	2711.7	2241.2	2765.5	1338.4
4	South	Andhra Pradesh	1142.2	680.2	2293.2	2083.7	2727.3	1743.3
		Karnataka	161.7	119.0	436.7	236.5	468.1	120.0
		Kerala	48.4	27.9	99.7	83.4	151.3	64.7
		Tamil Nadu	252.1	151.6	701.1	516.4	1131.8	591.2
		Total	1604.4	978.8	3530.8	2920.0	5151.3	2695.3
	All India		11893.9	8694.1	19253.6	15850.1	22008.4	12763.4

Source : Computed from G.O.I. [2008].

Note : Up to October 2008.

states of the country. The superior performance of this region was due to the remarkable utilisation of funds in three states of this region - Chhattisgarh, Madhya Pradesh, and Rajasthan. In fact, actual expenditure in Rajasthan was in excess of the availability.

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Between 2006-07 and 2007-08 the maximum improvement in the utilisation of funds was observed in the southern region as the utilisation rate increased from 61 per cent to 83 per cent of the availability. Three states of this region – Andhra Pradesh, Kerala, and Tamil Nadu – made a significant progress in utilising the funds. The performance of the other two regions, east and north, was varied, with some states doing well and others not doing well.

At the district level, details of the distribution of districts, according to the actual expenditure incurred on NREGA vis a vis availability of funds, show that in about 16 per cent of the total districts covered in 2006-07 the utilisation rate of funds available was less than 50 per cent (Figures 2.8a and 2.8b). In 2007-08 also, there were approximately 15 per cent of the districts, which reported less than 50 per cent utilisation of the available funds.

Figure 2.8a: Distribution of Districts – Actual Expenditure vis a vis Availability of Funds (2006-07)

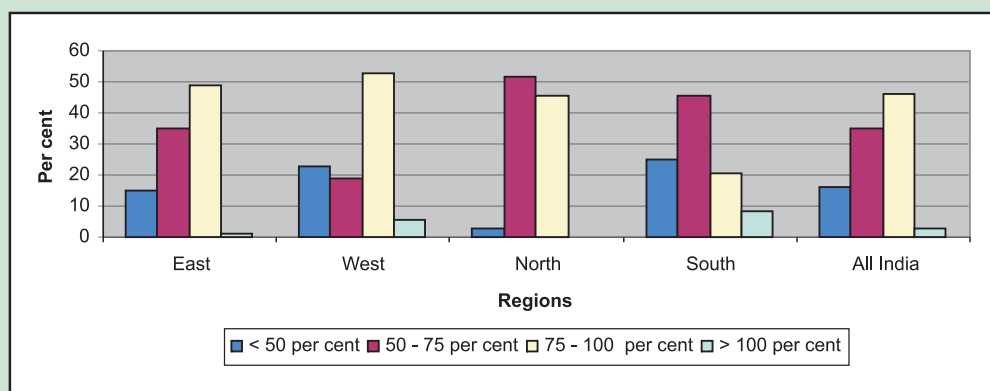
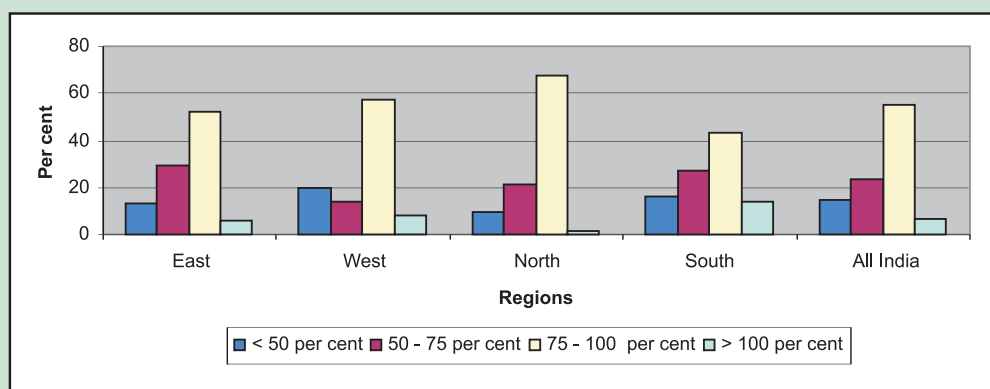


Figure 2.8b: Distribution of Districts – Actual Expenditure vis a vis Availability of Funds (2007-08)



Source : Computed from G.O.I. (2008).

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Maharashtra turned out to be a state that had the lowest utilisation of funds among all states, 83 per cent of its districts in 2006-07 and 61 per cent of its districts in 2007-08 reported less than 50 per cent utilisation rates. Moreover, six of the 11 districts in 2007-08, which had utilisation rates of less than 50 per cent, were the same that had reported low usage in 2006-07. The reasons for the poor performance of NREGA in Maharashtra, which has been the pioneer in establishing its own Employment Guarantee Scheme way back in the 1970s, are not entirely understandable. The explanations range from non-acceptance of concepts such as transparency and accountability to paralysis affecting government machinery.⁶

Apart from Maharashtra there were a few other states where some of their districts reported utilisation rates of less than 50 per cent. This includes Bihar, West Bengal, smaller north-eastern states, Gujarat, Jammu and Kashmir, Andhra Pradesh, and Kerala in 2006-07 and Assam, Bihar, Gujarat, Jammu and Kashmir, Punjab, Uttarakhand, Karnataka, and Kerala in 2007-08.

In a large majority of districts, however, the utilisation rates of funds were found to be between 75 - 100 per cent (46 per cent districts in 2006-07 and 55 per cent districts in 2007-08) followed by districts, reporting utilisation rates in the range of 50-75 per cent (35 per cent districts in 2006-07 and 24 per cent districts in 2007-08). The pattern is similar in all four major regions of the country with some variations.

The share of districts reporting usage in excess of actual availability increased from 3 per cent in 2006-07 to 7 per cent in 2007-08. Rajasthan, in particular, was an exception in 2007-08 because 42 per cent of its districts reported utilisation rates in excess of 100 per cent. Some other states where the utilisation rates in some of their districts were in excess of 100 per cent in 2007-08 include Orissa, West Bengal, the small north-eastern states, Madhya Pradesh, Maharashtra, Haryana, Andhra Pradesh, and Kerala.

There were not many states, which had all their districts reporting usage of funds in excess of 75 per cent. For example, in 2007-08 there were just three states, Chhattisgarh, Rajasthan and Haryana where all districts included under NREGA reported rates of utilisation above 75 per cent – with Chhattisgarh having rates of utilisation between 75-100 per cent in all its districts and Rajasthan and Haryana having utilisation rates between 75-100 per cent in some districts and above 100 per cent in others.

The above suggests that barring a few exceptions, financial resources do not appear to be a major constraint because the actual expenditure in a majority of districts included in the pro-

6. It appears that there is no enthusiasm among the political class as well as bureaucracy to accept the new scheme, which is more decentralised and hence likely to be more transparent and accountable to those who need work (Datar 2007). The scheme has not picked up momentum because the government machinery is paralysed.

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gramme, 97 per cent in 2006-07 and 94 per cent in 2007-08 has been much less in comparison to the allocations made during these two years.

2.8.2 Distribution of Actual Expenditure – Wages and Material Costs

The guidelines under NREGA suggest that expenditure on wages and material is to be maintained in the ratio of 60:40 and that unskilled wage cost may be more than 60 per cent, but material cost can not be more than 40 per cent. What is the actual distribution of expenditure and does it follow the guidelines? The details of expenditure are provided in Table 2.23, which shows the shares of wages of unskilled labour (UL), semi-skilled and skilled labour (SSL), material costs (MT) and contingency expenditure (CON) in various regions and states of the country.

The distribution of expenditure suggests that the ratio of total wages and material costs was observed to be 71:27 in 2006-07 and 71:26 in 2007-08 with unskilled labour accounting for about 66 per cent and 68 per cent of the total expenditure during 2006-07 and 2007-08, respectively. The pattern is similar in all the four regions with some variations in the southern region, where the share of wage cost is overwhelming, 85 per cent in 2006-07 and 83 per cent in 2007-08, respectively. As a result the share of expenses on material costs in this region is extremely small – 6 per cent in 2006-07 and 11 per cent in 2007-08. In the other three regions, because the share of expenditure on material is also not far off from the national average, the share of wage costs is close to the national average.

In states, the share of wage costs ranged from 62 per cent in Himachal Pradesh, Uttarakhand, and Karnataka to 99 per cent in Maharashtra in 2006-07 and 61 per cent in Jharkhand to 97 per cent in Tamil Nadu in 2007-08. Some of the states where the share of wage cost was found to be exceptionally high (close to 80 per cent and above) include West Bengal in the eastern region, Maharashtra in the west, Jammu and Kashmir in the north and Andhra Pradesh, Kerala, and Tamil Nadu in the southern region.

Since labour costs accounted for bulk of the expenses, the range in the shares of expenditure on material costs is obviously quite large and varied from nearly zero per cent in Tamil Nadu⁷ and Maharashtra to 37 per cent in Karnataka in 2006-07 and again from near zero per cent in Tamil Nadu to 42 per cent in Orissa in 2007-08. In Orissa, the material cost is exceptionally high and was found to be above the guidelines prescribed under the Act.

Some other aberrations observed at the state level were relatively higher shares of SSL in Jammu and Kashmir and to a certain extent in Himachal Pradesh compared to the national

7. Discussion with some of the officials from the state have revealed that this is due to stipulations under the state's employment guarantee Act, that works devoid of any material component be taken up to avoid contractors, and all NREGA works be managed by for example, GPs. There is also a continuous monitoring of muster rolls. Further, there are instructions not to treat NREGA works like any other scheme.

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Table 2.23: Distribution of Actual Expenditure under NREGA

S. No.	Zone	State	2006-07				2007-08			
			(Per cent)				(Per cent)			
			UL	SSL	MAT	CON	UL	SSL	MT	CON
1	East	Assam	64.8	5.9	27.9	1.5	65.1	4.7	27.7	2.5
		Bihar	58.7	6.1	34.5	0.6	64.9	6.0	26.3	2.8
		Jharkhand	58.0	5.4	35.4	1.2	58.0	2.9	37.0	2.1
		Orissa	57.5	5.8	35.5	1.2	53.8	2.1	41.5	2.6
		West Bengal	78.1	2.2	17.2	2.5	76.2	2.6	19.0	2.2
		N-E States	72.2	3.8	21.7	2.2	68.4	1.7	25.5	4.3
		Total	62.2	5.3	31.2	1.3	64.7	3.6	29.1	2.6
2	West	Chhattisgarh	64.5	2.8	31.1	1.6	64.3	3.0	30.5	2.3
		Goa								
		Gujarat	65.0	1.4	13.2	20.3	70.7	1.4	18.1	9.8
		Madhya Pradesh	63.0	5.0	30.4	1.6	60.5	4.4	32.6	2.5
		Maharashtra	94.6	3.9	1.0	0.5	87.7	4.6	3.9	3.8
		Rajasthan	73.2	3.0	22.5	1.3	66.6	3.1	27.9	2.4
		Total	67.0	4.0	27.1	1.9	63.9	3.7	29.8	2.6
3	North	Haryana	64.8	2.3	31.4	1.4	84.8	1.2	11.4	2.6
		Himachal Pradesh	52.2	9.7	37.5	0.6	58.5	8.2	32.4	0.8
		Jammu and Kashmir	64.9	20.8	12.9	1.4	59.6	20.2	17.8	2.3
		Punjab	58.6	0.0	39.0	2.4	64.6	3.0	30.8	1.6
		Uttar Pradesh	59.3	3.9	34.9	1.9	66.5	2.8	28.1	2.5
		Uttarakhand	60.7	1.5	34.6	3.3	61.9	1.3	32.5	4.3
		Total	59.4	4.5	34.2	1.9	66.2	3.3	28.0	2.5
4	South	Andhra Pradesh	85.9	0.2	1.5	12.4	80.1	1.3	11.9	6.7
		Karnataka	61.8	0.1	36.8	1.3	60.5	5.3	30.1	4.1
		Kerala	88.7	1.5	3.5	6.3	85.6	2.1	8.4	3.9
		Tamil Nadu	96.5	0.0	0.0	3.5	96.6	0.0	0.0	3.4
		Total	84.7	0.2	5.6	9.5	81.6	1.4	11.2	5.8
	All India		66.3	4.1	27.0	2.5	67.7	3.2	25.9	3.2

Source : Computed from G.O.I. (2008).

Notes : UL = Unskilled Labour, SSL = Semi-skilled and Skilled Labour, MAT = Material and CON = Contingency

average. Likewise, shares of expenses on contingencies in states such as Gujarat, Andhra Pradesh, and to some extent, Kerala, were rather high in comparison to other states.

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At the district level, in a large majority of districts covered under NREGA, the shares of wages in total expenditure were observed to be between 60-80 per cent in 57 per cent districts in 2006-07 and 63 per cent districts in 2007-08 (Figures 2.9a and 2.9b). Also, in approximately 28 per cent districts in 2006-07 and 23 per cent districts in 2007-08 the share of wages was above 80 per cent. Thus, in about 85 per cent districts in 2006-07 and 86 per cent districts in 2007-08, the expenditure on wages accounted for more than 60 per cent of the total expenditure. What this implies is that there were just about 15 per cent districts in 2006-07 and 14 per cent districts in 2007-08 where the expenditure on wages was less than 60 per cent. While a majority of these districts had expenditure on wages in the range of 40-60 per cent, but in 2007-08 there were 3 per cent districts, which had reported expenditure on wages below 40 per cent

Figure 2.9a: Distribution of Districts – Share of Labour Cost in Total Expenditure (2006-07)

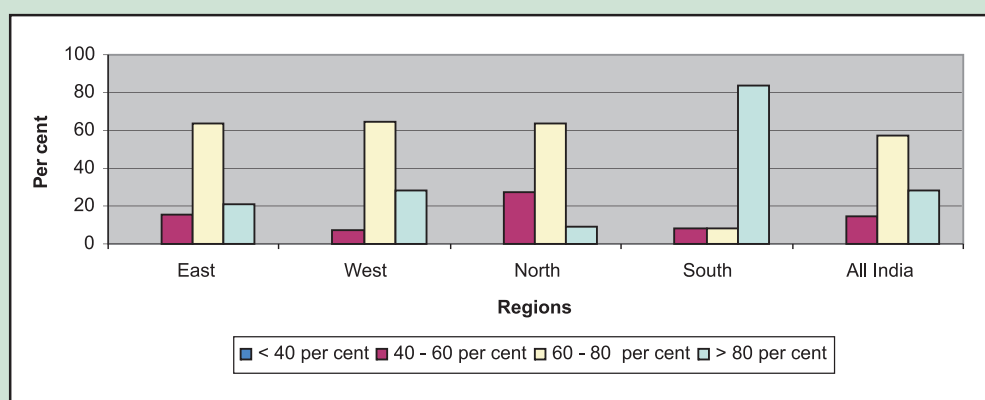
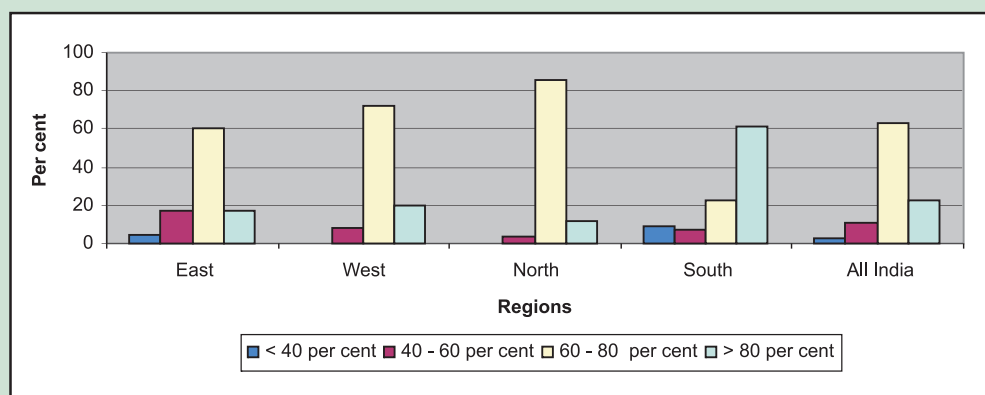


Figure 2.9b: Distribution of Districts – Share of Labour Cost in Total Expenditure (2007-08)



Source : Computed from G.O.I. (2008).

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of the total. This appears to be the effect of inclusion of new districts, because barring the exception of one district in Orissa (Kalahandi) all other districts reporting shares of wages below 40 per cent were newly covered districts in Karnataka, Meghalaya, and Orissa.

While there are few variations in the distribution of districts according to their shares of expenditure on wages in all the four major regions of the country, the distribution of districts at the state level varies a great deal. There were eight states from all the four regions - Assam and West Bengal from the east, Rajasthan from the west, Haryana and Jammu and Kashmir from the north, and Andhra Pradesh, Kerala, and Tamil Nadu from the south in which all districts covered under the programme reported expenditure on wages in excess of 60 per cent of the total expenditure both in 2006-07 and 2007-08. This is also true for the small north-eastern states in 2006-07, but in 2007-08 the share of wages was found to be less than 60 per cent in close to 22 per cent districts of these states.

At the other extreme, in majority of the districts included under the Act in two states Orissa from the north-eastern region and Karnataka in the southern region – the share of wages was reckoned to be less than 60 per cent in 2007-08. There were some other states such as Bihar, Jharkhand, Chhattisgarh, Gujarat, Madhya Pradesh, Uttar Pradesh, and Uttarakhand, which had some of their districts reporting shares of expenditure on wages below 60 per cent both in 2006-07 and 2007-08. In 2006-07, Himachal Pradesh and Punjab, which had single district each, where expenditure on wages was in the range of below 60 per cent in 2006-07, but in 2007-08 there was an improvement as none of their districts figured in the category of 60 per cent and below.

As far as expenditure on material costs is concerned there were not many districts that reported share of expenses on material in excess of 40 per cent of the total expenditure. There were just 5 per cent districts in 2006-07 and 6 per cent in 2007-08 where the share of material costs was found to be more than 40 per cent. These districts were concentrated in a few states – Bihar, Jharkhand, Orissa, and Uttar Pradesh in 2006-07 and Jharkhand, Orissa, and the smaller north-eastern states in 2007-08. The shares of these districts in Jharkhand and Orissa in particular was significant with about 8 per cent of the districts in Orissa reporting expenditure on material costs in excess of 60 per cent of the total cost.

Barring these exceptions, all districts of other states reported share of material costs in the range of less than 40 per cent of total costs with bulk of them (62 per cent) reporting expenditure on material costs in the range of 20-40 per cent and about a third of them reporting expenditure in the range of less than 20 per cent.

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2.8.3 Cost per Day of Employment Generated

The cost incurred per day of employment generated has been calculated as the total expenditure incurred during a year divided by the number of man days generated during that year. The expenditure is the sum total of all components – UL, SSL, MT, and CON. Hence, the estimates presented in Table 2.24 are the actual costs incurred by the government to generate a man day in various districts/states where the Act was implemented during 2006-07 and 2007-08.

The estimates suggest that the average cost per day of employment generated under NREGA ranged from a minimum of Rs 72 per man day to a maximum of Rs 141 per man day in 2006-07 with an average of Rs 96 per man day. In 2007-08, there was an increase of about 15 per cent in the average cost per man day from Rs 96 in 2006-07 to Rs 110 in 2007-08. Even the range of cost per man day widened significantly from a minimum of Rs 82 per man day to a maximum of Rs 244 per man day. The increase in cost per day was due to the fact that increase in expenditure was significantly higher in comparison to increase in employment generated.

At the regional level also there were some changes in the actual cost of generating a man day of employment. While the increase in cost per day in regions of the east, west, and south was close to the national average, in the northern region, there was 38 per cent increase in cost per day of employment between 2006-07 and 2007-08. This was due to significant revisions in the minimum wages in four states of this region – Haryana, Himachal Pradesh, Punjab, and Uttar Pradesh in 2007. Among the major states that revised their minimum wages in 2007, the increase has been the highest in Uttar Pradesh (72 per cent) followed by Haryana (53 per cent).

Within regions and states there were significant variations in the minimum and the maximum cost incurred on generating a day's employment. At the regional level the range of the lowest cost and the highest cost was maximum in the eastern region in 2006-07 and the southern region in 2007-08 and lowest in northern region. At the state level some states where difference between the lowest and the highest cost was extremely high included the smaller north-eastern states from the east, Maharashtra from the west, and Karnataka from south.

By and large, in many states in the east, variations in the minimum and the maximum cost incurred on generating a day's employment were particularly high. On the other hand, the differences between the lowest and the highest costs were typically not very high in majority of the states in the north and south. Incidentally, average minimum wages in the west and south are low in comparison to the north. In addition, the share of expenditure on material costs is also low in the south. Among states, the cost of generating a day's employment was the highest in Punjab and the lowest in Karnataka (2006-07) and Tamil Nadu (2007-08).

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Table 2.24: State-wise Cost per Day of Employment Generated under NREGA

S. No.	Zone	State	2006-07			2007-08		
			Min.	Max.	Average	Min.	Max.	Average
1	East	Assam	80.0	123.8	103.4	92.5	155.8	112.6
		Bihar	75.0	207.2	119.4	84.6	184.0	123.1
		Jharkhand	82.1	233.6	136.7	88.2	213.3	142.1
		Orissa	70.4	116.8	91.8	83.7	237.3	141.6
		West Bengal	79.1	100.5	89.7	82.0	265.1	103.7
		N-E States	48.9	1330.8	101.2	53.8	508.7	119.3
		Total	75.5	201.5	107.1	82.8	241.3	122.2
2	West	Chhattisgarh	69.0	115.1	95.5	90.1	116.1	106.5
		Goa						
		Gujarat	65.1	119.3	85.4	62.8	131.2	90.9
		Madhya Pradesh	62.9	105.0	94.5	80.6	139.9	105.0
		Maharashtra	54.7	281.3	109.6	32.2	3494.9	97.2
		Rajasthan	56.1	86.3	69.4	42.0	130.2	88.0
		Total	62.0	109.6	88.7	70.3	228.0	100.2
3	North	Haryana	142.7	154.0	149.0	133.4	163.6	146.4
		Himachal Pradesh	126.2	133.4	131.8	118.9	138.8	128.8
		Jammu and Kashmir	93.3	111.8	106.9	94.3	125.7	117.4
		Punjab	160.6	160.6	160.6	109.4	167.5	156.9
		Uttar Pradesh	78.6	104.9	94.7	112.8	166.3	139.3
		Uttarakhand	116.1	127.1	119.5	92.1	125.7	119.2
		Total	85.1	109.1	99.8	112.2	161.8	137.6
4	South	Andhra Pradesh	89.2	115.6	100.2	91.2	123.6	103.7
		Karnataka	68.1	130.7	53.6	105.6	3259.0	119.6
		Kerala	101.3	181.4	136.2	125.4	140.3	137.2
		Tamil Nadu	81.7	84.4	83.0	78.2	82.0	80.0
		Total	83.9	114.7	88.7	90.0	327.5	100.2
	All India		71.7	141.1	96.1	82.4	244.2	110.3

Source : Computed from G.O.I. (2008)**Notes :** Min. = Minimum and Max. = Maximum

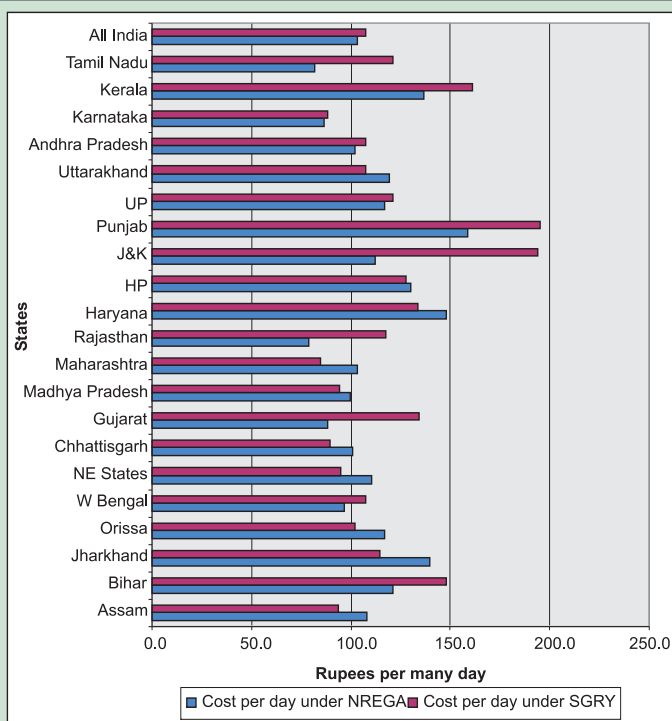
A comparison of the average costs of generating a day's employment under NREGA and average wages realised by workers suggests that on an average the cost of generating a man day of employment was 1.4 times of the wages paid in 2006-07, which increased to 1.5 times of the wages paid in 2007-08. In the south, however, it costs just about 1.1 to 1.2 times of the wages

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paid to generate a day of employment, but in the north it costs about 1.6 to 1.7 times of the wages paid to generate a man day of employment. It is, however, important to note that there has been a marginal decline in cost per day of employment generated under NREGA compared to the cost incurred under SGRY (Figure 2.10).

At the state and regional level, however, there are significant variations in the performance of NREGA *vis a vis* SGRY. For example, at the regional level performance of the eastern region is poor. But, the other three regions have witnessed a reduction in cost per day of employment generated. The reduction in costs for some states is significant. These include Gujarat, Rajasthan, Jammu and Kashmir, and Tamil Nadu.

Figure 2.10: Cost of Generating Employment under NREGA *vis a vis* SGRY



Source : Computed from G.O.I. (2008).

2.9 MONITORING, TRANSPARENCY AND SOCIAL AUDIT

Some of the more important features of the NREGA compared to previous programmes on employment include continuous monitoring at the lowest levels through Gram Sabhas and Vigilance and Monitoring Committees to the highest level through State and Central Employ-

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ment Guarantee Councils. These features 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 organisation 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; inspections of works undertaken at the state, districts, and block level; number of gram sabhas and vigilance and monitoring committee meetings held; and complaints received and disposed off.

The discussion in this section is based on information, which was available for 2008-09 up to October 2008. The availability of data varies from state to state because information is not available for each and every district covered in the Act.

The numbers of muster rolls verified to the total number of muster rolls used suggest that among the four major regions of the country progress in south and west is remarkable where the ratios of muster rolls verified worked out to be 88-89 per cent (Table 2.25). The progress in some of the individual states such as Rajasthan, Punjab, Andhra Pradesh, and Tamil Nadu is even more significant given the fact that almost all muster rolls have been verified.

The progress in social audits at the GP level is comparatively modest as accounts of about 59 per cent of total GPs seem to have been audited. There are a few states such as Bihar, Chhattisgarh, Rajasthan, and Tamil Nadu for which the shares of GPs where social audits have been conducted were in excess of 88 per cent. In other states, the numbers do not tell a very healthy tale and this is particularly true for West Bengal, Orissa, Jammu and Kashmir, and Uttarakhand where verification of muster rolls and social audits of GPs have not made much progress. This is also true for Punjab and Kerala for which the shares of GPs where social audits have been conducted are rather low. The excess of numbers for muster rolls verified to the total number of muster rolls used in Rajasthan and for social audit in GPs in Tamil Nadu suggest over-reporting.

The progress on inspection of works also varies from state to state, but the averages for works inspected at the district and block levels worked out to be 13 per cent and 81 per cent, respectively. In some other states such as Assam, Jharkhand, the smaller north-eastern states, and Himachal Pradesh, these ratios are in excess of the aggregate averages. In the remaining states, however, rates of works inspected both at the district and block levels seem to be low.

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Table 2.25: Number of Muster Rolls Verified and Gram Panchayats where Social Audits were Held (Per cent)

S. No.	Zone	State	Muster Rolls Verified (Per cent)	GPs where social audits held (Per cent)	Works inspected at district level (Per cent)	Works inspected at block level (Per cent)
1	East	Assam	63.8	34.5	33.8	91.4
		Bihar	74.1	88.1	8.1	66.7
		Jharkhand	75.8	75.5	34.4	87.7
		Orissa	53.6	39.4	12.9	53.5
		West Bengal	39.9	14.6	5.0	19.2
		N-E States	83.9	54.4	36.5	73.6
		Total	69.4	54.4	19.6	62.6
2	West	Chhattisgarh	80.6	90.6	11.6	79.5
		Goa				
		Gujarat	70.3	45.9	18.1	70.7
		Madhya Pradesh	78.7	53.8	11.5	80.2
		Maharashtra	58.3	43.6	10.1	43.8
		Rajasthan	102.2	98.2	19.4	125.0
		Total	88.4	59.9	13.5	88.5
3	North	Haryana	63.4	40.4	22.1	65.8
		Himachal Pradesh	77.9	56.9	40.9	80.5
		Jammu and Kashmir	32.1	52.3	12.7	102.1
		Punjab	96.1	14.6	12.6	90.8
		Uttar Pradesh	59.7	71.3	11.7	62.3
		Uttarakhand	47.5	18.5	6.2	54.8
		Total	60.0	62.5	15.2	65.1
4	South	Andhra Pradesh	92.5	63.5	9.1	91.2
		Karnataka	84.5	57.0	8.0	50.8
		Kerala	72.3	15.1	13.5	49.2
		Tamil Nadu	99.5	133.8	17.6	111.5
		Total	88.6	58.2	9.6	86.4
	All India		81.6	59.7	13.2	81.0

Source: Computed from G.O.I. [2008].

Note : Up to October 2008.

The progress on inspection of works at the district level is below the mandated ratio of 10 per cent for Bihar, West Bengal, Uttarakhand, Andhra Pradesh, and Karnataka. At the block level, the progress on inspection of works was poor in most of the

states barring Rajasthan, Jammu and Kashmir, and Tamil Nadu. However, excess coverage in all these three states obviously raises suspicion about the accuracy of the data.

The role of *gram sabhas* is to recommend works to be taken up, monitor all works at the village level, conduct social audits, and act as a forum for sharing information. The information on gram sabhas held at the state and regional level shows that on an average just about one gram sabha per GP has been held (Table 2.26). Only Jharkhand and Kerala have reported seven to eight gram sabhas per GP.

The numbers for Vigilance and Monitoring Committees (VMC), which have to be formed for every work comprising of nine members including 50 per cent from among the NREGA workers indicate that less than one VMC meeting has been held at the GP level. Jharkhand is the only state, which has reported four VMC meetings per GP. In most of the states, however, fewer VMC meetings have taken place.

Yet, another feature of the NREGA on transparency relates to registration of complaints and their disposal. The information on complaints and their record of disposal reveals that of the total 28,000 complaints received, 85 per cent had been disposed off. Majority of these complaints (about 78 per cent) were from the western and eastern regions, which had a record of disposal close to the national average. In general, the southern region has the best record of disposing off complaints among the four regions.

2.10 SUMMING UP – COMPOSITE INDEX OF PERFORMANCE

To capture the progress made so far we have worked out a composite index of performance, which has four main components with equal weights: (i) coverage and distribution, (ii) employment generated and labour friendly wage regime, (iii) utilisation of funds and distribution of expenditure, and (iv) provisions for transparency, vigilance, and social audit.

The first component summarises the progress made in providing job cards and distribution of these cards among various social groups. This is a reflection of the relative achievement of states in coverage and distribution of job cards.

The second element measures a state's relative achievement in both provision of employment and equity reflected in the share of SCs, STs, and women in employment. In addition, the index also combines labour friendliness of the wage regime assessed as share of wages paid through banks and post offices.

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Table 2.26: Gram Sabhas, Vigilance Committee Meetings and Complaints Disposed off

S. No.	Zone	State	Gram Sabhas held per GP	VCMs held per GP	Complaints Received	Complaints disposed off (Per cent)
1	East	Assam	2.8	0.4	450	79.1
		Bihar	2.2	2.1	4614	84.7
		Jharkhand	8.1	4.0	933	85.2
		Orissa	0.8	0.5	706	87.5
		West Bengal	1.6	0.7	1045	69.9
		N-E States	1.0	0.8	162	91.4
		Total	2.5	1.5	7910	82.9
1	East	Assam	2.8	0.4	450	79.1
		Bihar	2.2	2.1	4614	84.7
		Jharkhand	8.1	4.0	933	85.2
		Orissa	0.8	0.5	706	87.5
		West Bengal	1.6	0.7	1045	69.9
		N-E States	1.0	0.8	162	91.4
		Total	2.5	1.5	7910	82.9
3	North	Haryana	1.7	0.8	72	75.0
		Himachal Pradesh	0.8	0.3	222	71.2
		Jammu and Kashmir	1.1	0.9	59	86.4
		Punjab	0.5	0.0	46	89.1
		Uttar Pradesh	0.9	0.7	2817	88.2
		Uttarakhand	0.6	0.6	133	88.0
		Total	0.9	0.7	3349	86.8
4	South	Andhra Pradesh	0.9	0.8	1010	95.0
		Karnataka	1.6	1.0	315	90.5
		Kerala	6.5	1.9	232	90.9
		Tamil Nadu	2.5	0.4	150	91.3
		Total	1.4	0.6	2686	90.5
	All India		1.4	0.8	27820	84.9

Source: Computed from G.O.I. [2008].

The third constituent reflects utilisation of funds *vis a vis* allocations and distribution of expenses, particularly the share of the labour component in the total expenditure.

The fourth dimension reflects achievements of states in implementing the provisions of the Act related to transparency, vigilance and social audit at the local level.

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The combined performance obviously varies from state to state based on their rankings in all four components. Among the various states, Rajasthan is the best performing state in terms of its overall performance (Table 2.27). This is because the state ranks higher in coverage and distribution and has put in place systems that have led to increased transparency reflected in the higher rank of the state.⁸ It ranks slightly lower in the provision of employment despite generating the highest number of man days per household as well as households completing 100 days due to its lower rank in labour friendliness of the wage regime calculated as share of wages paid through banks and post offices.

The second best performing state is Andhra Pradesh, which despite having relatively lower ranks in coverage and distribution and transparency, vigilance, and social audit, scores higher on labour-friendly wage regime and utilisation of funds allocated. This is also true for Tamil Nadu, which regardless of having lower scores on coverage and employment has the third highest rank due to other strengths of the state as reflected in higher rankings under utilisation of funds allocated, relatively higher share of wages in total expenditure, and systems for transparency, vigilance, and social audit.

Three states at the bottom of rankings - Gujarat, West Bengal, and Punjab have relatively very poor rankings in coverage of the households and the utilisation of funds. The overall performance of some of the poorer states like Chhattisgarh, Bihar, Jharkhand, Orissa, and Uttar Pradesh is also weak and can be improved upon by working on expanding coverage, increased employment generation, labour-friendly wage regimes, utilisation of funds, and putting in place systems for transparency, vigilance, and social audit.

8. Other studies have also recognised Rajasthan's exemplary performance (Dreze and Khera 2009). This has been due to its long history of public relief works and employment generation programmes, increased participation of women and system for worksite management (mates and provisions related to transparency).

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Table 2.27: Overall Performance of States in Implementation of NREGA

Rank	State	Rank in Coverage and Distribution	Rank in Employment Generation	Rank in Utilisation of Funds	Rank in Transparency, Vigilance and Social audit
1	Rajasthan	1	2	4	4
2	Andhra Pradesh	2	5	2	2
3	Tamil Nadu	3	8	14	1
4	Madhya Pradesh	4	1	13	10
5	N-E States	5	3	12	6
6	Chhattisgarh	6	4	16	9
7	Jharkhand	7	6	9	14
8	Bihar	8	7	20	15
9	Himachal Pradesh	9	11	5	17
10	Kerala	10	19	3	3
11	Orissa	11	10	7	16
12	Assam	12	14	19	12
13	Karnataka	13	17	1	20
14	Jammu and Kashmir	14	12	18	19
15	Uttarakhand	15	13	6	18
16	Uttar Pradesh	16	15	17	11
17	Haryana	17	20	8	5
18	Maharashtra	18	16	15	7
19	Gujarat	19	18	11	13
20	West Bengal	20	9	21	8
21	Punjab	21	21	10	21

Source : Computed.

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CHAPTER 3

IMPLEMENTATION OF THE ACT: A VIEW FROM THE FIELD

In Chapter 2, the implementation experience of the Act was examined on the basis of secondary data collected from the website of the Ministry of Rural Development. This chapter deals with the implementation experience gathered from field reports and studies carried out by research institutions, NGOs, social audit teams, and individual researchers. The objective is to critically cross-check and validate the outcomes that are emerging from official sources about the performance of NREGA in various states/districts in terms of its implementation, coverage of households, participation of various social groups including women, employment generated, wages realised by the workers participating in it, and associated issues.

Keeping this objective in view we first discuss the evidence on implementation of the Act, actual processes involved, and reasons for delays at the GP/district/state level. Then we discuss all issues associated with the participation of households and evidence on their social status, participation of women, and how these numbers compare with the data that has been put out by the departments responsible for implementing the Act. The next section tries to uncover evidence on the actual employment generated from the works inspected, including discussion on actual wages realised by the workers, modes of payment, delays in payment of wages, and difficulties experienced by the workers. The subsequent sections of the chapter explore evidence on expenditure incurred and issues connected with monitoring, vigilance, and social audits.

We have tried our best to gather as much information as possible from various sources like research reports, social audits, and individual studies carried out by a large number of people acknowledged in the report. It is, however, important to mention that critical analysis of various aspects related to implementation of NREGA has just begun. As a consequence, there are large variations across studies in terms of coverage and availability of detailed information. There may also be issues about gaps in sampling and so on, but we considered it useful to compile this information. In the absence of a nationwide representative data on all issues connected with the Act, the information that we have been able to gather is sufficient to get a feel of what is actually happening at the ground level.

3.1 IMPLEMENTATION OF THE ACT

On the initial delays as to when the state governments actually started implementing the Act, the CAG report, which examined records relating to 68 districts covered in the first phase, found significant delays in the notification of the Act at the state level of up to 14 months (Karnataka), formulation of rules (14 states), specification of time frames (15 states), and designation of State Rural Employment Guarantee Commissioners (8 states). In addition, there were also delays in constitution/functioning of State Employment Guarantee Councils (SEGCs) in some states (Gujarat, Haryana, Sikkim, and Uttarakhand), preparation of list of works to be implemented under the Act (Meghalaya, Jammu and Kashmir, and Arunachal Pradesh) and annual reports for submission of the State Legislature (Meghalaya, Jammu and Kashmir, Arunachal Pradesh, and Rajasthan).

These delays were obviously not in line with the Act, which specified formulation of the rules pertaining to its implementation, in consonance with the Act, within six months, and prescribed the time frame for each level of implementation, that is, GPs, block and district levels for proposing, scrutinising, and approving of NREGA works.

The PACS report, which covered six states in June 2006 - Uttar Pradesh, Bihar, Jharkhand, Maharashtra, Madhya Pradesh, and Chhattisgarh observed extremely low level of knowledge about the scheme among beneficiaries as well as officials responsible for implementing the Act. Another Study by PRIA (July 2006), which covered 11 states also found low levels of awareness. Independent studies such as Bhatia and Dreze (2006), Datar (2007), and Ambasta et al. (2008) have also found significant delays in the implementation of the Act.

The Act makes it mandatory for states to formulate state schemes, but states like Uttarakhand, Haryana, Rajasthan, and few others had not prepared and notified such schemes until the survey was conducted (2008). In fact, Haryana, Jharkhand, Uttar Pradesh, Uttarakhand, and Kerala had not even issued state specific operational guidelines by then. The CAG report also found significant shortage of manpower resources needed to implement the Act. For example, 19 states did not appoint full time dedicated programme officers (POs) in 89 blocks (Table 3.1).

The existing Block Development Officers (BDOs) were appointed as POs and given the additional charge of the Act. The same number of states did not appoint Administrative Assistants in 88 blocks and 10 states did not appoint Technical Assistants in 45 blocks. In 268 GPs covering 18 states, dedicated Gram Rozgar Sevaks were not appointed and 23 states had not set up a Technical Resource Support Group at state/district, block, and GP level. The lack of adequate administrative and technical resource support at the district, block, and GP levels adversely affected the smooth and effective implementation of NREGA.

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Table 3.1: Problems Identified by CAG in the Implementation of Act – Shortage of Staff

S. No.	Problem	Number of GPs/Blocks	Share of GPs/Blocks Selected	Number of States	States
1	Non-appointment of full-time Programme dedicated Officers (POs)	89 blocks	70	19	Arunachal Pradesh, Assam, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Orissa, Punjab, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal
2	Non-appointment of Administrative Assistants	88 blocks	69	19	Andhra Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal
3	Non-appointment of Technical Assistants	45 blocks	35	10	Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Punjab, Rajasthan, and West Bengal
4	Non-appointment of Employment Guarantee Assistants	268 GPs	52	18	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Manipur, Nagaland, Orissa, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand, and West Bengal

(Contd...)

**Table 3.1: Problems Identified by CAG in the Implementation of Act-
Shortage of Staff**

S. No	Problem	Number of GPs/Blocks	Share of GPs/Blocks Selected	Number of States	States
5	Non-constitution of panels of Accredited Engineers			20	Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, and West Bengal
6	Non-setting up of Technical Resource Support Group			23	Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal

Source : CAG (2008).

In the absence of dedicated resources, the administrative and technical scrutiny and approval of NREGA works was routed through the normal departmental channels burdened with existing responsibilities. This was further compounded by the failure to specify time frames for processing and approval of proposals at different levels. The absence of Gram Rozgar Sewaks severely affected the maintenance of basic records at the GP level, without which it is impossible to verify employment demand and allocation for each household. Also, the potential beneficiaries do not have any one at the GP level to contact about their demand for employment.

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Further planning is one of the critical components to the successful implementation of NREGA, and the need to act within a specified time, so as to provide employment within 15 days. The CAG survey, however, discovered that perspective plans were not prepared by 43 districts in 20 states and where perspective plans had been made under the National Food for Work Programme (NFFWP), these had not been revisited in 32 districts of 16 states (Table 3.2).

Also, there were deficiencies in the preparation of perspective plans. Thus, in the absence of perspective plans, a long-term shelf of projects was not available, which in turn affected the timeliness of project approval and provision of employment.

Table 3.2: Problems Identified by CAG in the Implementation of Act – Planning

S. No	Problem	Number of GPs/Blocks	Share of GPs/Blocks Selected	Number of States	States
1	Five year District Perspective Plan (DPP) not prepared	43 districts	70	20	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand (two districts), Karnataka, Kerala, Maharashtra, Manipur, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal
2	Documented annual plan was not prepared	168 GPs	33	14	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Madhya Pradesh, Manipur, Orissa, Sikkim, Tamil Nadu, Uttar Pradesh, and West Bengal
3	Works were not identified by the Gram Sabhas	91 GPs	18	12	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Orissa, and Punjab

(Contd...)

Table 3.2: Problems Identified by CAG in the Implementation of Act – Planning

S. No	Problem	Number of GPs/Blocks	Share of GPs/Blocks Selected	Number of States	States
4	The District Plans did not indicate the time frame for each project.	46 districts	68	22	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal
5	District Plans did not indicate the person days to be generated for each project	23 districts	34	13	Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Orissa, Sikkim, and West Bengal
6	District Plans did not ensure that 50 per cent of the works to be executed by the GPs.				Arunachal Pradesh, Himachal Pradesh, Jharkhand, Orissa, Sikkim, Tamil Nadu, Uttar Pradesh, and Uttarakhand

Source : CAG (2008).

3.2 PARTICIPATION OF HOUSEHOLDS

The ground-level information on participation of households has been pulled together from surveys carried out by various research agencies and social audits. First, we provide information about surveys carried out by research agencies. The size of sample and coverage of states/regions varies from study to study. Some have covered a large number of states - 16, for example, in the case of PRIA and just one or two in the case of CEFS (Annex Table A3.1). All

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studies have not collected information related to household coverage, but some, which have their data, reveal the following.

The two studies carried out by PRIA in 2006-07 and 2007-08 covering 16 states and a study carried out by PACS indicate that roughly 50 per cent of the sample households had registered for job cards (Table 3.3). There was only a marginal improvement in the share of households registered for job cards in 2007-08 over 2006-07 as suggested in the studies done by PRIA.

Among various states of the country, in four states of western region, Chhattisgarh, Madhya Pradesh, Maharashtra, and Rajasthan and in one state from northern region, Uttarakhand, the demand for job cards was fairly high. The share of sample households registering for job cards in these states varied from 76 per cent in Rajasthan to 99 per cent in Madhya Pradesh in 2006-07. In the remaining states the demand for job cards among sample households was either close to the national average (Orissa, Gujarat, Himachal Pradesh, Andhra Pradesh, and Kerala) or lower than the national average (Bihar, West Bengal, Haryana, Uttar Pradesh, and Tamil Nadu).

In 2007-08, demand for job cards witnessed some significant changes in states such as Jharkhand, Orissa and to a certain extent even West Bengal, in the east, Rajasthan in the west, Uttar Pradesh in the north, and Kerala in the south. In all these states there was an increase in the share of sample households demanding job cards. On the other hand in states such as Bihar, Chhattisgarh, Madhya Pradesh, and Uttarakhand, the share of sample households demanding job cards recorded a decrease.

It is, however, important to note that some of these numbers for 2007-08 in states such as Jharkhand, Chhattisgarh, Madhya Pradesh, and Maharashtra were at variance with another sample survey, which covered only six states (Table 3.3).

From the sample households that had applied for job cards only about 65 per cent of them received job cards in 2006-07. In 2007-08, however, the proportion of sample households that received job cards increased to 88 per cent. The study by PACS also found that 90 per cent of households that had applied for job cards received job cards. The proportion of applicant households receiving job cards as per their estimates was close to the estimates by another PRIA study.

These numbers suggest that of all the sample households only 34 per cent households had been provided job cards in 2006-07 (Table 3.4). In 2007-08 the number of sample households that had been provided job cards increased to 48 per cent. However, if PACS numbers are to be believed then only 43 per cent of sample households had received job cards in the same period.

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Table 3.3: Sample Households Registering for Job Cards and Applicant Households Receiving Cards

S. No.	Zone	State	Sample Households Registering for Job Cards (Per cent)			Applicant Households Getting Job Cards (Per cent)		
			Pria I Sept-Oct 2006	Pria II April-May 2007	PACS II April-May 2007	Pria I Sept-Oct 2006	Pria II April-May 2007	PACS II April-May 2007
1	East	Bihar	34.5	29.8	28.7	86.1	82.1	74.3
		Jharkhand	27.6	80.5	37.3	86.3	97.9	100.6
		Orissa	57.1	66.8		82.1	83.4	
		West Bengal	19.5	40.2		49.3	78.5	
		Total	37.2	51.5	30.8	79.2	84.7	82.1
2	West	Chhattisgarh	88.0	68.4	76.5	80.5	92.4	99.2
		Gujarat	49.1	52.7		86.3	92.6	
		Madhya Pradesh	99.2	74.6	86.3	90.0	94.4	92.0
		Maharashtra	94.0		50.4	9.8	0	89.5
		Rajasthan	76.4	94.9		99.0	100.0	
		Total	84.0	70.6	72.0	71.4	94.1	94.1
3	North	Haryana	21.7	23.5		3.5	89.9	
		Himachal Pradesh	56.2	1.7		38.7	88.8	
		Uttar Pradesh	20.5	40.0	48.3	47.1	81.3	93.3
		Uttarakhand	78.4	59.1		76.8	98.3	
		Total	34.5	41.6	48.3	46.8	86.2	93.3
4	South	Andhra Pradesh	51.0	55.0		88.1	82.0	
		Kerala	52.4	71.8		0.0	66.6	
		Tamil Nadu	24.4			17.5	0.0	
		Total	43.9	56.8		62.2	81.4	
	All India		53.2	54.7	47.7	64.6	87.9	89.9

Source : PRIA (2007, 2008); and PACS (2007);

The results in Table 3.4 suggest that coverage ratios for households as claimed in the official statistics were very high. As discussed earlier, in some states and districts, the coverage ratios were in excess of the total number of households in those states and districts. Hence, estimates based on field surveys clearly establish significant over-reporting because of large differences in the official and field data. The differences in estimated ratios of households receiving job cards from the sample and from the official estimates were large in almost all states of the east, Madhya Pradesh and Maharashtra in the west, Haryana, Himachal Pradesh, and Uttar Pradesh in the north, and in all states of the south (Figure 3.1)

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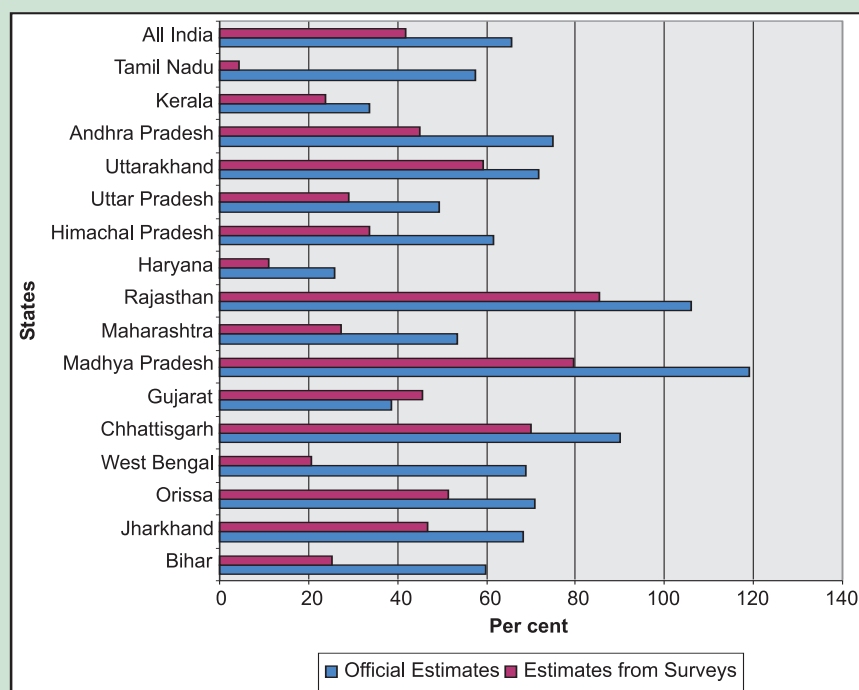
Table 3.4: Sample Households Receiving Job Cards and Applicant Households Reporting Delays in Distribution of Job Cards

S. No.	Zone	State	Sample Households Getting Job Cards (Per cent)			Applicant Households Reporting Delays in Getting Job Cards (Per cent)		
			Pria I Sept- Oct 2006	Pria II April- May 2007	PACS II April- May 2007	Pria I Sept- Oct 2006	Pria II April- May 2007	PACS II April- May 2007
1	East	Bihar	29.7	24.5	21.3	NA	30.3	NA
		Jharkhand	23.8	78.8	37.5	NA	36.6	NA
		Orissa	46.9	55.7		NA	43.3	
		West Bengal	9.6	31.6		NA	21.5	
		Total	29.4	43.6	25.3	NA	33.6	NA
2	West	Chhatisgarh	70.8	63.2	75.9	NA	31.2	NA
		Gujarat	42.4	48.8		NA	7.4	
		Madhya Pradesh	89.3	70.4	79.4	NA	70.7	NA
		Maharashtra	9.2		45.2	NA	0.0	NA
		Rajasthan	75.6	94.9		NA	58.7	
		Total	60.0	66.4	67.7	NA	43.3	NA
3	North	Haryana	0.82	1.1		NA	10.2	
		Himachal Pradesh	21.7	45.9		NA	11.2	
		Uttar Pradesh	9.73	2.5	45.0	NA	55.9	NA
		Uttarakhand	60.2	58.1		NA	1.7	
		Total	16.1	35.8	45.0	NA	35.2	NA
4	South	Andhra Pradesh	44.9	45.1		NA	26.7	
		Kerala	0.0	47.8		NA	16.6	
		Tamil Nadu	4.3			NA	0.0	
		Total	27.3	45.6		NA	25.6	
	All India		34.4	48.1	42.9	NA	36.6	NA

Source : PRIA (2007, 2008); and PACS (2007).

At the national level, these estimates suggest over-reporting in the official estimates to the extent of 61 per cent of the sample estimates. These findings are also corroborated by the information that is available from social audits. Some of these audits also suggest that, on an average, the share of households that have been provided job cards varied from 40-95 per cent in 2006-07 and from 33-86 per cent in 2007-08 (Table 3.5). These differences in the official and field estimates indeed establish that data being put out through official channels are not correct and need to be reviewed to get more realistic numbers that are close to reality.

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Figure 3.1: Official *vis a vis* Field Survey Estimates of Households Provided Job Cards

Several anomalies were also noted in the issuance of job cards, which do not figure in the official estimates. These include payments for issuing job cards, significant delays in providing job cards, and cards being held by village or project functionaries. For example, PACS report found long delays in the provision of job cards and payments from applicants for issuing them. These payments ranged from Rs 20 to Rs 120 in Jharkhand, for example. In Madhya Pradesh, there were reports of touts demanding Rs 200 for help in getting job cards.

In the social audits, delays in issuing job cards of up to 11 months have been reported and payments for the same have ranged from Rs 2 for forms to even Rs 500 in some cases (Table 3.5). In addition, social audits have also revealed cases of discrimination against Dalits in Rajasthan, women and physically challenged persons in Uttar Pradesh, and women with kids and without male partners in Karnataka.

These problems in the issuance of job cards and irregularities in the form of job cards being held by contractors have also been reported in the individual case studies and surveys conducted during the past three years (Table 3.6). What is interesting is that the system of payments for job

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Table 3.5: Households Receiving Job Cards and Problems Faced as Reported in Social Audits

S. No.	Zone	State	Year			Problems		
			2006-07	2007-08	2008-09	Delays in providing job cards	Payments for getting job cards	Discrimination/Bias
1	East	Bihar		52.7			For photographs	
		Jharkhand						
		Orissa		56.8				
2	West	Chhattisgarh					For photographs	
		Maharashtra		85.8	100.0		Yes	
		Rajasthan	95.4				Rs 70 to Rs 500	Dalits
3	North	Himachal Pradesh		33.2				
		Uttar Pradesh		40.3	40.3	2 to 11 months	Rs 25 to Rs 100	Women and physically challenged
		Uttarakhand		63.2		1 to 6 months	Rs 2 plus Rs 7 to Rs 35	
4	South	Andhra Pradesh						
		Karnataka					Rs 100 to Rs 500	Women with kids and without male partners

Source : Akhil Bhartiya Samaj Sewa Sansthan (ABSSS): Social Audit Report for Chitrakoot District, Uttar Pradesh; Asha Parivar, Social Audit Reports for Hardoi, Sitapur and Unnao, Asha Parivar, Lucknow, Uttar Pradesh; Centre for Media Studies (2007): Transparency Review, January-February, Centre for Media Studies, New Delhi; Government of Uttarakhand: Social Audit Report for Tehri Gahrwal, Government of Uttarakhand, Dehradun; Himachal Pradesh Institute of Public Administration (HIPA): Social Audit Reports for Chamba, Mandi and Sirmour Districts, HIPA, Shimla; Movement for Right to Food and Employment: Social Audit Report (Chitrakoot, Hardoi, Jaunpur, Kushinagar and Sitapur); National Institute of Rural Development (NIRD): Social Audit Reports for Orissa, NIRD, Hyderabad; Rozgar Evum Suchna Ka Adhikar Abhiyan and Mazdoor Kisan Shakti Sangathan: Social Audit Reports for Dungarpur, Jhalawar and Udaipur

cards is not something which existed only during the first phase of implementation. This has persisted even in 2007-08 and 2008-09 as indicated by the social audits and individual studies.

Yet another indication of bribes and corruption to get the benefits of NREGA can be found in the Transparency International and Centre for Media Studies (TII-CMS) report, which revealed that 14 per cent of the BPL households, which interacted to get benefits of NREGA, either paid bribe or used contacts to avail its services. Half of the BPL households, which paid bribe, did so to get registered as a household willing to work. Thus, around 7 per cent of rural BPL households paid bribe to avail benefits of NREGA during 2007-08. The estimates suggest that the amount of bribe paid by rural BPL households during 2007-08 was estimated to be Rs 715 lakh. These estimates are only for BPL households; one can imagine the total amounts involved if all rural households had been surveyed.

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Table 3.6: Households Receiving Job Cards and Problems Faced as Reported in Individual Studies

S. No	Authors	Period of survey	Share of sample households applying for job cards (Per cent)	Share of applicants getting job cards (Per cent)	Payments for job cards	Irregularities in the issuance
1	Das and Pradhan (2007)	2006-07				Job cards being held by contractors
2	Right to Food (2006)	2006-07	34.9	100.0		
3	Bhatia and Dreze (2006)	2006-07			Rs 10 for form plus up to Rs 60 for photographs	Irregularities in the issuance of cards
4	Ghosh (2008)	2006-07		91.2		
5	Jacob and Verghese (2006)					Bias for women workers
6	Jha <i>et al.</i> (2008)	2007-08	33.2			Discrimination against SCs and STs
7	Datar (2007)	2007-08		20.8	Some amount	
8	Narayanan (2008)	2007-08				Bias for women
9	G. B. Pant Social Sciences Institute (2008)	2008-09			Rs 10 to Rs 65	Hoarding of cards by Mukhia, contactor, sachiv, and others

Source : Das and Pradhan (2007), Right to Food (2006), Bhatia and Dreze (2006), Ghosh (2008), Jacob and Verghese (2006), Jha *et al.* (2008), Datar (2007), Narayanan (2008) and G. B. Pant Social Sciences Institute (2008).

Among those rural BPL households, which interacted with the concerned office or staff for NREGA during 2007-08, 37 per cent said that officials/staff were corrupt. Around 47 per cent of the rural BPL households held the opinion that corruption exists and what is even more worrying is that 31 per cent households felt that the level of corruption had increased. And, only 13 per cent of the BPL households felt that initiatives taken in 2007-08 to check corruption had been effective.

The CAG report also identified several problems in the process of registration and issuance of job cards. The report indicates that the introductory gram sabha meetings at the time of commencement of the Act were not convened in 119 GPs of 12 states, and in 290 GPs of 19 states, door-to-door survey to identify persons willing to register was not conducted. Also, in 74 GPs of 11 states, job cards were not issued to all registered households; in 162 GPs of 15 states job

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cards were not issued within 15 days of application for registration, and in 220 GPs of 13 states, photographs were not attached to job cards (Table 3.7).

Table 3.7: Problems Identified by CAG in the Registration and Issuance of Job Cards

S. No	Problem	Number of GPs/Blocks	Share of GPs/Blocks Selected	Number of States	States
1	The introductory Gram Sabha meeting at the time of commencement of the Act was not convened	119 GPs	23	12	Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Manipur, Orissa, Uttar Pradesh, and West Bengal
2	Door-to-door survey to identify persons willing to register was not conducted	290 GPs	57	19	Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, Uttarakhand, and West Bengal
3	Job cards were not issued to all registered households	74 GPs	14	11	Andhra Pradesh, Assam, Chhattisgarh, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Orissa, Uttar Pradesh, Uttarakhand, and West Bengal
4	Job cards were not issued within 15 days of application	162 GPs	32	15	Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Kerala, Maharashtra, Manipur, Orissa, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand, and West Bengal

Source : CAG [2008].

In some states a few households were not even registered despite submitting applications on the grounds that their names did not feature in the 2002 BPL survey list (Orissa and

Rajasthan). In a few cases job cards were found to be lying with GP officials and in others job cards were issued to even minors and issued without identification.

The problems in the process of registration and issuance of job cards highlighted above would have certainly affected the demand for employment. These shortfalls in the actual coverage and irregularities in the process obviously confirm that numbers in official records are inflated.

3.3 HOUSEHOLDS APPLYING FOR JOBS, RECEIVING EMPLOYMENT, AND NUMBER OF DAYS OF EMPLOYMENT

3.3.1 Households Applying for Jobs and Receiving Employment

The official data suggest that roughly half the households that were provided job cards demanded employment. This was found to be generally true for all four regions though there were significant variations among states. Another interesting fact, which emerged from the official data, was that there was very little difference between households demanding employment and households provided employment. The ratios of households provided employment to households demanding employment varied between 95 per cent and 100 per cent among states.

The field reports seem to support the claim that roughly half the households that were issued job cards applied for jobs. However, these reports contradict the assertions regarding the second observation that there is little difference between households demanding employment and households provided employment. As seen in data in Table 3.8, of the total households that had applied for jobs only 41 per cent received employment within 15 days in 2006-07 (PACS 2007).

These data do not indicate how many households received employment after 15 days, but social audits in Bihar, Orissa, Chhattisgarh, Uttar Pradesh, and Uttarakhand in 2007-08 do show that there were significant differences between households demanding employment and households actually getting employment. Of the total applicant households, the households actually receiving employment ranged from 11 per cent in Chhattisgarh to 45 per cent in Uttarakhand.

Individual case studies and surveys conducted during the period from 2006-07 to 2007-08 also show that the share of applicant households getting employment is actually much lower than what is revealed in the official data (Table 3.9). Yet another pointer to the suspicion surrounding official data is the fact that in several states the proportion of man days of employment provided with reference to employment demanded could not be verified by the CAG due to absence of proper records. This was further confirmed in the limited scrutiny of record main-

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Table 3.8: Households Applying for Jobs and Households Receiving Jobs as Reported in Field Surveys and Social Audits

S. No.	Zone	State	Households Applying Job (Per cent of total)		Households Getting Job Cards (Percent of Applicant households)		
			2006-07 (PACS - II)	2007-08 (PACS - II)	2006-07	2006-07	2007-08
1	East	Bihar	35.9	100.0	20.5		25.0
		Jharkhand	59.5		54.4		
		Orissa		56.8			14.2
2	West	Chhattisgarh	41.5		36.8		11.0
		Madhya Pradesh	38.0		56.6		
		Maharashtra	56.1		0.0		
		Rajasthan					
3	North	Himachal Pradesh		5.1			
		Uttar Pradesh	46.6		41.7	29.1	43.2
		Uttarakhand		69.8			Much less
4	South	Andhra Pradesh					
		Karnataka				60.0	
		Total	55.4		41.3		

Source : PACS (2007); ABSSS: Social Audit Report for Chitrakoot District, Uttar Pradesh; Asha Parivar, Social Audit Reports for Hardoi, Sitapur and Unnao, Asha Parivar, Lucknow, Uttar Pradesh; CMS (2007): Transparency Review, January-February, Centre for Media Studies, New Delhi; Government of Uttarakhand: Social Audit Report for Tehri Gahrwal, Government of Uttarakhand, Dehradun; HIPA: Social Audit Reports for Chamba, Mandi and Sirmour Districts, HIPA, Shimla; Movement for Right to Food and Employment: Social Audit Report (Chitrakoot, Hardoi, Jaunpur, Kushinagar and Sitapur); NIRD: Social Audit Reports for Orissa, NIRD, Hyderabad; and, Rozgar Evum Suchna Ka Adhikar

Table 3.9 Households Applying for Jobs and Households Receiving Jobs as Reported in Individual Studies

S. No	Authors	Period of survey	Share of applicants applying for jobs (Per cent)	Share of Applicant getting Jobs (Per cent)
1	Bhatty (2006)	2006-07		29
2	Rao (2008)	2007-08	40	
3	Reddy (2008)	2007-08	50	
4	Ghatak (2008)	2007-08		35
5	Khera (2008)	2008-09		19-92
6	Shariff (2008)	2008-09		14-77

Source : Bhatty (2006), Rao (2008), Reddy (2008), Ghatak (2008), Khera (2008) and Sharif (2008).

tenance, which was conducted by the CAG in 2008 after the original audit in 2007. There was very little improvement except for one state, that is, Uttar Pradesh.

3.3.2 Employment provided and Households Getting 100 days of Employment

Field reports from Madhya Pradesh and Orissa by CEFS found that against the official claims that every household demanding employment was given 68 days and 57 days of employment in 2006-07, the actual employment provided was just about 16 days in Madhya Pradesh and ranged from 5-21 days in Orissa (Table 3.10).¹

Another study by DISHA in three states of the western region (Gujarat, Madhya Pradesh, and Rajasthan) found that average employment generated per household ranged from 31 days in Gujarat to 64 days in Rajasthan. The official estimates of employment generated per household in 2007-08 in these states ranged from 35 days in Gujarat to 76 days in Rajasthan.

The CAG report covering 465 GPs in 111 blocks in 26 states revealed that average employment provided to each registered household was 18 days. The state-wise data on average employment generated per household seems to suggest per household employment generation in the range of zero days in Maharashtra and Bihar to 54 days in Rajasthan. The estimates using CAG survey data for only those GPs for which information on both households provided employment and employment generated was available also shows that employment generated per household ranged from 19 days in Kerala to 68 days in Rajasthan. As against this, the Ministry of Rural Development data reveal a range of 14 days per household in West Bengal to 85 days per household in Rajasthan for the same states.

Social audits in Bihar, Orissa, West Bengal, Gujarat, Madhya Pradesh, Maharashtra, Uttar Pradesh, and Uttarakhand also suggest that actual employment generated is much less than what is shown in official records (Table 3.11). For example, in Orissa the actual employment generated was 31 per cent of official data in 2006-07, 74 per cent in 2007-08 and 83 per cent in 2008-09. In Madhya Pradesh it was 25 per cent of official claims and in Uttar Pradesh the actual employment provided was found to be 27 per cent and 39 per cent of the official estimates in 2006-07 and 2007-08, respectively. Independent studies also show very low levels of actual employment generated in the areas where these surveys were conducted (Table 3.12).

The provision of 100 days of employment to 10 per cent households as suggested in the official data is also doubtful because independent surveys, social audits, and field studies have revealed several cases of data manipulations. The CEFS report found that physical verification of job cards suggested less number of days of employment against 100 days or more shown in

1. Some have argued that these numbers are essentially for the worst performing districts and do not represent the average picture (Manor 2009).

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Table 3.10: Employment Provided per Household as Reported by Field Surveys

S. No.	Zone	State	Average Employment per Household (Days)				Households Getting 100 days of Employment (Per cent)				
			CEFS	DISHA	G.B. Pant Institute	CAG Survey	MORD data	CEFS	G.B. Pant Institute	CAG Survey	MORD data
1	East	Assam				32.3	72.3			3.6	23.4
		Bihar							2.0		
		Jharkhand				28.1	36.6		7.0	0.0	3.6
		Orissa	5 to 21				50.6	57.6	0.0	6.2	11.1
		West Bengal				19.6	13.6			0.3	0.6
2	West	Chhattisgarh							1.0		
		Gujarat		31.0							
		Madhya Pradesh	16.0	35.0		32.7	67.6	2.4	17.0	4.8	18.2
		Rajasthan		64.0		67.5	85.0		35.0	22.8	54.4
3	North	Haryana				64.7	47.6			23.5	11.1
		Jammu and Kashmir				37.6	34.7			1.9	12.6
		Uttar Pradesh				35.0	31.8		3.0	0.0	16.8
		Uttarakhand				32.2	30.2			3.2	2.8
4	South	Andhra Pradesh				39.7	32.6			5.6	2.8
		Kerala				19.0	20.5			0.7	0.5
		Tamil Nadu				26.2	28.1			1.2	0.3
	Sample states				31						

Source : CEFS (2007); DISHA (2007; G. B. Pant Institute (2008); CAG (2008); G.O. I. (2006, 2007, 2008).

Notes :

1. The CAG survey data used for these calculations is for those GPs for which information on both households provided employment and number of days of employment generated was available.
2. The estimates by G.B. Pant Institute are for sample workers actually working on NRA works.

the online job cards. Very few families got 20 to 40 days, the rest mostly between 5 to 21 days, if at all. Estimates by G.B. Pant Institute suggest that only 13 per cent of the respondents had received 100 days of work though there were wide interstate variations in this respect.²

2. The proportion of sample workers who had completed 100 days of work varied from 1 per cent in Chhattisgarh to 35 per cent in Rajasthan (Dreze and Khera 2009).

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Table 3.11: Employment Provided as Reported by Social Audits

S. No.	Zone	State	Social Audits <i>vis a vis</i> Official Records			Share of Applicants getting 100 of days employment (Per cent)		
			2006-07	2007-08	2008-09	2006-07	2007-08	2008-09*
1	East	Orissa	30.6	73.6		83.2		
2	West	Madhya Pradesh		27.7			2.43	
		Rajasthan					25.8	
3	North	Uttar Pradesh	33.7			0.0		
4	South	Karnataka					10.0	

Source : Social Audit Reports

Note : Up to October 2008.

Table 3.12: Employment Provided as Reported in Individual Studies

S. No	Authors	Period of survey	Days of employment	Share of Applicants getting 100 days of employment (Per cent)
1	Das and Pradhan (2007)	2006-07	15	
2	Jha et al. (2008)	2007-08	59	23
3	Rao (2008)	2007-08		5 to 6
4	Rao and Kar (2008)	2007-08	21	35
5	Chathukulam and Gireesan (2008)	2007-08	34	
6	Reddy (2008)	2007-08	42	
7	Khera (2008)	2008-09	41 to 85	
8	Shariff (2008)	2008-09	14 to 61 (deprived) 16 to 68 (better off)	

Source : Das and Pradhan (2007), Jha et al. (2008), Rao (2008), Rao and Kar (2008), Chathukulam and Gireesan (2008), Reddy (2008), Khera (2008), and Sharif (2008).

This was also highlighted by the fact that only a few number of households were found to have completed 100 days of employment as per the GP employment registers. Using data from the CAG report for only those GPs for which both households provided employment and number of days of employment were available the estimates suggest that only 5.1 per cent households received 100 days of employment.³ At the state level there are large variations between

3. These estimates are different from the estimates mentioned in the CAG report because the CAG had provided estimates based on registered households, whereas our estimates are for households provided employment.

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the estimates of households provided 100 days of employment based on GP data and the official estimates put out by the departments running the programme.

The results of social audits in Madhya Pradesh, Rajasthan, and Karnataka were also not very encouraging. Of the total beneficiary households only 2.4 per cent were provided 100 days of employment. In Rajasthan, 26 per cent of the participating households were provided 100 days of employment, and in Karnataka the share of worker households getting 100 days of employment was found to be 10 per cent of the total.

Individual studies also report somewhat similar numbers.⁴ Jha et al. (2008) observed that 23 per cent of the applicant households received 100 days of employment. A study by Rao (2008) in six districts of Madhya Pradesh found that only 5-6 per cent of the applicant households were provided 100 days of employment.

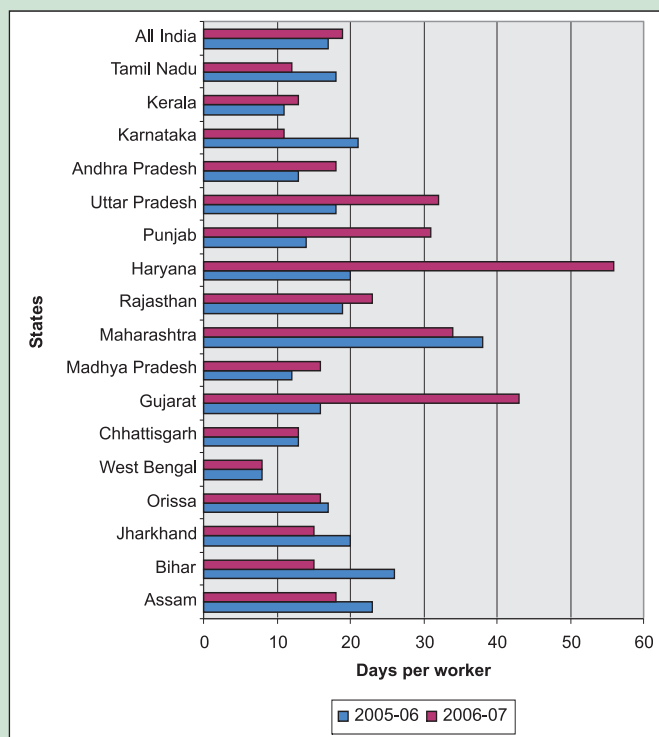
Yet another indication of the slow progress made in the actual provision of employment through public works in 2006-07 compared to 2005-06 is evident from the latest NSS survey, which covered all states (NSSO 2008).⁵ These estimates suggest that there was an increase of just about 2 days in the average number of days worked in public works in rural areas from 17 days to 19 days. Four states in the eastern region (Assam, Bihar, Jharkhand, and Orissa), Maharashtra in the western region, and two states in the southern region (Kerala and Tamil Nadu) in fact witnessed a decline in the average number of days worked in public works (Figure 3.2).

There were only four states – Gujarat, Haryana, Punjab and Uttar Pradesh – in which a significant increase in the average number of days of employment provided through public works was observed. The main reason for such an outcome was that there was an increase in the number of workers who got work in public works.

There are several reasons why official claims of generating relatively higher employment per household demanding employment, appear unrealistic. First, mostly undated applications for works have been received, and the number of days of employment demanded by workers was neither recorded nor available to justify the demand work (CAG 2008). Second, in a few instances, employment provided under erstwhile food-for-work programme was shown under NREGA. In some cases beneficiaries have disputed their engagement in any work. Nothing highlights better the ground level situation than a bizarre instance in Jharkhand where the number of applicants reported to have been employed was in several multiples of actual number of

4. Field visits in Uttar Pradesh made by Kohli (2009) also observed that nearly all workers in the places that he visited had their cards with pradhans, had received some work, mostly 10-15 days, and they had no idea that they could actually demand work. In some cases, pradhans were bringing their own people from somewhere and not employing local workers.

5. Public works are defined as those activities which are sponsored by government or local bodies as relief works and other poverty alleviation programmes such as NREGA, SGRY, and NFFWP.

Figure 3.2: Average Number of Days Worked in Public Works (Rural)

households. All these instances put in doubt the reliability of official data, which shows why these claims appear suspect.

The differences in the estimates from the field and the official estimates are due to several reasons. As the CAG report shows, in some cases unregistered labourers and labourers belonging to the households already provided 100 days of employment had been engaged on work. Similar instances of unregistered workers working on projects under NREGA were also highlighted by the social audits in Uttar Pradesh, where it was found that employment was not provided to households that had applied for jobs, but to the unregistered households. The study by PACS also discovered several cases where figures for the number of days of employment provided were inflated in the job cards. Our own field visits in Uttar Pradesh and other states revealed that cards were mostly blank.

The above implies that official data are mostly based on local records, which were manipulated and it is mainly due to this reason that the national and state data on employment against demand shows a rather healthy picture. The limited scrutiny of record maintenance, which was

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conducted by the CAG in 2008 after the original audit in 2007 revealed that while there was definitely some improvement in record maintenance especially in Uttar Pradesh, after the conduct of initial audit, the maintenance of basic records at the GP level, in particular the employment register was still deficient and there was considerable scope for improvement. Further, the reliability of monthly progress reports from the block and district levels was in serious doubt, as they could not be reconciled with the relevant basic records.

3.3.3 Delays in Provision of Employment

From the analysis of primary data collected by PACS (2007), it emerged that where people had applied for work, in most of the states, people received jobs after 15 to 30 days of applying. Only in two states, Chhattisgarh and Madhya Pradesh, more than 50 per cent respondents had received jobs in less than 15 days. In the case of Maharashtra, it was found that none of the respondents had been provided jobs within 15 days.

A survey by PRIA (2007) also found several instances, where receipts with dates printed against requests for jobs were not being given to applicants. The survey observed that about 17 per cent respondents from Karauli district of Rajasthan were not given receipts with dates. In Sitapur district of Uttar Pradesh too, applicants did not get receipts and in Pakur district of Jharkhand the Panchayat Sevak refused to give receipts with dates to applicants. Workers were, in fact, not aware of the importance of receipts with dates printed on them. In Sabarkantha district of Gujarat, in six out of 31 GPs, undated receipts had been given to applicants.

**Table 3.13: Households Reporting Delays in Provision of Employment
(Per cent of Applicant Households)**

S. No	Authors	Within 15 days	Between 15 to 30 days	After 30 days
1	Bihar	20.5	67.9	11.62
2	Chhattisgarh	54.4	35.4	10.1
3	Jharkhand	36.8	49.1	14.0
4	Madhya Pradesh	58.6	37.4	4.0
5	Uttar Pradesh	41.7	56.7	1.7

Source :PACS (2007).

3.4 PAYMENTS OF WAGES, DELAYS, AND UNEMPLOYMENT ALLOWANCE

The official estimates in the previous Chapter indicated that the range of wages realised by workers under NREGA in 2006-07 varied from a minimum of 70 per cent of the minimum wage in Rajasthan to a maximum of 216 per cent of the minimum wage in Maharashtra with an

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average, which was 9 per cent above the minimum wage rate. In 2007-08 there was marginal reduction in wages realised by workers as the range varied from a minimum of 80 per cent to a maximum of 165 per cent of the minimum wage rate with an average of 105 per cent, which was again higher than the minimum wage rate. In 2008-09, yet again the average realisation by workers has been 18 per cent above the minimum wage rate.

Though paying less than the statutory minimum wage is a violation of the Act, in most cases labour is paid under the piece-rate system in which workers are supposed to complete a piece of work to earn a minimum wage. Hence, actual wage rate realized by workers may be less or more depending upon the time taken to complete a specific task.

But, what is shocking is that field reports suggest that the official estimates of wages realized by workers were in fact inflated because the actual wages received by workers were much less than what is shown in the official documents (Table 3.14).

Of the states for which information on actual wages received by workers was available, only two states (Karnataka and Uttarakhand) reported payments of wages close to the official records. But, in other states such as Bihar, Orissa, Gujarat, Maharashtra, Rajasthan, and Uttar

Table 3.14: Wages Received by Workers as a Ratio of Wages Shown in Official Records and Delays in Payment

S. No.	Zone	State	Actual wages/Official records (Per cent)			Delays in payments (Days/Months/Weeks)		
			2006-07	2007-08	2008-09	2006-07	2007-08	2008-09*
1	East	Bihar		83.2 (Male) 65.7 (Female)				
		Jharkhand						
		Orissa	30.6	70.6	67.8		30-45days	
		West Bengal						
2	West	Chhattisgarh		84.0			More than 15 days	
		Gujarat		89.9			Up to 4 weeks	
		Madhya Pradesh						
		Maharashtra						
		Rajasthan		68.5	64.2			
3	North	Himachal Pradesh						
		Uttar Pradesh	75.9	86.2		1 month		
		Uttarakhand		100.0			2 months to 1 year	
4	South	Andhra Pradesh						
		Karnataka		100.0			1 month	
		Kerala						
		Tamil Nadu						

Source : Social Audit Reports.

Note : Up to October 2008.

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Pradesh, the actual wages received by workers varied from 31 per cent to 83 per cent of the wages shown in the official records of 2006-07. In 2007-08, the range of actual realisation increased from 62 per cent to 86 per cent of the official records.

The examples of Orissa and Uttar Pradesh show that there has been improvement in the actual wages received by workers, but the case of Rajasthan shows that this may not be true in all cases. As the TII-CMS survey showed, about 31 per cent of BPL households felt that the level of corruption had increased. Just about 13 per cent of the BPL households felt that initiatives taken in 2007-08 to check corruption had been effective.

Individual and other field studies also confirm low wage realisations by workers (Table 3.15). Barring the exception of Kerala, the actual wages received by workers were invariably lower than those shown in official records as minimum realised wages.⁶ The CAG (2008) report observed that in 90 GPs of 11 states workers were getting less than the minimum wage rate.

What gives more credence to these estimates are the large number of complaints about low wage payments and significant delays in making payments. In 2006-07 approximately 16 per cent of the households surveyed had reported wage payments below minimum wage rates (Table 3.16). In 2007-08, however, the proportion of households reporting wage payments

Table 3.15: Wages Received by Workers and Delays in Payment

S. No	Authors	Period of survey	Wage Rate (Rs per day)	Payment of wages (delays and house- holds reporting delay)
1	Right to Food	(2006)	2006-07	40 - 70 (80)
2	Jacob and Verghese (2006)	2006-07	125 (125)	
2	Datar (2007)	2007-08	68 - 78 (48 - 257)	
3	Rao (2008)	2007-08		2 - 4 weeks
4	Khera (2008)	2008-09	58 - 74 (45 - 66)	41 - 76
5	G. B. Pant Social Sciences Institute (2008)	2008-09	60 - 80 (72 - 100)	

Notes : Figures in parentheses are wages shown in official records as reported by authors or state averages from official data.

6. A survey by PRIA (2007) in three blocks - Bakani, Dag, and Sunel - of Jhalawar district of Rajasthan in 2007 found that labourers under NREGA were earning less than the minimum wage rate, and much less in many cases. For instance, the muster rolls for one village showed that all labourers had been paid Rs 50 per day, but actually they had earned as little as Rs 23 per day. Similarly, in other villages, wage earning ranged between Rs 35 and Rs 45 a day. Ambasta et al. (2008) found that in Mandla district of Madhya Pradesh, wage payments of as low as Rs 37 per day have been reported because of the valuation as per the task rate. Many people are unwilling to work on a task rate basis because they get less than the minimum wage under the system.

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below minimum wages had increased to 40 per cent. A comparison of the share of people reporting wage payments below minimum wages in 2006-07 and 2007-08 shows that with the expansion of coverage the share of households receiving low wages witnessed an increase in a number of states.

Table 3.16: Sample Households Reporting Payments Below Minimum Wages and Delays in Payment

S. No.	Zone	State	Households Reporting payments Below Minimum Wages (Per cent)			Households Reporting Delays in Payment (Per cent)	
			Pria I Sept- mber Octo- ber 2006	Pria II April - May 2007	Pria I Sept- mber Octo- ber 2006	Pria II April - May 2007	PACS II April May 2007
1	East	Bihar	1.5	52.0	93.2	43.9	80.0
		Jharkhand	10.6	76.3	82.7	67.8	73.0
		Orissa	25.6	39.0	42.0	49.2	
		West Bengal	0.0	75.7	0.0	57.3	
		Total	9.3	57.0	62.7	52.2	78.3
2	West	Chhattisgarh	1.7	16.2	84.1	39.6	52.0
		Gujarat	48.0	65.0	47.0	87.4	
		Madhya Pradesh	42.0	64.0	56.1	48.7	39.0
		Maharashtra	0.8		100.0		0.0
		Rajasthan	97.0	97.0	80.7	5.0	
		Total	27.2	53.5	72.4	48.6	31.5
3	North	Haryana	9.8	85.8	81.0	73.6	
		Himachal Pradesh	4.7	2.7	88.9	28.7	
		Uttar Pradesh	15.4	13.0	69.0	32.6	50.0
		Uttarakhand	2.0	14.2	72.0	40.1	
		Total	11.4	24.1	72.9	40.1	50.0
4	South	Andhra Pradesh	7.7	8.9	96.2	26.9	
		Kerala	0.0	5.3	0.0	39.3	
		Tamil Nadu	18.4		12.0		
		Total	10.0	8.5	65.9	28.2	
	All India		16.1	40.1	69.5	44.7	59.0

Source : PRIA (2007, 2008); PACS (2007); CEFS (2007); and DISHA (2007).

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Other field reports also suggest significant number of people reporting delays in payments of wages. A study by DISHA found 18 per cent to 97 per cent people reporting delays in payment time. Another comprehensive study by CAG found that in 200 GPs of 18 states workers were not being paid on time, that is, within a fortnight of the date on which work was carried out. The time taken to make payments varies from study to study from few weeks to even a year in some cases. However, households reporting delays in payments have exhibited a decline between 2006-07 and 2007-08. This is true with respect to the two studies done by PRIA and was also correct when a comparison is made with the PACS study though numbers reported in the latter study were a little higher in comparison to the second study by PRIA during the same year.

A few cases of non-payment of wages have also been reported (Das and Pradhan 2007). It has also emerged from the primary data that on work sites away from the village, additional wages were provided in only 1.9 per cent cases (PACS).

Not only this, a few other anomalies in the payments of wages have also been brought out by the CAG report, which demonstrates that no compensation was paid to labour in cases involving delayed payments beyond the stipulated period of 15 days. Part of the reason for this may be that measurements of works executed are not done for several weeks. The official stated reason for non-payment of compensation is that it is not claimed, but it is a violation of law.

Fraudulent payments were also observed and in some cases there was no acknowledgement for having credited the amount to the bank towards payments of wages involving several workers. Other studies have also reported cases of middlemen siphoning off money in collusion with bank officials, and middlemen and pradhans escorting workers and extracting money (Dreze and Khera (2009). Another study in Jharkhand found that labourers who claimed to have worked for various NREGA projects were paid in cash while the official records showed that all wages had been paid through bank accounts (Kar 2009). Bank ledgers also confirmed the official line, but revealed a curious pattern of transaction. What has happened in all these cases is that sometimes accounts are entirely operated by the contractors and bank officials and sometimes labourers also become accomplices of the contractors. For a small sum of money they let the contractors operate their accounts. Even in places where banks are not directly involved, bureaucratic/administrative procedures have made the labourers increasingly dependent on the middlemen because bank payments are regularly delayed.

In addition, in a few cases even though new minimum wage rates had been notified, payments of wages, however, were made on earlier rates based on which the works had been sanctioned.

These anomalies have been happening due to several reasons and some of which have been highlighted in the field studies including the CAG report (Table 3.17). In 23 states, District Schedule of Rates (DSR) had not been prepared and matrix of rates for the same kind of work/task based upon different ecological conditions had not been prepared in 46 districts of 21 states. In sites of 336 GPs of 20 states, DSRs were not posted at works; and, in 294 GPs of 16 states the implementing agencies did not provide description of daily work requirement to facilitate the fulfilment of productivity norms.

The works were not measured daily in 348 GPs of 20 states and in 146 GPs of 14 states, authenticated books were not being used to record the measurements. In the absence of all these requirements it is easy to manipulate and fudge wage rates. Therefore, due to lack of proper accounting and awareness about entitlements, leakages are bound to happen.

The CAG report also found that in 282 GPs in 21 states, undated receipt of applications for demand for work were given, and in 343 GPs in 19 states employment registers were not maintained. In the absence of recorded date of demand, the entitlements to unemployment allowance could not be easily established. The audit scrutiny in 53 blocks of 17 states revealed that unemployment allowance was not paid to those workers, who could not be provided employment within 15 days from the date on which work was requested for.

How difficult the situation is at the ground level is highlighted by people's struggle to get unemployment allowance in Nabarangpur district of Orissa and Sitapur district of Uttar Pradesh.⁷ Cases of corruption, fudging in muster rolls, discrepancies in work days and payments, and workers not being adequately aware of piece-rate structure have also been reported in some individual studies (Table 3.18).

3.5 MONITORING AND SOCIAL AUDITS

To achieve the objectives of the Act, the law provides a key role in monitoring and conducting social audits. The guidelines stipulate that block level officials should inspect 100 per cent of works every year, district level officials 10 per cent of works, and state level officials 2 per cent of works. Financial audit of all districts is mandatory. To do this, district internal audit cells are to be constituted to scrutinise the reports of the gram sabhas. Further, verification and quality audit

7. In Tentulikhunti GP of Nabarangpur district of Orissa workers had to first struggle for proper acknowledgement receipts of their applications for employment and then for getting unemployment allowance. The workers staged dharna in front of the BDO. They were persuaded and later on threatened to call off their demand for unemployment allowance. Consistent efforts by the local NGOs and workers helped 63 workers receive unemployment allowance (Action Aid). Similarly, in Uttar Pradesh, when work under NREGA was not provided in response to written work applications, workers of Sitapur district converged in Badwani to demand unemployment allowance as per the provisions of the Act. The struggle for unemployment allowance lasted from June to October 2006 and included an eight-day long dharna in front of the Collectorate. A committee was set up to examine the matter and the report has been submitted by the committee. But the decision is pending and people are still awaiting the unemployment allowance (personnel interviews with Sanghtin, a local NGO).

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Table 3.17: Problems Identified by CAG in the Payment of Wages

S. No.	Problem	Number of GPs/ Blocks	Share of GPs/ Blocks Selected	Number of States	States
1	District Schedule of Rates (DSR) not prepared	.		23	Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Meghalaya, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal
2	Rates for the same kind of work/ task based upon different ecological conditions not prepared	46 districts	68	21	Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal
3	DSRs were not posted at work sites	336 GPs	65	20	Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand, and West Bengal
4	Workers getting wages less than the minimum wage rate.	90 GPs	18	12	Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Kerala, Madhya Pradesh, Maharashtra, Manipur, Orissa, Punjab, Rajasthan, and Tamil Nadu
5	Authenticated measurement books not used to record work measurements.	146 GPs	28	14	Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Jharkhand, Manipur, Nagaland, Orissa, Punjab, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal
6	Workers were not paid wages on time(within 2 weeks of work done)	200 GPs	39	16	Andhra Pradesh, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, , Orissa, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand, and West Bengal

(Contd...)

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Table 3.17: Problems Identified by CAG in the Payment of Wages

S. No.	Problem	Number of GPs/ Blocks	Share of GPs/ Blocks Selected	Number of States	States
7	Application Registration Register was not maintained, or not properly maintained	206 GPs	40	19	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Uttar Pradesh, Uttarakhand, and West Bengal
8	Employment Register was not properly maintained,	343 GPs	67	19	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Tamil Nadu, Uttar Pradesh, Uttarakhand, and West Bengal
9	Receipts with dates of applications for demand for work not given	282 GPs	55	21	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand, and West Bengal
10	Muster Roll Receipt Register not maintained or incompletely maintained	216 GPs	42	16	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Manipur, Orissa, Rajasthan, Uttar Pradesh, Uttarakhand, and West Bengal
11	Complaint Register was not maintained or incompletely maintained	321 GPs	63	20	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand, and West Bengal

Source : CAG (2008).

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Table 3.18: Problems in Payment of Wages and Fudging of Accounts

S. No	Authors	Period of survey	Problems in payment of wages and fudging
1	Das and Pradhan (2007)	2006-07	Discrepancies in work days and payments
2	Right to Food (2006)	2006-07	Workers not aware of piece-rate structure, getting low wages
3	Bhatia and Dreze (2006)	2006-07	Fudging of muster rolls
4	Ghosh (2008)	2006-07	Rampant corruption
5	Dreze and Khera (2009)	2008-09	Widespread corruption

Notes : Figures in parentheses are wages shown in official records as reported by authors or state averages from official data.

by external monitors has to be undertaken at the central, state and district levels through qualified national, state, and district monitors. Local VMCs, consisting of members elected by the GS are required to monitor the progress and quality of work while in progress.

The process of social audit is required to include public vigilance and verification of 11 stages right from registration of families through to evaluation and mandatory social audit in the GS. For this, updated data on demand received, registration, number of job cards issued, list of people who demanded jobs and been given/not given employment, funds received and spent, payments made, works sanctioned and works started, cost of works and details of expenditure on it, duration of work, man days generated, reports of local communities, and copies of muster rolls are required to be made available in a pre-designed format outside offices of all agencies involved in implementing the Act. The guidelines mandate that Social Audit Forums must be held twice a year at GS level for all works done in the preceding year.

The CAG survey found out that in 15 states, state-level inspection of works was not conducted or documented, in 40 districts of 18 states the district level officials did not conduct 10 per cent inspection of works, and in 99 blocks of 21 states the block level officials did not conduct 100 per cent inspection of the works (Table 3.19). The financial audit was not carried out in 38 districts of 19 states, in 52 districts of 23 states district internal audit cells were not constituted, both state and district quality monitors had not been designated by the state governments of 21 states, and local VMCs were not constituted by 157 GPs in 15 states.

The VMCs were non-functional, as neither their reports were discussed in GS and nor were they found attached with applications for demand of funds or work completion certificate. In some places, DPC did not review the social audit mechanism. In 354 GPs of 20 states, GS was not held once in every six months to conduct a social audit. The updated data on demand received, registration, number of job cards issued, list of people who demanded and been given/ not given employment, funds received and spent, payments made, works sanctioned and works started, cost

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Table 3.19: Problems Identified by CAG in the Social Audit, Monitoring, Transparency and Grievance Redressal

S. No.	Problem	Number of GPs/ Blocks	Share of GPs/ Blocks Selected	Number of States	States
1	A Gram Sabha once in every six months was not held to conduct a social audit	354 GPs	69	20	Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Andhra Pradesh, Assam, Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Tamil Nadu, Uttar Pradesh, Uttarakhand, and West Bengal
2	Intimation of work allotment not notified publicly at the block offices	91 blocks	71	21	Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, Uttaranchal, and West Bengal Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Manipur, Orissa, Rajasthan, Uttar Pradesh, Uttarakhand, and West Bengal
3	State-level inspection of works was not conducted or documented			15	Arunachal Pradesh, Assam, Chhattisgarh, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Orissa, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal

(Contd...)

IMPLEMENTATION OF THE ACT: A VIEW FROM THE FIELD

Table 3.19: Problems Identified by CAG in the Social Audit, Monitoring, Transparency and Grievance Redressal

S. No.	Problem	Number of GPs/ Blocks	Share of GPs/ Blocks Selected	Number of States	States
4	District level officials did not conduct 10% inspection of the works	40 districts	59	18	Andhra Pradesh, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Uttar Pradesh, Uttarakhand, and West Bengal Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, Uttaranchal, and West Bengal Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Manipur, Orissa, Rajasthan, Uttar Pradesh, Uttarakhand, and West Bengal
5	Block level officials did not conduct 100% inspection of the works	99 blocks	77	21	Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal
6	Financial audit not carried out	38 districts	76	23	Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal

(Contd...)

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Table 3.19: Problems Identified by CAG in the Social Audit, Monitoring, Transparency and Grievance Redressal

S. No.	Problem	Number of GPs/ Blocks	Share of GPs/ Blocks Selected	Number of States	States
7	District Internal Audit Cells not constituted.	52 districts	76	23	Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal Arunachal Pradesh, Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal

Source : CAG (2008).

of works and details of expenditure on it, duration of work, person-days generated, reports of local communities and copies of muster rolls were not made public in 376 GPs of 21 states.

In 91 blocks of 21 states, the intimation of work allotment was not notified publicly at the block offices of the PO. Several state governments had not specified the grievance redressal mechanism; no meetings of the social audit forum were organised. Whenever these meetings were organised, no records of meetings were available, due to which it could not be ascertained if the forum performed its prescribed role. No summary of data was prepared and placed before the Gram Sabha.

In the absence of proper maintenance of records, social audit remains the only method for ensuring a degree of transparency and accountability at the GP and GS level. Non-conduct of social audit strikes at the root of the demand-driven bottom-up approach of NREGA.

The data collected in surveys conducted during 2006-07 and 2007-08 show a rather mixed status of vigilance and monitoring of works (Table 3.20). Though there seems to be

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Table 3.20: Problems in Monitoring and Social Audits Highlighted by Surveys and Social Audits

S. No.	Survey Study	Problems	2006-07	2007-08	2008-09
1	PACS (2007)	GPs having Registration Register (Per cent) GPs having Job Card Register (Per cent) GPs having Application Register (Per cent) GPs having Employment Register (Per cent) GPs having Asset Register (Per cent) GPs having Complaint Register (Per cent) GPs having Social Audit Register (Per cent) GPs having Evaluation Register (Per cent) GPs having Muster Roll Register (Per cent) GPs having Payment Register (Per cent) GPs where Monitoring and Vigilance Committees had been formed GPs where Social Audits Held GPs where Muster Rolls were read in Gram Sabha		80 78 61 64 55 42 40 48 69 59 49 27 35	
2	PRIA (2008)	GPs Prepared their Annual Plans (Per cent) Households Attending Gram Sabha Meetings (Per cent) GPs where Monitoring and Vigilance Committees had been formed GPs where Works have been Inspected Households Reporting Holding of Social Audit Meetings	45 23 22	52 89 33 12	
3	Social Audit Reports	List of Job Cards Exists in Village Discrepancies in Actual Number of Job Cards Meetings Held in Gram Sabhas for Selection of Works Consultations in Gram Sabhas for Undertaking work Maintenance of Work Allotment Register Evaluation of Works	No Yes Mostly No Mostly No Mostly No Mostly No	Mostly No Yes Mostly No Mostly No Some Places Mostly No	Yes (Rajasthan)

Source : PACS (2007); PRIA (2008); and Social Audit Reports.

some improvement in 2007-08 compared to 2006-07 on aspects related to formation of vigilance and monitoring committees, very little is known whether these committees actually function.

Further, there is a huge difference between maintaining registers just for the sake of record and quality of information contained in these registers. As the social audit reports suggest, there are huge discrepancies in the data maintained in these registers and actual information collected from the villages. On the whole, it appears that issues related to transparency and social audits are being treated as a formality, wherein, some information is filled up in a standard format with 'yes and no' attributes, which serves only a limited purpose. These formats do not provide any information on effective participation, quality, and follow-up actions.

3.6 OTHER ISSUES HIGHLIGHTED IN FIELD REPORTS

In addition to the above, field reports have also highlighted a few issues on which there is no official data. These have to do with some changes, which have been or are being brought about in the lives of workers participating in NREGA.

There is evidence to show that the Act is making a difference to the lives of the poor, particularly in areas where it is working well. A study by Dreze and his colleagues (2009) showed that 81 per cent of the sample workers in six states lived in *kaccha* houses, 61 per cent were illiterate, and 72 per cent did not have electricity at home, which means that most of the workers belong to the disadvantaged sections of the society. About half of these workers felt that the NREGA had brought a significant change in their lives, and 69 per cent said it had helped them avoid hunger. The NREGA has 'helped' workers in other ways, such as avoiding migration (59 per cent), sending children to school (38 per cent), coping with illness (50 per cent), repaying debt (32 per cent), and avoiding demeaning or hazardous work (35 per cent). A recent study by Ravi and Engler (2009) also suggests that NREGA has led to improvements in food security, increase in probability of holding savings, and reduction in anxiety level among low-income households. The study found increases in expenditure for food amounting to a 7 per cent increase for all households and 15 per cent for the poorest group.

Some of the evidence also shows that with better wages, the bargaining power of workers and women, in particular, has gone up. Studies have attributed higher participation of women in NREGA to higher difference in female wages before and after the introduction of NREGA compared to the wages for male labour (Jacob and Verghese 2006).

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Reports from some parts of Rajasthan, Andhra Pradesh and to a certain extent parts of Bihar, Jharkhand, Orissa, and Uttar Pradesh, indicate some reduction in migration.⁸ The evidence of this is suggested in the shortage of labour experienced by farmers in parts of Andhra Pradesh, Haryana, and Punjab.⁹ Farmers in these states mostly attribute this phenomenon to the introduction of NREGA, as migration of people from Bihar, Uttar Pradesh, Jharkhand, and Orissa has been impacted adversely.

Disbursal of wages through banks and post offices, despite its current flaws discussed above, is being seen as a major step forward for financial inclusion. There are reports that some public sector banks in Karnataka have taken up pilot projects to disburse social security pensions and NREGA wages and there is also talk of delivering wages through mobile vans and mobile phones.¹⁰ Therefore, when fully implemented, it is obvious that the country will have the largest number of bank and post office accounts linked to a development programme.

8. Sirohi district in Rajasthan reported 93 per cent reduction in migration (*The Hindu* 20 July 2008). Similar reports have come from Ranga Reddy district in Andhra Pradesh (*newindpress*, 16 May 2007), Nalgonda district (*The Hindu* 29 March 2006), Tamilnadu (*The Hindu*, 5 May 2008).

9. *The Times of India*, 19 June 2008, *The Financial Express*, 4 September 2008, and *The Financial Express*, 12 November 2008.

10. *Business Standard*, 7 July 2008, and *The Financial Express*, 7 July 2008.

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Annex Table A3.1: Coverage of Sample Surveys

S. No	Zone	State	Pria I Sept- ember Octo- ber 2006	Pria II April - May 2007	PACS II April - May 2007	CEFS	DISHA February 2007	G.B. Pant Institute (2008)
1	East	Bihar	540	440	87770			1000
		Jharkhand	210	230	28304			1000
		Orissa	360	360				
		West Bengal	210	230				
		Total	1320	1260	116074			
2	West	Chhattisgarh	540	540	27021			1000
		Gujarat	370	370			764	
		Madhya Pradesh	520	600	28568	3427	63	1000
		Maharashtra	380		24459			
		Rajasthan	120	220			266	1000
		Total	1930	1730	80048	3427	1093	
3	North	Haryana	180	300				
		Himachal Pradesh	180	180				
		Uttar Pradesh	1060	1060	23824			1000
		Uttarakhand	300	300				
		Total	1720	1840	23824			
4	South	Andhra Pradesh	430	420				
		Kerala	50	50				
		Tamil Nadu	180					
		Total	660	470				
	All India		5630	5300	219946	3427	1093	

Source :

- PRIA (2007) and (2008). In the 2007 survey, in each state 1 to 3 districts were selected depending on the number and size of NREGA districts in the State. Districts were selected purposely as well as randomly. Those NREGA districts where PRIA and partners have been working were included in the sample and additional districts were picked up using probability proportional to size (PPS), size being the rural population of the district. The first covered 16 states and 5,630 sample households and the second survey covered 14 states and 5,300 households.
- PACS (2007). The survey covered 283 Panchayats and 600 villages from different socio-cultural backgrounds taken from 39 districts of the six states
- CEFS (2007). The survey in Orissa was carried out in 100 villages spread over six districts of KBK (Kalahandi-Bolangir-Koraput) region, namely; Bolangir, Nuapada, Kalahandi, Koraput, Nabarangpur, and Rayagada. The survey in Madhya Pradesh was conducted in 125 poorest villages spread over 5 poorest districts (Shivpuri, Chhattarpur, Tikamgarh, Dhar, and Jhabua).
- DISHA (2007). The survey covered five districts of Gujarat (Banaskantha, Dahod, Dandg, Panchmahal, and Sabarkantha) 2 districts of Rajasthan (Dungarpur and Udaipur) and 1 from Madhya Pradesh (Dhar).
- G. B. Pant Institute (2008). The survey covered 10 districts in six states. In each district 10 GPs in two different blocks were selected. In each of the sample GPs, one active NREGA site was studied and from each worksite 10 workers were randomly selected.

CHAPTER 4

WORKS UNDERTAKEN AND ASSET CREATION

Like several other employment generating programmes, old and new, the objective of NREGA is also twofold – to generate assured temporary employment for the rural poor and to create permanent assets so that rural areas and people living there can benefit from these assets. Thus, apart from the provision of employment, the Act also lays emphasis on serving other objectives such as generating productive assets and protecting the environment. For this reason, creation of durable assets that have long-lasting value and strengthening the livelihood resource base of rural areas are essential features of the Act.

There are three main objectives of linking any employment generation to building of assets. First, there is a general shortage of productive infrastructure in rural areas so development activities like these can make a significant contribution in expanding their resource base. Second, creation of permanent assets is assumed to have a positive impact on agricultural and non-agricultural activity in rural areas. Third, it is believed that these assets in the long run would lead to increase in indirect employment generation both in farm and non-farm sectors.

At the back of these notions, the intent is that rather than turning into a permanent mechanism for transferring income to the poor, programmes like these should expand livelihood resource base, leading to an increase in economic activity and provision of employment.¹

Keeping these facts in view, the focus on building assets under NREGA is linked to the work programme prepared under DPP, which is intended to help planning in advance. The objective of advance planning is to identify the types of works that should be taken up in areas concerned, considering the potential linkages between these works and sustained development for long-term employment generation.

Of course, the other aim of planning is to ensure that the districts/blocks/GPs are prepared well in advance to offer productive employment on demand. The guidelines suggest that the annual plan is to be treated like a rolling plan as the approved shelf of projects would carry over from one financial year to the next. This may be seen as part of the longer-term strategy for sus-

1. There is a lot of research on the importance of infrastructure for agricultural output, economic growth, and poverty reduction: Antle (1983), Binswanger *et al.* (1993), Chhibber (1989), Jalan and Ravallion (1998), Fan *et al.* (1999) and Cook *et al.* (2005).

tainable employment generation. The need to integrate work priorities with a longer-term development strategy is reflected in Schedule I of the Act.

Under the Act, the State Councils are expected to prepare a list of preferred works for different areas based on their ability to create durable assets. The suggested works in their order of preference include: (i) water conservation and water harvesting; (ii) drought proofing (including afforestation and tree plantation); (iii) irrigation canals including micro and minor irrigation works; (iv) provision of irrigation facility to land owned by households belonging to the SCs and STs or land of beneficiaries of land reforms or IAY of the Government of India; (v) renovation of traditional water bodies including desilting of tanks; (vi) land development; (vii) flood control and protection works including drainage in water logged areas; (viii) rural connectivity to provide all-weather access; and (ix) any other work which may be notified by the Central Government in consultation with the State Government

The guidelines also suggest that the list of permissible works represents the initial thrust areas and if it is difficult to guarantee employment through activities within this initial list of permissible works then the state government may add new categories of works in consultation with the Central Government. Further, the maintenance of assets created under the programme is also considered as permissible work and the same applies to the maintenance of assets created under other programmes that fit into the sectors of works approved in Schedule I of the Act. Thus, identification of assets is flexible enough to respond to the emerging needs of the area based on the experience of implementation.

Here we examine the number of works undertaken and the type of assets that have been created or are being created in various parts of the country. The information is for two-and-a-half years and we look at the total number of assets, their distribution and also examine their completion record. The issues related to the selection of these works, their sustainability and synergies with other programmes under which similar and complementary assets are being created are also discussed in the chapter.

4.1 NUMBER AND TYPE OF ASSETS

The data for 2006-07 show that a total of 879,000 works were undertaken during the first year of NREGA (Table 4.1). Approximately 41 per cent of these works were related to irrigation, which includes water conservation and water harvesting; irrigation canals including micro and minor irrigation works; and renovation of traditional water bodies including desilting of tanks. The second major component of these works, about 21 per cent is accounted for by rural

WORKS UNDERTAKEN AND ASSET CREATION

connectivity. Three type of works - land development, irrigation works on private land (SCs, STs, or land of beneficiaries of land reforms and IAY), and drought proofing together accounted for about 29 per cent share of works. Thus, five types of works (irrigation, road connectivity, land development, provision of irrigation on the farms of the poor, and drought proofing) accounted for a little over 90 per cent of all works.

At the regional and state level, however, there were some variations in the types of works undertaken. For example, of the 255,000 works undertaken in the eastern region, about 77 per cent of works were related to rural connectivity and irrigation. Similarly, 78 per cent of works in the western region were also related to irrigation and rural connectivity. In the northern region, three types of works, rural connectivity, irrigation and drought proofing, together accounted for about 83 per cent share of 110,000 works undertaken. But, in the southern region of the 259,000 works initiated irrigation, land development, and drought proofing accounted for the bulk of works (about 90 per cent share).

In many states, by and large, irrigation and rural connectivity were the two major types of works that had been undertaken. In two states, Chhattisgarh and Andhra Pradesh, the share of land development works is significant. Similarly, in four states, Jharkhand, Orissa, Gujarat, and Madhya Pradesh, the share of works undertaken for provision of irrigation on the farms of the poor is considerable and varies from 22 per cent in Orissa to 29 per cent in Madhya Pradesh. Flood control in Jammu and Kashmir and other types of works in Assam, Bihar, Maharashtra, and Jammu and Kashmir also accounted for a significant share of works.

In 2007-08, about 1,767,000 works were undertaken, which represents an increase of about 101 per cent over the number of works undertaken in 2006-07 (Table 4.2). A major part of the increase in works undertaken at the aggregate level between 2006-07 and 2007-08 was contributed by the west (32 per cent) followed by the south with a share of 31 per cent. The east made the third highest contribution to the increase in works and the north contributed the lowest share to the increase in the number of works undertaken during the same period at the national level.

It is important to note that the significant increase in works in the western and southern regions between 2006-07 and 2007-08 was essentially due to an extremely large increase in the number of projects undertaken in Madhya Pradesh and Andhra Pradesh, respectively. And the performance of eastern and northern regions was poor due to underperformance of many states. For example, two states in the eastern region, Assam and Orissa, witnessed a decrease in the number of projects undertaken during 2007-08 over 2006-07. Similarly many states in the north observed only a marginal growth in the number of projects undertaken.

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Table 4.1: The Number and Type of Works undertaken under NREGA - 2006-07

S. No.	Zone	State	Total Number of Works (thousand)	Irrigation (per cent)	Rural Connectivity (per cent)	Land Development (per cent)	Irrigation Private Land (per cent)	Drought Proofing (per cent)	Flood Control (per cent)	Others (per cent)
1	East	Assam	17.9	10.8	47.2	10.9	1.4	2.1	9.5	18.1
		Bihar	64.9	29.6	41.3	0.9	0.4	1.8	3.5	22.6
		Jharkhand	66.1	45.8	20.3	3.3	22.9	0.8	0.2	6.8
		Orissa	51.7	22.0	44.1	0.7	22.4	3.1	1.2	6.4
		West Bengal	44.1	31.0	31.9	6.1	1.8	15.5	7.7	6.0
		N-E States	10.7	40.2	28.9	7.3	1.0	11.5	3.6	7.4
		Total	255.4	31.6	34.7	3.3	11.0	4.6	3.3	11.4
2	West	Chhattisgarh	32.5	23.8	26.5	28.5	1.7	13.4	0.5	5.5
		Goa	0.0							
		Gujarat	8.6	44.7	19.9	2.1	23.3	5.6	3.0	1.4
		Madhya Pradesh	178.5	39.7	15.0	6.7	28.5	6.3	0.5	3.3
		Maharashtra	13.5	46.7	5.3	1.4	0.0	15.6	0.6	30.3
		Rajasthan	22.0	62.3	26.2	1.7	3.3	4.3	0.9	1.3
		Total	255.1	40.1	17.1	8.6	21.2	7.5	0.7	4.7
3	North	Haryana	1.7	45.8	41.3	10.1	0.0	1.4	1.3	0.2
		Himachal Pradesh	8.7	19.3	55.6	2.3	0.3	2.6	7.5	12.4
		Jammu and Kashmir	2.4	17.7	18.2	9.4	8.5	2.9	23.4	19.8
		Punjab	1.3	22.3	62.7	9.9	0.0	1.1	4.1	0.0
		Uttar Pradesh	88.0	32.5	41.7	3.5	0.9	11.7	4.2	5.5
		Uttarakhand	7.3	54.1	10.5	0.7	0.1	14.8	14.0	5.8
		Total	109.5	32.6	40.5	3.5	0.9	10.7	5.5	6.2
4	South	Andhra Pradesh	232.7	54.6	0.2	23.2	0.2	16.8	0.0	4.9
		Karnataka	19.4	43.2	26.2	2.3	6.2	7.7	5.7	8.8
		Kerala	0.0							
		Tamil Nadu	6.7	89.9	9.4	0.0	0.0	0.1	0.6	0.0
		Total	258.9	54.7	2.4	21.1	0.6	15.7	0.4	5.1
		All India	878.8	41.0	20.8	10.1	9.7	9.5	2.0	7.0

Source : Computed from G.O.I. [2008]

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Table 4.2: The Number and Type of Works undertaken under NREGA - 2007-08

S. No.	Zone	State	Total Number of Works (thousand)	Irrigation (per cent)	Rural Connectivity (per cent)	Land Development (per cent)	Irrigation on Private Land (per cent)	Drought Proofing (per cent)	Flood Control (per cent)	Others (per cent)
1	East	Assam	11.9	20.0	42.7	8.3	2.0	5.0	21.3	0.7
		Bihar	90.5	40.0	38.5	3.9	1.5	3.2	6.7	6.2
		Jharkhand	159.1	42.9	20.1	6.1	24.0	2.4	0.5	4.1
		Orissa	40.2	54.7	38.2	0.1	0.9	1.8	1.5	2.8
		West Bengal	127.3	47.8	27.1	6.0	1.9	9.3	7.8	0.0
		N-E States	71.4	15.8	17.0	8.9	1.2	3.7	2.1	51.2
		Total	500.3	40.2	26.8	5.6	8.7	4.5	4.3	10.0
2	West	Chhattisgarh	102.4	20.6	18.4	42.9	11.5	6.2	0.5	0.0
		Goa								
		Gujarat	21.6	47.2	12.2	0.7	14.2	19.0	4.8	1.9
		Madhya Pradesh	341.5	24.4	14.3	16.5	37.3	7.3	0.3	0.0
		Maharashtra	13.7	60.4	13.5	5.3	0.9	17.0	0.5	2.5
		Rajasthan	63.2	37.3	14.0	3.5	41.9	2.2	1.2	0.0
		Total	542.4	27.0	14.9	19.1	31.1	7.2	0.6	0.1
3	North	Haryana	2.8	44.1	31.9	14.8	0.4	5.6	3.3	0.0
		Himachal Pradesh	19.3	23.4	55.4	2.7	1.9	2.0	9.6	5.1
		Jammu and Kashmir	5.8	22.0	33.9	5.5	2.2	1.2	35.0	0.3
		Punjab	2.3	42.8	33.9	8.8	0.0	11.2	3.2	0.0
		Uttar Pradesh	147.9	31.6	38.4	7.3	6.6	8.0	5.1	3.0
		Uttarakhand	11.0	53.0	4.5	2.4	2.2	12.4	24.7	0.7
		Total	189.0	32.0	37.9	6.6	5.5	7.4	7.6	2.9
4	South	Andhra Pradesh	475.6	51.2	1.2	28.8	7.9	9.4	1.4	0.0
		Karnataka	26.2	38.5	17.2	13.1	8.6	16.8	5.8	0.0
		Kerala	15.3	52.2	5.8	14.0	1.0	2.2	24.8	0.1
		Tamil Nadu	18.5	82.1	17.4	0.0	0.0	0.0	0.5	0.0
		Total	535.6	51.7	2.7	26.7	7.5	9.2	2.2	0.0
		All India	1767.4	38.7	17.0	16.2	14.9	7.1	2.9	3.2

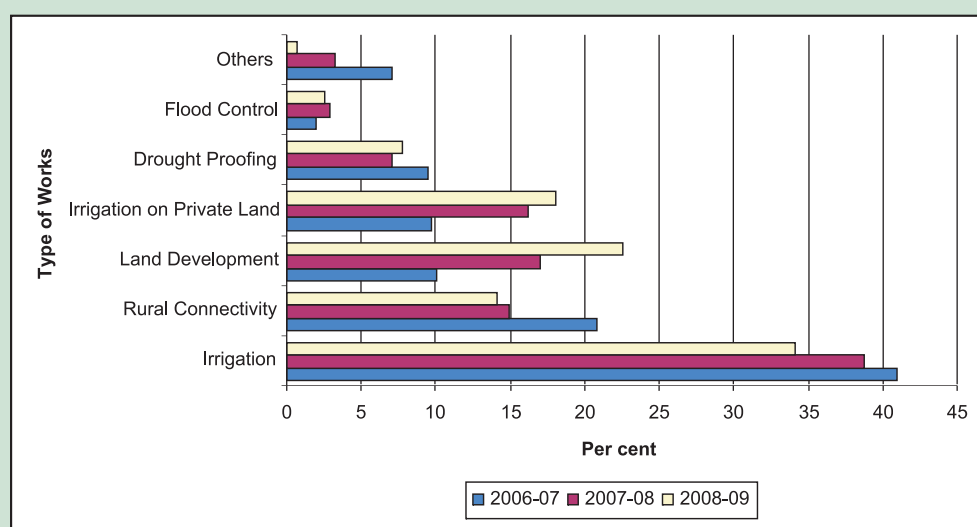
Source : Computed from G.O.I. [2008].

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The distribution of works undertaken in 2007-08 shows that among the major types of works about 39 per cent works were related to irrigation (Table 4.2). The second, third, and fourth ranks in terms of shares of works undertaken were occupied by land development (17 per cent), provision of irrigation on lands of poor (16 per cent), and road connectivity (15 per cent), respectively. Hence, these four types of works taken together accounted for around 87 per cent share of all works executed in 2007-08.

The only noticeable difference in the distribution of works in 2007-08 compared to 2006-07 was that road connectivity works, which occupied the second highest share after irrigation in 2006-07 exhibited a slight reduction in their share in 2007-08 (Figure 4.1). Further, works related to land development and provision of irrigation on lands of poor, which ranked lower in comparison to road connectivity in 2006-07 witnessed an improvement in 2007-08.

Figure 4.1: Shares of Different Types of Works in Total



Source : Computed from G.O.I. (2008).

At the regional and state level, however, works related to road connectivity continued to be major contributors to the total works undertaken in 2007-08. For example, in the eastern region, the share of rural connectivity related works was second highest after irrigation. Similarly, in the northern region, the share of works related to rural connectivity, was in fact, higher in comparison to irrigation works (excluding irrigation related works on the lands of the poor). But, in the western region, works related to provision of irrigation on lands of poor were the main contrib-

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utors to works in 2007-08. This is particularly true for Madhya Pradesh and Rajasthan. Likewise, in the south, land development works were second in importance after irrigation due to an overwhelmingly large share of such types of works in Andhra Pradesh.

In a few states, works related to flood control (Assam, Jammu and Kashmir, Uttarakhand and Kerala), drought proofing (Gujarat, Maharashtra, and Karnataka), and other unspecified works (north-eastern states) also accounted for a significant share of total works.

During the current year, that is, 2008-09, about 1,978,000 works have been undertaken, 12 per cent above last year's number of works (Table 4.3). Except for the eastern region, all other regions have witnessed a significant increase in the number of works undertaken.²

A majority of these works, about 34 per cent, are again related to irrigation followed by land development (23 per cent), provision of irrigation on lands of poor (18 per cent), and road connectivity (14 per cent), respectively. Other works account for just about 11 per cent of works.

Is there any difference in the type of projects undertaken among districts covered in the first, second, and third phase? While it is true that the four main types of works related to irrigation, land development, provision of irrigation on lands of poor and rural connectivity, account for the bulk of works in all the three types of districts, yet there are slight differences in the relative importance of various types of works undertaken.

At the national level, public works on irrigation account for a slightly lower share of total works in Phase 1 districts compared to Phase 2 and Phase 3 districts (Figure 4.2). However, land development works and works related to irrigation facility on lands of the poor account for the second and third highest shares of works, in Phase 1 districts. In Phase 2 districts, rural connectivity and works related to irrigation facility on lands of the poor occupy the second and third largest shares. In Phase 3 districts, works related to rural connectivity and drought proofing were the next in importance after irrigation related works.

At the regional level there are significant variations in the types of works undertaken. In Phase 1 districts, works related to irrigation have a dominant share of the eastern and southern regions, but not in west and north (Table 4.4). Works connected to irrigation facility on lands of the poor in west and land development in north are the leading works. In Phase 2 districts again, west and north have different types of work that dominate - while works related to irrigation facility on lands of the poor dominate in the west, rural connectivity works are seen more in the north. In Phase 3 districts, works related to irrigation and rural connectivity dominate in all the four regions with very little variations among regions.

2. For 2008-2009, data for Orissa were not available up to October 2008.

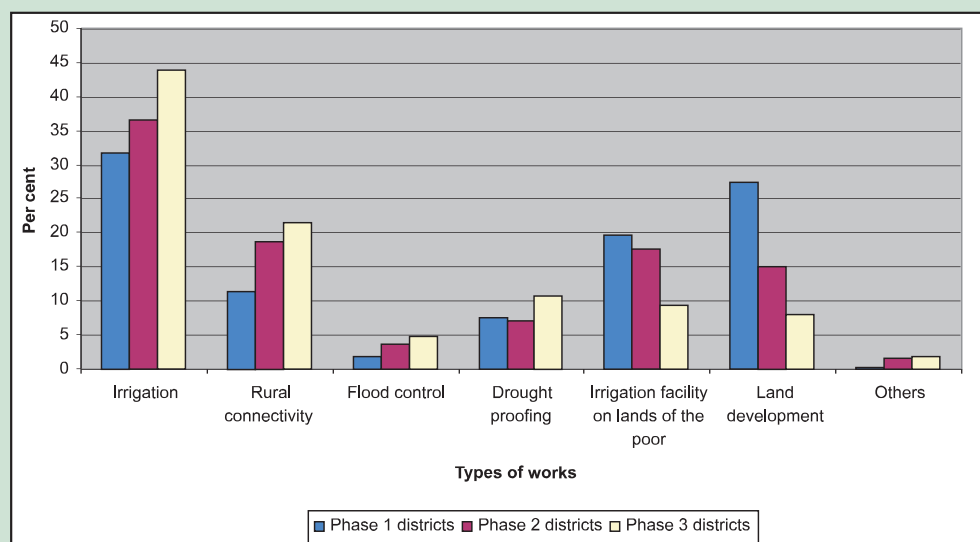
EVALUATING PERFORMANCE OF NATIONAL RURAL EMPLOYMENT GUARANTEE ACT

Table 4.3: The Number and Type of Works undertaken under NREGA - 2008-09*

S. No.	Zone	State	Total Number of Works (thousand)	Irrigation (per cent)	Rural Connectivity (per cent)	Land Development (per cent)	Irrigation on Private Land (per cent)	Drought Proofing (per cent)	Flood Control (per cent)	Others (per cent)
1	East	Assam	10.5	19.8	14.5	2.5	42.7	6.5	14.0	0.0
		Bihar	67.9	40.7	4.3	2.4	41.9	2.1	8.5	0.1
		Jharkhand	142.5	39.2	7.6	24.5	24.3	3.6	0.5	0.3
		Orissa								
		West Bengal	63.8	33.2	6.5	2.2	32.2	15.5	10.5	0.0
		N-E States	45.9	26.2	18.1	5.1	20.3	7.1	7.4	15.7
		Total	330.6	35.9	8.4	12.3	29.5	6.2	5.5	2.4
2	West	Chhattisgarh	69.4	23.0	26.1	18.0	25.5	6.7	0.7	0.0
		Goa								
		Gujarat	32.4	50.5	0.7	11.3	7.3	24.2	3.9	2.1
		Madhya Pradesh	387.4	13.2	18.2	44.0	11.2	12.9	0.5	0.0
		Maharashtra	16.7	59.0	9.3	2.1	11.4	16.9	1.0	0.3
		Rajasthan	152.9	32.0	4.2	40.0	20.5	2.4	0.7	0.3
		Total	658.8	21.6	14.7	37.7	14.7	10.5	0.8	0.2
3	North	Haryana	3.1	41.5	10.9	0.2	29.0	15.1	2.4	0.8
		Himachal Pradesh	23.7	25.5	2.1	1.3	58.3	1.1	10.4	1.4
		Jammu and Kashmir	4.2	26.8	4.2	3.1	37.5	0.5	27.8	0.3
		Punjab	2.5	45.0	20.5	0.0	20.4	12.2	2.0	0.0
		Uttar Pradesh	275.4	14.8	57.8	4.1	14.4	5.6	2.3	1.0
		Uttarakhand	9.1	60.0	2.0	1.4	1.7	15.4	19.0	0.6
		Total	318.0	17.6	50.6	3.7	17.8	5.6	3.7	1.0
4	South	Andhra Pradesh	555.1	54.7	26.3	9.0	2.0	7.2	0.8	0.0
		Karnataka	31.1	32.9	31.4	19.2	5.4	7.7	3.2	0.2
		Kerala	20.6	40.8	9.7	1.3	4.5	2.3	41.3	0.0
		Tamil Nadu	28.7	80.3	0.0	0.0	19.1	0.0	0.6	0.0
		Total	671.0	53.5	24.0	8.5	4.3	7.0	2.4	0.3
		All India	1978.4	34.1	22.6	18.1	14.1	7.8	2.6	0.7

Source : Computed from G.O.I. (2008).*Note* : Up to October 2008.

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Figure 4.2: Shares of Types of Assets in Different Districts

Source : Computed from G.O.I. [2008].

4.2 EXPENDITURE ON VARIOUS TYPES OF ASSETS

In terms of budget allocated for works, it is evident that irrigation-related works, which include minor irrigation, tanks, and wells accounted for 41 per cent of the total NREGA budget allocated for assets in 2006-07 (Table 4.5). Construction of roads was the second most important activity, which cornered 38 per cent share of the funds earmarked for assets. Other types of works, therefore, accounted for just about 21 per cent of the resources meant for building assets.

At the regional and state level, however, expenditure on works related to rural connectivity was more prominent in comparison to irrigation in the eastern and northern regions. Similarly, in a few states, works related to land development (Andhra Pradesh), drought proofing (Maharashtra and Uttarakhand), and flood control (Assam, Jammu and Kashmir, and Uttarakhand) also accounted for a significant share of total expenditure incurred on projects.

In 2007-08 again irrigation works and rural connectivity cornered 74 per cent of total funds earmarked for assets, which implies that there was marginal reduction in the share of expenditure allocated for rural connectivity and small improvement in the share of expenditure allocated for the remaining activities undertaken by states (Table 4.6 and Figure 4.3).

Expenditure on works related to rural connectivity was yet again more prominent in comparison to irrigation in the eastern and northern regions. At the state level, works related to land devel-

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Table 4.4: The Number and Type of Works Undertaken in different Types of Districts - 2008-09*

S. No.	District	Region	Total Number of Works (thousand)	Irrigation (per cent)	Rural Connectivity (per cent)	Flood Control (per cent)	Drought Proofing (per cent)	Irrigation Facility on lands of the poor (per cent)	Land Development (per cent)	Others (per cent)
1	First Phase									
		East	216.8	40.6	30.1	3.6	5.1	13.6	6.7	0.3
		West	408.1	19.4	11.6	1.0	9.9	42.6	15.3	0.3
		North	232.6	10.1	11.4	2.8	4.2	4.2	66.8	0.5
		South	468.7	49.1	2.7	1.5	8.4	10.1	28.1	0.0
		All India	1326.1	31.7	11.4	1.9	7.6	19.7	27.4	0.2
2	Second Phase									
		East	103.1	27.6	28.6	7.9	7.3	9.9	12.0	6.6
		West	150.7	16.5	17.4	0.4	10.8	37.4	17.5	0.1
		North	49.8	37.2	41.8	6.4	7.6	2.9	3.7	0.4
		South	131.0	66.5	3.5	2.7	2.2	6.2	18.9	0.0
		All India	434.6	36.6	18.7	3.5	7.0	17.5	15.0	1.6
3	Third Phase									
		East	10.8	21.9	25.7	18.8	16.1	7.4	8.1	2.0
		West	100.0	37.9	22.9	0.5	12.5	18.0	8.2	0.1
		North	35.5	38.7	26.4	5.9	12.0	1.4	10.5	5.0
		South	71.4	58.2	16.0	8.2	6.5	1.7	6.8	2.6
		All India	217.8	43.9	21.4	4.8	10.6	9.4	8.1	1.8

Source : Computed from G.O.I. (2008).

Note : Up to October 2008.

opment figured quite prominently in Andhra Pradesh and Haryana. Likewise, in a few other states, works related to provision of irrigation facilities on lands of the poor in Jharkhand, Madhya Pradesh, and Rajasthan, drought proofing in Uttarakhand, and flood control in Assam, Orissa, Jammu and Kashmir, and Uttarakhand accounted for a significant share of total expenditure.

The proposed pattern of expenditure in 2008-09 is once again loaded in favour of irrigation works and rural connectivity, which together have been allocated 74 per cent of the total funds

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Table 4.5: Budget Allocated for Works undertaken under NREGA - 2006-07 (Per cent)

S. No.	Zone	State	Irrigation	Rural Conne-ctivity	Land Develo-pment	Irrigation Private Land	Drought Proofing	Flood Control	Others
1	East	Assam	14.2	56.7	4.5	1.0	1.8	13.5	8.3
		Bihar	31.5	44.5	0.8	0.4	2.3	4.1	16.4
		Jharkhand	50.0	30.6	3.3	10.5	1.1	0.3	4.2
		Orissa	27.1	60.4	0.8	1.3	3.7	1.7	5.0
		West Bengal	38.1	36.4	4.4	1.2	7.8	9.7	2.5
		N-E States	30.5	41.4	11.4	0.4	9.0	6.6	0.7
		Total	31.6	46.2	3.0	2.9	3.3	5.7	7.3
2	West	Chhattisgarh	36.3	39.6	4.0	0.7	17.8	1.1	0.6
		Goa							
		Gujarat	61.5	29.2	1.2	2.8	2.3	2.5	0.6
		Madhya Pradesh	38.3	42.6	3.2	5.9	5.7	1.8	2.5
		Maharashtra	53.9	15.0	3.8	0.0	18.3	1.5	7.4
		Rajasthan	60.2	32.2	1.6	0.6	3.7	0.8	0.9
		Total	43.2	38.7	3.0	3.6	8.0	1.5	2.0
3	North	Haryana	39.9	45.0	14.0	0.0	0.4	0.5	0.3
		Himachal Pradesh	16.7	54.0	2.3	0.4	5.0	10.0	11.7
		Jammu and Kashmir	23.1	23.3	18.8	9.1	0.2	25.6	0.0
		Punjab	24.9	68.0	6.4	0.0	0.2	0.5	0.0
		Uttar Pradesh	39.3	42.5	4.8	0.9	4.8	4.9	2.9
		Uttarakhand	47.3	14.4	1.0	0.1	14.4	16.8	6.1
		Total	38.0	41.9	5.1	0.9	4.9	5.8	3.2
4	South	Andhra Pradesh	53.6	0.3	35.7	0.2	10.2	0.0	0.0
		Karnataka	46.2	28.0	4.0	5.0	6.5	5.9	4.2
		Kerala							
		Tamil Nadu	92.0	6.1	0.0	0.0	0.1	1.7	0.0
		Total	57.5	8.9	21.4	1.5	7.6	1.9	1.2
5		Union Territories							
		All India	40.5	38.0	5.4	2.8	6.0	3.4	3.8

Source : Computed from G.O.I. [2008].

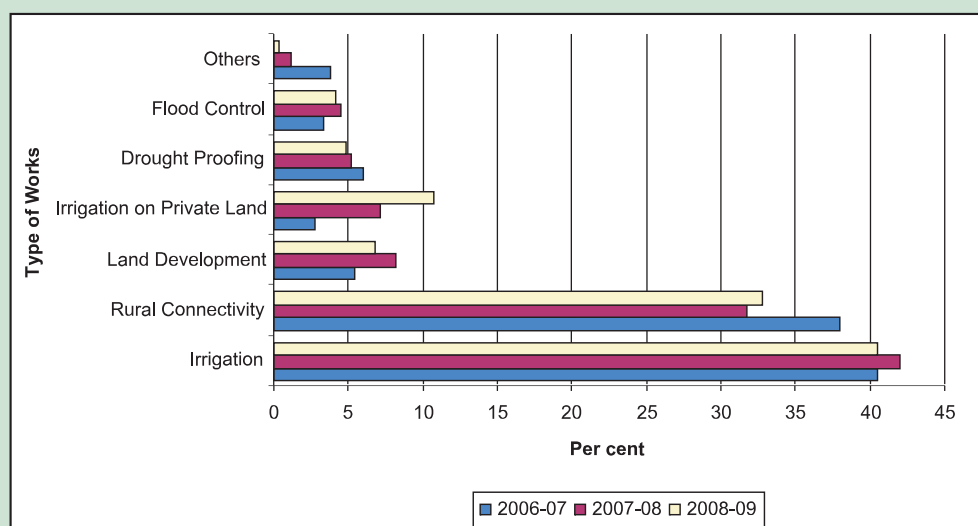
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Table 4.6: Budget Allocated for Works undertaken under NREGA - 2007-08 (Per cent)

S. No.	Zone	State	Irrigation	Rural Conne-ctivity	Land Develo-pment	Irrigation Private Land	Drought Proofing	Flood Control	Others
1	East	Assam	13.1	48.7	7.7	0.9	2.9	26.4	0.3
		Bihar	40.5	36.9	2.9	1.3	5.8	5.7	6.8
		Jharkhand	39.7	32.4	2.7	20.2	2.9	1.0	1.2
		Orissa	29.8	40.5	0.0	0.3	0.3	19.7	9.3
		West Bengal	36.3	37.7	6.1	1.9	6.6	11.4	0.0
		N-E States	14.8	54.1	9.8	1.2	6.3	4.1	9.7
		Total	32.9	39.3	4.9	6.2	4.9	8.5	3.3
2	West	Chhattisgarh	40.2	34.1	11.8	3.0	9.6	1.2	0.0
		Goa							
		Gujarat	42.6	29.4	0.9	9.6	9.9	7.2	0.5
		Madhya Pradesh	33.7	37.9	4.3	15.6	7.2	1.3	0.0
		Maharashtra	55.8	23.0	6.1	0.1	8.4	1.2	5.4
		Rajasthan	55.8	25.5	2.0	10.9	4.1	1.8	0.0
		Total	40.0	34.2	5.7	11.1	7.3	1.4	0.2
3	North	Haryana	42.9	28.3	15.8	0.3	9.8	2.9	0.0
		Himachal Pradesh	23.1	53.4	3.7	2.5	2.6	11.0	3.7
		Jammu and Kashmir	43.1	26.6	5.2	1.4	0.4	23.1	0.2
		Punjab	45.1	34.5	4.9	0.0	2.8	12.8	0.0
		Uttar Pradesh	37.4	45.3	5.0	2.9	3.9	4.7	0.9
		Uttarakhand	47.6	4.3	2.1	1.3	12.4	32.2	0.2
		Total	37.4	43.1	5.0	2.7	4.2	6.7	1.0
4	South	Andhra Pradesh	59.8	3.5	27.0	5.5	1.4	2.7	0.0
		Karnataka	48.2	13.2	9.3	4.7	16.1	8.6	0.0
		Kerala							
		Tamil Nadu	84.6	14.9	0.0	0.0	0.0	0.4	0.0
		Total	63.3	6.4	20.7	4.5	2.4	2.8	0.0
5		Union Territories							
		All India	42.0	31.7	8.2	7.2	5.2	4.5	1.1

Source : Computed from G.O.I. (2008).

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Figure 4.3: Shares of Different Types of Works in Total Expenditure on Works

Source : Computed from G.O.I. (2008).

(Table 4.7). There is very little change in the distribution of expenditure on various types of assets compared to 2007-08 except for the fact that works related to provision of irrigation facilities on lands of the poor exhibited some improvement in the share of expenditure allocated due to a significant growth in expenditure in some states, particularly Madhya Pradesh, Jharkhand, and Gujarat.

4.3 WORK COMPLETION RECORD

Approximately 47 per cent of all works initiated in 2006-07 were completed and there was very little variation across various types of works as far as completion record of works is concerned (Table 4.8). This is evident from the shares of completed works, which varied from 37 per cent in case of irrigation works on the lands of the poor to 60 per cent for works related to flood control. These numbers obviously reveal that there was more than 50 per cent slippage in the execution of these works.

The completion record of various works undertaken in 2007-08 was marginally poor in comparison to 2006-07 as about 46 per cent of all works undertaken in 2007-08 were completed (Table 4.9). At the aggregate level, there were three categories of works that exhibited improvement in their completion record. These were works related to land development, flood control, and unspecified works undertaken by various states. In all other categories there was marginal reduction in the work completion record.

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Table 4.7: Budget Allocated for Works undertaken under NREGA - 2008-09* (Per cent)

S. No.	Zone	State	Irrigation	Rural Conne-ctivity	Land Develo-pment	Irrigation Private Land	Drought Proofing	Flood Control	Others
1	East	Assam	15.6	39.8	8.2	0.9	4.6	31.0	0.0
		Bihar	38.0	41.2	5.3	1.8	2.4	11.3	0.1
		Jharkhand	38.4	34.3	3.6	18.8	3.9	1.0	0.0
		Orissa							
		West Bengal	24.3	52.6	5.3	1.9	5.4	10.5	0.0
		N-E States	19.7	51.0	12.3	3.0	6.3	5.8	2.0
		Total	29.8	42.5	6.2	6.8	4.3	10.2	0.3
2	West	Chhattisgarh	41.8	33.3	12.1	3.6	6.7	2.6	0.0
		Goa							
		Gujarat	43.2	23.5	0.6	16.5	4.6	11.4	0.3
		Madhya Pradesh	24.2	28.3	5.8	32.8	8.3	0.7	0.0
		Maharashtra	60.2	22.1	7.7	0.3	6.0	3.4	0.2
		Rajasthan	46.0	40.6	1.6	7.9	2.8	1.0	0.0
		Total	37.7	34.4	4.6	16.5	5.4	1.3	0.0
3	North	Haryana	38.8	33.1	12.3	0.2	13.0	2.5	0.1
		Himachal Pradesh	25.5	56.9	1.8	1.2	1.2	12.5	0.9
		Jammu and Kashmir	16.9	42.5	5.3	1.9	0.3	32.7	0.5
		Punjab	57.2	30.9	6.0	0.0	3.1	2.8	0.0
		Uttar Pradesh	30.9	41.2	4.1	5.3	9.3	6.7	2.5
		Uttarakhand	52.6	1.3	2.8	0.3	14.3	28.5	0.2
		Total	31.4	41.1	4.1	4.6	8.7	7.9	2.2
4	South	Andhra Pradesh	61.5	10.5	22.2	4.4	0.6	1.0	0.0
		Karnataka	57.3	5.6	7.7	7.5	11.9	9.7	0.2
		Kerala	43.9	4.8	11.5	2.7	2.2	34.9	0.0
		Tamil Nadu	82.7	16.8	0.0	0.0	0.0	0.5	0.0
		Total	64.3	13.2	14.7	3.1	1.4	2.6	0.7
5		Union Territories							
		All India	40.5	32.8	6.8	10.7	4.8	4.1	0.4

Source : Computed from G.O.I. [2008].**Note :** Up to October 2008.

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Table 4.8: Works Completed under NREGA - 2006-07 (Per cent)

S. No.	Zone	State	Total Number of Works	Irrigation	Rural Connectivity	Land Development	Irrigation Private Land	Drought Proofing	Flood Control	Others
1	East	Assam	63.7	58.0	61.7	52.4	64.9	47.8	62.1	82.0
		Bihar	50.3	31.2	58.9	30.5	41.2	33.7	42.8	62.9
		Jharkhand	36.7	35.5	48.3	51.9	21.0	20.8	60.0	56.7
		Orissa	36.6	38.7	42.5	59.7	9.8	55.3	49.4	68.0
		West Bengal	56.2	55.7	58.4	60.4	52.1	49.4	64.9	50.3
		N-E States	62.9	69.5	57.3	57.3	76.4	48.7	70.4	71.5
		Total	46.5	40.7	53.2	54.1	18.0	47.3	57.5	63.7
2	West	Chhattisgarh	49.6	41.2	48.2	36.6	11.0	82.2	43.8	93.5
		Goa								
		Gujarat	37.0	59.7	24.9	55.7	0.0	29.8	70.4	26.0
		Madhya Pradesh	50.0	54.5	38.0	45.5	48.8	58.6	63.1	52.3
		Maharashtra	46.9	61.6	23.8	48.2		38.6	62.8	32.1
		Rajasthan	39.8	47.8	24.7	41.4	32.0	25.3	38.0	25.9
		Total	48.5	53.2	37.5	41.8	46.4	59.4	59.1	50.7
3	North	Haryana	59.2	55.6	67.1	44.6		91.3	4.8	100.0
		Himachal Pradesh	54.1	53.8	51.5	38.5	73.9	63.7	61.5	62.2
		Jammu and Kashmir	36.2	35.8	41.0	49.1	31.7	4.2	35.6	33.5
		Punjab	56.4	47.3	54.6	65.6		100.0	100.0	
		Uttar Pradesh	64.4	49.4	67.8	70.2	38.5	87.1	67.8	77.2
		Uttarakhand	61.0	65.7	50.1	66.0	33.3	36.6	65.3	88.6
		Total	62.6	51.4	65.2	65.9	37.9	81.5	63.7	72.5
4	South	Andhra Pradesh	37.8	40.2	33.9	50.0	40.3	23.2	0.0	3.2
		Karnataka	58.5	57.1	57.6	54.2	62.4	48.0	60.5	74.7
		Kerala								
		Tamil Nadu	32.9	31.9	42.8			100.0	17.1	
		Total	39.2	40.9	54.2	50.0	56.6	24.1	58.4	12.5
5		Union Territories								
	All India		46.9	45.4	52.4	49.1	37.1	43.5	59.9	51.1

Source : Computed from G.O.I. (2008)

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Table 4.9: Works Completed under NREGA - 2007-08 (Per cent)

S. No.	Zone	State	Total Number of Works	Irrigation	Rural Connectivity	Land Development	Irrigation on Private Land	Drought Proofing	Flood Control	Others
1	East	Assam	53.5	45.2	50.6	72.2	55.0	58.6	54.8	94.3
		Bihar	51.4	49.8	50.6	47.2	55.1	36.1	42.8	57.3
		Jharkhand	31.1	30.5	24.4	33.1	34.9	13.0	38.2	26.2
		Orissa	6.4	3.2	0.0	4.1	9.8	0.0	8.3	25.6
		West Bengal	48.0	32.4	60.6	58.6	63.2	56.0	68.2	
		N-E States	81.1	61.0	86.4	80.9	71.1	65.0	71.7	91.2
		Total	44.7	33.5	52.2	35.9	48.6	45.6	56.9	77.4
2	West	Chhattisgarh	64.1	45.3	78.1	72.6	45.3	70.5	46.7	
		Goa								
		Gujarat	67.5	85.0	35.6	26.4	53.1	76.4	45.9	7.8
		Madhya Pradesh	39.8	61.0	45.2	25.5	40.1	28.4	64.7	
		Maharashtra	34.9	47.1	43.1	56.7	9.2	10.9	9.6	22.1
		Rajasthan	28.6	30.0	55.4	28.7	16.1	34.1	40.5	
		Total	44.1	54.7	59.3	29.3	38.4	39.4	49.3	14.3
3	North	Haryana	59.8	59.1	37.3	60.0	67.9	86.7	45.2	
		Himachal Pradesh	38.9	38.6	39.8	25.4	36.0	37.2	50.2	55.5
		Jammu and Kashmir	45.5	37.7	59.9	25.8	40.8	23.9	54.5	50.0
		Punjab	24.8	1.7	27.9		50.7	30.4	29.7	
		Uttar Pradesh	69.1	66.3	68.7	70.8	65.6	87.3	74.6	83.0
		Uttarakhand	57.5	56.5	60.1	69.1	84.8	59.0	51.5	95.9
		Total	63.9	61.5	65.4	68.7	60.5	81.8	63.7	78.2
4	South	Andhra Pradesh	38.6	32.0	63.3	17.6	32.3	15.3	54.4	
		Karnataka	68.9	68.0	60.1	75.1	65.2	78.1	70.0	
		Kerala	82.8	76.4	90.8	75.7	92.5	62.6	91.6	77.8
		Tamil Nadu	45.0	48.1			30.8		50.5	
		Total	41.6	35.5	63.6	21.1	45.8	21.2	68.2	77.8
5		Union Territories								
		All India	45.6	41.3	61.0	30.7	48.6	38.1	61.0	76.6

Source : Computed from G.O.I. (2008)

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Among states, smaller states in north-eastern region, Chhattisgarh, Gujarat, Jammu and Kashmir, Uttar Pradesh, Karnataka, Kerala, and Tamil Nadu witnessed improvement in their work completion record in 2007-08 over 2006-07. On the other hand, many states such as Assam, Bihar, Jharkhand, Orissa, West Bengal, Madhya Pradesh, Maharashtra, Rajasthan, Himachal Pradesh, Punjab, and Uttarakhand exhibited deterioration in their work completion performance in 2007-08 compared to 2006-07.

4.4 ISSUES RELATED TO WORKS AND THEIR IMPLEMENTATION

The completion record of various works undertaken during the first two years of NREGA was rather poor. What could be the possible reasons? As the data suggest financial resources do not appear to be a major constraint because the actual expenditure has been much less in comparison to the allocations made. For example, as against allocations, the actual expenditure in 2006-07 was of the order of 73 per cent. In the second year, however, utilisation of funds improved to 82 per cent of the availability. At the regional level, utilisation of funds ranged from 61 per cent in the southern region to 79 per cent in 2006-07 and from 76 per cent in the eastern region to 88 per cent in the western region in 2007-08.

Thus, barring a few exceptions, financial resources do not appear to be a major constraint in general. The reasons for non-completion of works were in fact related to lack of proper planning as brought out by the CAG report. In 43 districts of 20 states the DPPs had not been prepared when the CAG undertook the survey (Table 4.10). In 46 districts of 22 states, the plans did not indicate the time frame for each work and low wage areas for undertaking works had not been prepared in 53 districts of 22 states.

As the CAG report mentions, except in Tripura, none of the GPs surveyed were able to take all works proposed in their plan for 2006-07 despite the fact that there was no shortage of funds for implementing NREGA. The average state-wise shortfall in works actually taken up *vis a vis* those contemplated in the plans ranged from 1 per cent (West Bengal) to 97 per cent (Maharashtra). State-level experiences also indicate that in some places despite availability of funds no work was undertaken leaving the entire allotted funds unutilised and some works were shown as completed before issuance of work order (Bihar). Similarly, in Gujarat, none of the works taken up for providing irrigation facility on land of ST persons was completed when the CAG teams surveyed these areas.

Timely completion of projects is obviously not feasible in the absence of perspective plans, identification of low wage areas, and time frames for works undertaken. Further, without

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Table 4.10: Problems Identified by CAG in the Implementation of Works

S. No	Problem	Number of GPs/Blocks	Share of GPs/Blocks Selected	Number of States	States
1	Five year District Perspective Plan (DPP)	43 districts	20	20	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand (two districts), Karnataka, Kerala, Maharashtra, Manipur, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal
2	The District Plans did not indicate the time frame for each project.	46 districts	68	22	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal
3	Low wage areas were not identified	53 districts	78	22	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal

Source : CAG (2008).

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advance planning, procedures such as administrative approvals and technical sanctions lead to significant delays in taking up works. Some other issues highlighted by surveys and reports in the selection and execution of various works carried out under NREGA, in particular, by the CAG are the following.

4.4.1 Selection and Allotment of Works

Several anomalies have been noticed in the selection of works. For example, in some places, expenditure was incurred without obtaining administrative approval and technical sanction (Haryana); technical sanction was not obtained in advance for works due to non-posting of technical assistants (Punjab); detailed technical estimates were not prepared and assessment of works was done after completion of works (Himachal Pradesh); and in others works were taken up without assessing the requirement (Jharkhand).

In some places, several works had not been approved by the competent authorities and did not form part of the approved annual work plans (Jammu and Kashmir and Karnataka) and works were simply sanctioned by the Deputy Commissioner without holding the meeting of Gram Sabha (GS) (Jharkhand). A few works were even taken up on the recommendations of the members of the legislative assembly, which were neither in the annual plans nor approved by the GS. In some other places, for the list of works no formal allotment of works was done at the GP level.³

Further, relatively higher number of works reported under 'other works' in some states also reflect that agencies responsible for running the work programme were either not able to fit in the works in prescribed categories or works carried out under some other programme were counted as works undertaken under NREGA.

Even for works on private land such as provision of irrigation to land owned by households belonging to the SCs and STs or beneficiaries of land reforms or IAY the work selection process is plagued by serious problems. Beneficiaries had to make payments for getting works allotted on their lands and in some cases these works were never taken up.⁴

3. The CAG report observes that documented annual plans had not been prepared in 168 GPs of 14 states and in 91 GPs of 12 states works were not identified by the GS. Study by the PACS also brought out that in states covered in their survey works were undertaken as per the priorities stated by the block officials. Some figures, which could be important at the local level, did not figure as priority in many cases. The requirement of funds proposed is not met fully and deductions are made at the block/district level without giving any reason for such deductions.

4. A farmer had tried to construct a well on his own land under the NREGA but was unable to cope with the frequent demands for bribes. He set himself on fire at the Collector's office in Hazaribagh to highlight his plight (Swami 2009). In yet another case a farmer had to take a loan of Rs 20, 000, sell off his buffalo, and mortgage his land to arrange for bribes and construction costs of a well sanctioned on his land.

4.4.2 Execution of Works

In many states works were executed through non-qualified staff and contractors. The examples include some works identified by CAG in Bihar, which were executed through non-qualified staff and by those who had not executed earlier works assigned to them under some other programme. Other examples of contractors engaged in executing the works were observed in Madhya Pradesh and Orissa.⁵ They were involved under the guise of village labour leaders or in the name of departmental execution.

In some other states like the smaller north-eastern states, works were taken up under NFFWP without following the provisions of NREGA guidelines. Similarly, in Punjab and some other states, standard designs were not put together at the district level and unique numbers were not assigned to each and every work undertaken under NREGA.

The CAG report found in eight districts of eight states that 50 per cent of the works were not executed by the GPs as mandated under the Act and in as many as 297 GPs unique identity numbers were not allotted to works. Also, in 202 GPs of 15 states worksite facilities mandated under the guidelines were not provided. Other independent surveys by the PACS also observed that facilities like drinking water were available in only 64 per cent GPs, shelters and first-aid boxes were available in about one-third GPs, and crèches were available in only 10 per cent GPs of the selected states.

4.4.3 Wage Material Ratio

The secondary data revealed that in several states, wage material ratio was not adhered to in executing the works. The CAG survey also found that in 15 districts of six states, executing agencies were not able to maintain wage-material ratio of 60:40. At the block level, 35 blocks in 10 states found it difficult to maintain the mandated wage material ratio.

At the state level several instances of inconsistent wage material ratios were observed. For example, in some blocks of Himachal Pradesh the wage-material ratio was observed to be 55:45 and 42:58. In Jharkhand, works that had extremely low labour content (12 per cent to 24 per cent) were taken up as against the norm of 60 per cent. In Tripura, expenditure was incurred on construction where the ratio of wage cost to material cost was 30:70 and in some other cases wage-material cost ranged from 9:91 to 31:69. In Bihar, several works were abandoned after incurring expenditure as they exceeded the stipulated material-labour ratio, resulting in unproductive expenditure. In a district of Haryana, records did not show segregated expenditure on

5. Dreze and his colleagues in their survey found that contractors were involved in 27 per cent of the sample worksites and the worst state in this respect was Jharkhand, where contractors were found at more than half (57 per cent) the sample worksites. The most common excuse for this is the shortage of staff at the level of GPs.

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Table 4.11: Problems Identified by CAG in the Implementation of Works

S. No.	Problem	Number of GPs/Blocks	Share of GPs/Blocks Selected	Number of States	States
1	Documented annual plan was not prepared	168 GPs	33	14	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Madhya Pradesh, Manipur, Orissa, Sikkim, Tamil Nadu, Uttar Pradesh, and West Bengal
2	Works were not identified by the Gram Sabhas	91 GPs	18	12	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Orissa, and Punjab
3	District Plans did not ensure that 50 percent of the works be executed by the GPs.	8 districts	12	8	Arunachal Pradesh, Himachal Pradesh, Jharkhand, Orissa, Sikkim, Tamil Nadu, Uttar Pradesh, and Uttarakhand
4	Unique identity numbers not allotted to works	297 GPs	58	21	Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Maharashtra, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand, and West Bengal
5	Wages-material ratio of 60:40 was not maintained	15 districts	22	6	Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Orissa, and Uttar Pradesh
6	Worksite facilities were not provided	202 GPs	39	15	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Manipur, Orissa, Rajasthan, Uttar Pradesh, Uttarakhand, and West Bengal

Source : CAG [2008].

material and wages, which made it difficult to work out wage-material ratio. In Madhya Pradesh, expenditure was incurred on repair of roads and renovation of meeting halls. There were instances of engaging tractor and rollers for transportation of material and compaction of road and tank works.⁶

4.4.4 Inflated Estimates, Inadequacies in Measurement, and Cost Overruns

Several irregularities in terms of excess payments, cost overruns, and expenditure incurred on works undertaken under NREGA were also noticed in several places. Incidents of recording inflated measurements in books leading to excess payments were observed in Haryana, where the material was purchased to merely show the utilisation of funds, without assessing the requirement on work. Excess payments due to application of wrong per unit rates were also noticed in Kerala. In Manipur also, works were executed on the basis of inflated estimates.

In several states, measurement of works is not being done due to several reasons. For example, in Meghalaya the CAG found that measurement of the works executed was not taken up due to lack of technical manpower. In Tamil Nadu, measurement books for the works executed were not maintained in any of the sample villages and the same applies to completion reports for the works executed so far. In Rajasthan and Uttar Pradesh, payment to labourers was made without measuring the works and working out tasks and the reasons indicated were shortage of staff.

In some states proper purchase procedures such as invitation of tenders, quality assurance, inspection and the like are not being followed. Reports of fund utilisation without following guidelines, involving unregistered workers, usage of kaccha muster rolls, and inaccuracies in final expenditure reporting at the time of closure of works have also been found.

4.4.5 Delays in Release of Funds

Significant delays in the release of funds by state governments were also noticed in many places. In 29 districts of 16 states, the state share was not released within 15 days of the release of the central funds. In several states, the state governments did not release their full share of funds – these included Arunachal Pradesh, Bihar, Himachal Pradesh, Jharkhand, Manipur, Meghalaya, Orissa, Punjab, Tamil Nadu, and Uttar Pradesh.

In 58 blocks of 19 states, the PO/BDO did not submit certificates for utilisation of at least 60 per cent of the funds at their disposal, while applying for the next instalment. While

6. In this regard, Tamil Nadu's experience is highlighted as an example of eliminating contractors and middlemen because the Act in this state stipulates that only works devoid of any material component be taken up. The material component is seen to give contractors a foothold and the other reason is the fact that Tamil Nadu has a vast network of canals and other traditional water-harvesting structures and their repair and maintenance is a huge source of useful labour-intensive work (Muthia 2009).

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demanding additional funds, 364 GPs of 22 states did not furnish the report of the VMC duly approved by the GS. In 339 GPs of 19 states the revolving funds were not set up. Also, monthly squaring of accounts under three heads, that is, money held in bank accounts at various levels, advances to implementing or payment agencies, and vouchers of actual expenses, was not done by 131 GPs of 10 states.

4.4.6 Quality of Assets

It is difficult to argue emphatically about the quality of assets that have been created because very little information is available about them, but a few examples provided here underscore the problems in terms of the quality of these assets. Ponds were dug in a drought-prone area with scanty rainfall, soil was sandy and had no water retention power and others were without water (Haryana). But, some had become like swimming pools due to heavy expenditure incurred on material and masonry works.

A lot of money was spent on digging ponds without conceptualising factors like catchment area, sources of recharging, technical sanction, and preparation of detailed estimates. Assets created in Karnataka were not according to specification and quantities executed were not as per the technical sanction.

In Orissa, road works executed remained *kaccha*, even after improvement because improvements were not able to provide all-weather access. In Tripura, funds were transferred for construction of IAY-type houses in violation of NREGA guidelines. In West Bengal and Uttarakhand, expenditure was incurred in the execution of non-existent quantities of works or projects for which actual work had not commenced. Unfruitful expenditure was also noticed in several social forestry works due to damage of seedlings because of inadequate care.

Among other independent surveys such as the ones done by G.B. Pant Institute, questions have been raised about the long-term usefulness of assets because *kaccha* roads and other assets are helpful only in the short run.⁷ The productive value of NREGA works could, however, be enhanced with moderate doses of scientific or technical inputs. There are also issues about who is able to access these assets. Though ponds, annicuts, and check dams in particular have been appreciated in most places because these have led to improvements

7. The study finds that a large majority of respondents as well as research investigators felt that assets being created were useful (Dreze and Khera (2009)). The general quality of assets created under the NREGA leaves much to be desired. For instance, *kaccha* structures were often incomplete when the monsoon arrived; many check dams were left without 'dressing', making them vulnerable to soil erosion; roads did not have an adequate top layer; and the location of many of these assets was often inappropriate. In one extreme case of poor planning (in Gurdah gram panchayat in Sonbhadra district), we found that a large pond had been dug on top of a hill, with little scope for water harvesting.

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in the number of months for which water is available in the villages,⁸ Hirway *et al.* (2008) have, however, found low values of the multipliers from NREGA based works. Nevertheless, the study recommends that if the NREGA works are undertaken on a large scale and implemented well, they can reduce poverty at the grassroots as well as empower the poor because multipliers tend to underestimate the impact as Social Accounting Matrix (SAM) is a static model.

8. The Ministry of Rural Development has documented some evidence based on inputs from state governments, which suggest that check dams, tanks and ponds, water harvesting structures and plantations have generated positive benefits in Udaipur and Dungarpur districts of Rajasthan; Nagapattinam and Dindigul districts of Tamil Nadu; Sidhi district of Madhya Pradesh; and Murshidabad district of West Bengal. Likewise, some works associated with afforestation and rural connectivity in Murshidabad district of West Bengal and Sidhi District in Madhya Pradesh have been instrumental in bringing about positive changes in these places [G.O.I. 2008].

CHAPTER 5

IMPLEMENTATION ISSUES IN SELECTED STATES: THE NEED FOR FURTHER RESEARCH

This chapter is based on brief visits to Andhra Pradesh, Orissa, Jharkhand, Rajasthan, and Uttar Pradesh to identify implementation issues in NREGA, and topics on which further research is necessary to improve implementation. The five states covered include two states, Andhra Pradesh and Rajasthan, in which implementation is generally regarded as being among the best. The state of implementation in the other three states may be more representative of the country as a whole.¹ The first section summarizes the main features of the programme in the five states, based on the more detailed state-wise sections at the end of the chapter. The next section discusses aspects of the programme which have been relatively successful, partly successful, and unsuccessful. The third section identifies the main operational issues encountered. The fourth section suggests next steps to go ahead (a way forward). The fifth section suggests studies necessary to fill gaps in our understanding of implementation issues. The last part of the paper presents thumbnail sketches of the programme in the five states based on brief discussions with stakeholders and observers.²

5.1 ANDHRA PRADESH AND RAJASTHAN

Andhra Pradesh and Rajasthan have among the best managed NREGA programmes in the country in respect of systems working in the field, and delivery of entitlements. Both states exhibit high political commitment to the programme, and have good officers in charge.³ The programmes in these states appear to be in a virtuous cycle politically, with relatively good implementation, programme popularity, and political support, all reinforcing each other.

Rajasthan has a long history and, therefore, considerable experience of running drought relief programmes through public works. It pioneered the concept and use of Right to Information (RTI) and social audit through the Mazdoor Kisan Shakti Sangathan (MKSS), which has contributed greatly to awareness levels, especially in southern Rajasthan. Rajasthan is the lead-

1. Tamil Nadu and Kerala, among the major states, also appear to run relatively well-managed programmes.

2. Since the field trips were brief, documentation was scarce, and many of the officials we met were extremely busy, it is possible that we have got some of my facts wrong. The chapter should be treated therefore as an attempt to diagnose the issues, stimulate discussion, and create interest in further fact-finding and research through the studies suggested.

3. They appear also to have enjoyed relative stability of tenure in their present assignments, the lack of which is one of the banes of Indian public administration. This stability is itself an indication of political commitment.

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ing state in terms of work provided (77 days per household in 2007-08), share of women's employment (67 percent) and number of families completing 100 days. It is increasingly preoccupied now in the Phase 1 districts with second generation problems - works such as maintaining the pipeline of suitable works, and ensuring work quality by enhancing convergence with the activities of other departments.

Andhra Pradesh has the advantage of relatively good quality of lower level field staff,⁴ has the advantage of managing the programme through mandals, which are smaller than blocks and therefore closer to the ground; is unique in having institutionalised the social audit process through an autonomous state unit which makes a huge difference to the quality of the programme; has a good Management Information System (MIS) (designed by Tata Consultancy Services (TCS)); and is spending more than 4 per cent on administration of the programme, using its own resources to pay for the excess amount.

AP is lagging slightly behind the national average in terms of work provided (40 *vs* 42 days in 2007-08, with women's share 55 per cent), due to regional variations in demand, with opposition from farmers also becoming an important factor.⁵ In order to ensure labour availability for crop requirements Andhra Pradesh proposes to follow a system of running works only during the slack seasons.⁶ In order to improve the quality of works, it is moving to a comprehensive 'project approach', and focusing on pockets of contiguous land where possible (as in land development).

5.2 JHARKHAND, ORISSA AND UTTAR PRADESH

Jharkhand, Orissa, and Uttar Pradesh have lower political commitment to the programme, weaker systems in the field, and significant leakages, probably going up to one-third to half of the stipulated wages.⁷ Because these leakages are disguised by adding proxy or fictitious names to the muster rolls, the statistics on employment created in these states are misleading. The delivery of entitlements also presents a very mixed picture. The most comprehensive estimates

4. AP has a track record of good implementation in most rural development programmes. It accounts for about half the country's women's Self Help Groups (SHGs).

5. The test of state performance should be the extent to which demand for work is satisfied at minimum wage, rather than days created per household which is (or should be) a function of demand, as is the other goal used by programme administration, the number or proportion of workers completing 100 days. The latter, if used as a strict target, could also lead to undue focus on geographical pockets, or on individuals approaching 100 days. Officials in Rajasthan complain they have to spend a lot of time 'running after' households who have almost done 100 days to complete their quota. The extent of demand satisfied could be ascertained through surveys.

6. It proposes to draw up a 'NREGA calendar' in each GP based on consultations between farmers, workers, and officials.

7. All three states have what is referred to as the PC or 'percentage' system in which bribes have to be paid according to fixed percentages to the whole hierarchy of staff up to the block level, and sometimes going higher. There are few estimates of leakages in the materials component, which is permitted to constitute up to 40 per cent of total expenditure. Some state managements try to minimise expenditure on the materials component, since it is even harder to control leakages from it, whereas others such as Rajasthan have a policy to maximise it (up to 40 per cent) so as to increase the durability of projects.

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for leakages are those for Orissa, the credit for which must go to the state government, which was open enough to invite the NIRD and civil society to collaborate in conducting a state-wide social audit in the all 19 Phase 1 districts.⁸ Orissa has taken a decision not to appoint dedicated POs at the block level, but to give additional charge to BDOs instead. It is ahead of most states in conducting monthly reporting entirely through the centrally sponsored computerized MIS.

Implementation in Jharkhand is poor partly because it does not have a system of elected *panchayats*. It uses instead 'beneficiary committees' but these tend to get hijacked by contractors. Dedicated staff under NREGA has only recently been recruited, but regular staff are reluctant to hand over responsibility to the new contract appointees despite complaining of overwork. The state Schedule of Rates (SOR) for payment to labour according to piece-rates is yet to be finalised. After a slow start, employment generated in UP is picking up, especially after introduction of the Rs 100 minimum wage, one of the highest in the country. However, engagement of women remains low (at 14 per cent).

Despite this discouraging picture, there are indications that implementation is improving in most states.

First, the programme was rolled out in a hurry, allowing inadequate time to build awareness, recruit and train staff, or even print the many forms and registers prescribed. Thus, there was considerable learning (of a very complex programme) by doing.⁹

Second, even within laggard states, there is tremendous variability between and within districts, explained in large part by personal factors. So, individuals make a difference.¹⁰

Third, corruption in NREGA is probably no worse than in other programmes, for example, PDS and leakages in NREGA are a reflection of a general malaise in the rural development machinery, calling for urgent administrative reform.¹¹ We have estimates for NREGA only because of serious, rigorous attempts to obtain them by activists dedicated to the success of the programme, and who are open about their findings.

Fourth, wage payments through banks and post-offices should reduce leakages on the wage component (although they will not affect the material component).

8. The study estimates that only 58 per cent of wages disbursed in sample works during the first two years of the programme reached workers listed in the muster roll, the proportion being only 26 per cent in KBK region. See Orissa section for details.

9. The NIRD social audit shows that when leakages are compared for works started and completed in 2006-07 with those in 2007-08, the proportion of wages received by workers increased from one-third to two-thirds. Observers such as Jean Dreze who have revisited districts have usually found an improvement as the transparency safeguards kick in.

10. Thus, high performing districts often had Collectors who were reported to be 'strict or dynamic'.

11. Observers have pointed to the need to induct a much higher number of professionals into the rural development machinery, including the need for an Indian Rural Management Service whose members will enjoy the same prestige as the Indian Administrative Service (IAS) but will not move on to higher tiers of government as soon as they have acquired some useful experience.

Fifth, NREGA contains within itself the seeds to curb leakages (although these are yet to sprout) through a host of transparency safeguards (social audits, VMCS, public muster rolls, up-to-date job cards, work-site notice boards, etc). These features could have a huge positive externality in improving rural governance generally.

So time is probably on the side of greater accountability and transparency, provided we do not get into a state of denial about corruption, which is a huge burden and diminishes the redistributive, social security, and poverty-alleviating benefits of the programme unacceptably.

5.3 AREAS IN WHICH NREGA HAS BEEN RELATIVELY SUCCESSFUL IN MOST STATES

Workers are appreciative of the employment generated by the programme,¹² which has provided much needed income security, and raised many households above or much closer to the poverty line. It has resulted in a decline in distress migration, especially of whole families, with women and children now staying back in the village. In many locations, NREGA wages have resulted in increasing wages in agriculture and in neighbouring towns.¹³ A high proportion of workers would like to work for the full 100 days.¹⁴

Registration of households and issuance of job cards: Many more households have registered and received job cards,¹⁵ than have applied for work, on the promise and hope that the job cards might turn out to be a useful document for other benefits in future. However, ongoing registration of new applicants has been weak in many states, and job-card maintenance as a transparency safeguard as a record of work done and wages received, inadequate.

Opening bank and post office accounts: About 58 million savings accounts are reported to have been opened for the direct payment of wages by December 2008. This is a huge contribution not just to transparency, but also to financial inclusion.¹⁶

Delivering minimum wages at a work norm that allows for the inclusion of women and the elderly in many states: Most states have finalised NREGA specific SORs which lay down work norms that take into account the sex and age composition of the NREGA work-force, and

12. See the comprehensive review of NREGA implementation by Dreze and Khera (2009) based on a survey in six north Indian states.

13. The evidence is anecdotal but widespread. There is also anecdotal evidence of the fillip given to mechanisation as a result.

14. The number and proportion of workers who have worked for the full 100 days is given more prominence in the reporting on the programme, than the average days of employment worked per household. As noted above, being a demand-based programme, the ultimate test of the programme should be the extent to which it satisfies the demand for manual employment at the minimum wage payable. On this test, a state which gets close to saturating the demand for employment, albeit at a lower level of employment, should be regarded as having done better than a state with higher average man days worked per household but also with higher unsatisfied demand for employment.

15. The numbers should be the same for both steps, but are not for reasons not entirely clear.

16. One needs to be aware though that payment through bank and post office accounts do not eliminate corruption entirely, as the social audits described in the Boxes A5.1.1 and A5.2.2.

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enable workers to work at piece-rates. Women's share of NREGA employment was 43 per cent in 2007-08, but is still lower than the prescribed minimum of 33 per cent in some states.

Creating a web-based MIS system accessible to the public: However all modules are not up to date in many states due to manpower and connectivity related reasons.

5.4 AREAS IN WHICH NREGA HAS BEEN RELATIVELY SUCCESSFUL IN SOME STATES

Making timely payment of wages (although not always within the prescribed 15 days) and creating awareness of entitlements (but this varies - there is greater awareness of the possibility of working 100 days at the minimum wage than of the need to apply for work, the right to obtain it, the right to timely payment, and unemployment allowance). Officials and Panchayati Raj Institution (PRI) representatives are themselves often unaware of NREGA's many provisions. There is still a need for Information, Education and Communication (IEC) activities.

Providing work-site facilities (varies with facility: drinking water is generally provided, whereas child-care facilities at the work-site, important for women's participation, rarely).

Ensuring the quality (productivity, durability) of assets created. However, this is set to emerge as a major challenge for the programme as the availability of labour-intensive works requiring unskilled manual labour but minimal technical inputs gets exhausted.¹⁷

Reactivating the *panchayats* (which are however still deficient in capacity and manpower despite the infusion of funds).

5.5 AREAS IN WHICH NREGA HAS BEEN UNSUCCESSFUL IN MOST STATES

Reducing leakages through enforcement of transparency safeguards, including social audit (except in AP, see below).

Ensuring accountability, fixing responsibility for specific acts of omission or commission, activating Section 25, ending the total impunity that exists in some states and instituting a

17. Fortunately, this is likely to happen last in areas with the largest number of the poor, the undulating arid and semi-arid areas of the country, which offer extensive scope for watershed development works, and for forestry. On the other hand, some densely populated irrigated areas such as UP and Bihar, which also have a large number of poor, may run out of projects relatively soon. Since many of the poor in these areas are landless, this means there is also less scope to benefit them through works on their own land. Extending the eligibility for works on individual (private) land to small and marginal farmers, as has been proposed, would further create considerable employment opportunities.

grievance redressal system. There is need for a grievance redressal authority situated outside the system, as with the RTI.¹⁸

Implementing the principle of work on demand for the individual worker as a legal right (because the implementing machinery is careful not to give receipts when work can not be provided, which means that unemployment allowance can not be claimed. There have been very few cases of payment of unemployment allowance in any state, and the few exceptions have almost always been the result of successful agitations by community-based or peoples organisations. However work is generally started within 15 days in the better performing states when sufficient people want it).

Activating participatory planning through people's participation in choosing projects through GSs.

5.6 SOME OPERATIONAL PROBLEMS

Coping with the workload and paperwork at the grass roots (panchayat) and block levels even with the full complement of staff and the best of intentions. At the panchayat level, the *Sarpanch*, panchayat secretary, and *Gram Rozgar Sevak* are overstretched. At the block level, the Technical Assistants (TA)/Junior Engineers are so preoccupied with the measurement of works and the preparation of wage payment orders that they do not have time to supervise works and provide technical guidance at the design or implementation stage. Even measurement is delayed, which holds up the payment of wages. In some cases it is not done by TAs at all, but is left to the non-technical staff. Similarly, computer data entry operators are not able to keep pace with the task of uploading muster rolls and other data into the MIS system. There is a need for detailed studies (including 'process mapping') to see if paper-work requirements can be simplified, stages eliminated, and the work flow streamlined.

The programme suffers from a general technical deficit because of shortage in the number and capacity of technical staff, and arrangements to guide and supervise them. The latter could have been partly provided by the line departments such as the Public Works Department (PWD), Minor Irrigation and Forests, but the line departments have been generally reluctant to take on responsibilities under NREGA unless they are reimbursed for extra administrative

18. Under Sections 19 of NREGA the states are supposed to come up with rules for a grievance redressal system but have yet to do so. Some states and districts have set up help lines, websites, and even call centres (Uttar Pradesh) but these arrangements are inaccessible to the vast majority of workers aggrieved. Of the two alternatives, setting up a system of ombudsmen, or setting up *Lok Adalats* under the Legal Services Authority Act 1987, an expert group set up by Ministry of Rural Development has recently recommended that *Lok Adalats* be tried out first. Each *Lok Adalat* is proposed to consist of a judicial officer and an engineer, and they will operate at the block and GP according to the need.

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expenses from the NREGA 4 per cent administrative contingency fund. As a result not enough convergence or dovetailing has taken place with other social and economic infrastructure building. The technical deficit constraint affects the quality of works and is likely to increase in severity as the sophistication of works increases in the long run (through, for instance, increases in the material content to make works more durable, etc.).

Workload problems also exist at bank and post offices (although the initial set-up costs of opening accounts, is higher than the costs of operating them).

Work management at work sites is extremely important, especially for work at piece-rates where proper measurement is essential. Piece-rates facilitate the engagement of women and the elderly. Work output norms that reflect engagement of women and the elderly in different soil and lift and lead conditions have still not been finalised in NREGA specific SORs in a few states. *'Mates'* who can organise work groups and assist the TAs in measurement have still not been engaged and trained in most states.¹⁹ We need detailed case studies in this area, including the use of incentives.

The permissible administrative expenditure of 4 per cent of total programme costs needs to be raised and the uses to which it can be broadened and made more flexible.

The hiatus experienced in the flow of funds from the government in mid-2008 has led to delayed wage payments in many states, including Rajasthan, and to a stop-go approach to starting and continuing works in states like UP where the programme has recently picked up, affecting worker interest and enforcement of principle of work-on-demand.

Finally, proper programme management organisations need to be set up at all levels, including Ministry of Rural Development, which is itself understaffed.

5.7 THE WAY FORWARD

Apart from steps to tackle the above problems (to do with staffing, funding, and management) political parties need to champion NREGA. None have emerged as champions at the national level yet, preferring to concentrate on highlighting NREGA scams (although this too is useful),²⁰ rather than on disciplining PRI representatives who belong to their own party, and supporting action against corrupt officials instead of defending them, as in Jharkhand and UP.²¹ Even the left parties are inactive on NREGA at the ground level.

19. See the box on mates in the Rajasthan section.

20. Congress Party agitation against alleged corruption in the Special Plantation Drive in Bundelkhand in Uttar Pradesh led to an inquiry, and the opposition parties have played a useful role in curbing corruption in previous rural works programmes in Andhra Pradesh according to Deshingkar and Johnson (2003).

21. See state sections for details.

More NGOs and POs (peoples organisations) need to organise collective action in support of NREGA. NGOs have played a useful role in awareness building and advocacy, and even more usefully in a few cases, in addressing the technical deficit by placing technical personnel at the disposal of GPs to help them plan, cost, lay out, execute, and measure works.²² However, NGOs are generally reluctant to play an adversarial or confrontational role and what is required in addition to NGOs are POs willing to intercede on behalf of individual or specific groups of workers and stage *dharnas* if need be to obtain entitlements, including receipts for work-demand applications so that they can move to activate the unemployment allowance provisions of NREGA, and bring pressure to bear on the administration to protest delays and favouritism in starting/granting work, non-payment or delayed payment of wages, muster roll padding, and other forms of corruption. Unfortunately, there tend to be only a handful of POs including workers organisations and women's groups in each state. They are a drop in the bucket in relation to needs.²³

Third, there is an urgent need to set up a grievance redressal mechanism, situated outside the implementing structure, with teeth, as in the RTI act.

Fourth, social audits are a powerful means of ensuring delivery of entitlements, curbing corruption, creating awareness of the programme, and empowering participants through the social audit process. The provision in the Act requiring the panchayat to audit itself is conceptually flawed and unrealistic. The process needs an active instigator external to the social structure of the panchayat. In the absence of NGOs and POs the state government itself could be an instigator as in AP where social audit is the responsibility of a specialised unit trained by NGOs (primarily MKSS) and, therefore, imbued with their values, and which is assured of the backing of the state government, which ensures that the relevant documents and information are made available, protection is provided to the social auditors, irregularities uncovered are inquired into, and lead to action including recoveries against corrupt staff and *sarpanches*. Without the prospect of such follow-up workers are unlikely to speak out and risk their livelihoods and worse.

However, the AP model presupposes strong political will and support from the state government which is lacking elsewhere. Even Rajasthan seems unwilling to antagonise the local power structure, and while willing to associate NGOs as trainers and observers, intends to acti-

22. See Ambasta *et al.* (2008).

23. See the Uttar Pradesh section for an example of a women's group that is fighting for unemployment allowance, and Action Aid India, 'NREGA: a long struggle, a broad smile', booklet distributed at the international seminar on NREGA organized by Ministry of Rural Development, New Delhi, Jan 21-22, 2009, for several other examples of effective collective action. Action Aid supports a number of civil society groups around the country which have mobilized communities through collective action (including 'Gandhigiri') in support of NREGA. The book *et al* so describes the formation, through the efforts of DISHA, of a NREGA Workers Union in Gujarat, registered as a trade union, with district and taluka level executive committees, to mobilize NREGA workers and ensure the delivery of entitlements.

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vate the existing provisions of NREGA to carry out social audits. It has recently not been supportive of NGOs and other 'outsiders' conducting social audits, although the RTI is built into the Act.

A third model is for states to invite independent research and evaluation institutions to conduct social audits. Thus NIRD was invited by Orissa to conduct one or more social audit in each of the 19 Phase 1 districts, and NIRD utilized the services of a network of local NGOs to do so. Because of civil society involvement, the findings are in the public domain, although it is not known what follow-up action has been taken on the specific irregularities identified, and whether a second round of social audits will be undertaken, as was being proposed.

Social audits, which involve 100 per cent verification of muster rolls of sample works or *panchayats* by contacting the individuals listed, will have to be carried out on a continuing basis and on a large enough scale for the threat of an impending social audit to constitute a credible deterrent to large-scale corruption. The Ministry of Rural Development should (i) encourage states to adopt the Andhra Pradesh, or as a second best, the Orissa model. At the very least it should (ii) make expenditures on social audit eligible for inclusion under the 4 per cent administration contingency fee. Finally, (iii) although the regular financial audits of the *panchayats* tend to be of a mechanical nature, focusing on the consistency of various documents, and the auditors are themselves often perceived to be complicit, the audits should be required to enlarge their scope to verify expenditure by contacting workers and suppliers and also verifying the quality of works, as is done in social audits. So should the CAG in its next audit. (Its audits should be undertaken on an annual basis).

These are steps, along with setting up a grievance redressal system with teeth that can be taken immediately to curb corruption and improve the quality of implementation in the laggard states.

In the longer run, hopefully, growing awareness and an increasing number of Peoples Organizations and other civil society organizations will increase pressure from below to improve implementation.

5.8 A PROPOSED PROGRAMME OF STUDIES

One is struck by the large disconnect between what is prescribed in the guidelines (and described in MORD and state reports) and reality encountered in the field. This reality is complex and thanks to the efforts of a few researchers is only just beginning to be understood. However, large gaps remain in our understanding, which need to be filled through a programme of

studies if implementation is to be improved.²⁴ The studies will require the involvement not just of economists and survey investigators but also of management specialists, engineers, investigative journalists, anthropologists actually living in the villages as participant observers, and so on. A variety of skills will be required. The following is a suggestive list of studies.

Studies of individual *panchayats* in different states and conditions: preferably over a year, entailing weekly visits, and at least intermittent residence by a resident researcher. Surveys would supplement participant observation and focus group discussions. A suggestive list of topics would include the demand for rural works employment by men and women and supply behaviour in the context of the village labour market, seasonality, when and how works are started, patronage exercised by PRI representatives in choosing locations, workers, etc, any informal pressure from farmers to postpone/curtail works, the adequacy of works in terms of labour demand and timing, work-site management including work measurement, reasonability of work norms, earnings and the additionality they represent to family incomes, timeliness of wage payments, issues in use of bank and post office accounts, the extent to which women collect/keep their earnings and control their use, the quality of works, the scope for further works, how works come to be included in NREGA, NREGA processes and their mapping, work loads and the adequacy of staff to deal with them, whether processes could be simplified consistent with the goals of the Act, corruption, and so on.

A survey of the usefulness, durability, expected life, maintenance requirements, etc. of works already constructed under NREGA in different states and conditions with a view to devising broad recommendations on choice of works and guidelines to be followed in choosing them. Are technical parameters being met, and what are they in terms of manpower, qualifications, and the like required in meeting the design, supervision, measurement, and such other requirements of works?

A survey of the scope for further works in different states and conditions: Is the scope for works getting exhausted in some locations? The scope for watershed development works would appear to be unlimited in large parts of the country. Why has it not been possible to make more progress on integrating NREGA with watershed development? Or forestry? How could convergence be promoted with the work of other line departments such as irrigation and drainage, or of social infrastructure departments such as education, water supply, and sanitation? A number of suggestions have been made for extending the scope of NREGA works, to housing, handicrafts, social and community services and other works. The scope for works on land owned

24. In a programme as large as this it is remarkable that no money has been set aside for concurrent evaluations, and the few studies that are done for Ministry of Rural Development (funded often by donors) are not placed in the public domain. As pointed out by Dreze and Khera (2009), 'it is a mystery why a government that spends about Rs 25,000 crore a year on the NREGA is unable to spare a few crores for an independent evaluation'.

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by individual BPL/SC/ST and other beneficiaries would appear to be vast. Is there a need to allow these works to be built on land owned by small and marginal farmers too? What is the amount of employment likely to be generated on maintenance of works already built under the programme?

A study of the social profitability of a smaller sample of works: Ex-post social cost benefit analyses of a variety of works including surveys, where required, of quantifiable benefits, discounting benefit streams over their expected life, using possibly shadow prices of labour in slack season, looking into the optimality of choice of location in relation to alternatives, any issues in sharing of benefits, what the optimal (least cost) material content would have been in the absence of the 40 percent limit, impact on net benefit if use of machines had been unconstrained, and other costs.

Case studies of the planning process through which works are actually selected and its integration with district level planning.

Case studies on how NREGA has impacted on the political and social dynamics of *pan-chayats*.

Social audits, especially in states where these are lacking so far, with a view to assessing the state of implementation: Cooperation from the local programme administration would be necessary without compromising the independence of the SAs.

A case study of the social audit programme in Andhra Pradesh: As part of the study take a few sample social audits already conducted and attempt to arrive at an understanding of the dynamics of the petty, and not so petty corruption that still persists. Such an exercise might lead to insights on the 'cat and mouse' game that is reported by some observers to be developing with the auditors. Seek to answer such questions as (i) how effective is follow-up (ii) what proportion of irregularities do get detected by a social audit, (iii) to what extent is the SA audit process really a deterrent, (iv) the extent to which the empowerment of the village community that takes place during a SA, especially of the educated village youth who serve as Village Social Auditors, results in lasting improvements to implementation in that village, (v) the impact this has on other programmes.

Case studies in different states and conditions of work-site management issues, including measurement, the role of mates, piece-rates, encouraging the engagement of women, and the elderly.

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Process mapping studies in different states and conditions of the whole chain of NREGA processes at the panchayat and block levels. Are there any requirements or safe-guards (procedures and documents) which are redundant or ineffective, and can they be strengthened or alternately scrapped in favour of alternatives, in order to reduce paper work and the work load?

ANNEX 5.1

Andhra Pradesh

Although Andhra Pradesh (AP) is credited with running one of the best NREGA programmes in the country, average days of employment created per household (31.4 and 39.6 days in 2006-07 and 2007-08 respectively) remained under the national average (43.1 and 41.8 days respectively). In 2008-09, 33 days had been achieved by mid-year, ranging from 50 days in Ranga Reddy to 13 days in Krishna district in coastal Andhra. Officials at the state level said they hoped to achieve 60-65 days by the end of the year, although this appears difficult since the peak employment months are April and May. Fifty-five per cent of workers engaged are women, and 38 per cent SC/STs.

Regional variations

Demand for employment is concentrated mostly in the Telengana region and some districts in Rayalseema. The more prosperous canal irrigated districts of coastal Andhra have relatively low demand for employment because of high irrigation and cropping intensity, reflected in higher agricultural wages, and less scope for the kind of natural resource augmentation projects being given priority under the programme.

Opposition from farmers

Another factor depressing the performance may be increasing pressure from farmers and interest groups to go slow on the programme during months of peak agricultural labour demand. NREGA wages have pulled up agricultural wages, especially for women. The average wage earned under the programme stood at Rs 83 during September 2008. Apart from earnings, anecdotal evidence suggests that villagers prefer to work on NREGA sites also for reasons to do with perceptions, as well as relative work effort. NREGA work is referred to approvingly as 'government work' in AP and is regarded as being more 'dignified' than performing labour on another farmer's field.²⁵ There are reports of a shortage of construction labour in Hyderabad,²⁶ and of larger farmers leaving fields fallow or un-harvested. It needs to be borne in mind that though a large number of workers are themselves small and marginal farmers, the income they earn may enable them to extend sown area and improve productivity on their own land. Clearly detailed case studies need to be conducted to understand the net effect of forces at work here.

Pressure from farmers to postpone works takes the form of informal instructions to officials from politicians at the local level, although the issue is reported to have engaged political attention at the highest levels. The via media that has been arrived at is that each GP will develop a 'NREGA calendar' by dialogue and consensus between farmers, workers, and officials that will reflect the local crop calendar and consequent labour availability. The calendars were to be prepared in the second half of September 2008. According to reports in Mahabubnagar district, the outcome in large parts of the district is likely to be that work will be restricted largely to the eight fortnights of low agricultural labour demand. Thus, the seasonality

25. In one village visited, workers below the permissible age of 18 were working in the fields, while their parents were working on a NREGA site.

26. Interestingly, Hyderabad is located in Ranga Reddy district, the top performer. Hyderabad's location in the district has not affected labour demand there because of the large number of Lambadas, a tribal community, in the district, who prefer to work closer to home, now that they can.

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already inherent in NREGA will be formalised. However, there is a potential conflict here with the principle of work on demand and it will be interesting to see how it plays out. The concept of a calendar is not unrelated to the labour budget and development plan each district is expected to prepare through a process of aggregation from the bottom-up as described in Chapter 8 of the guidelines. However, the labour budget is conceived more as a planning exercise to provide a basis for the preparation of the development plans (shelves of projects) and release of funds, whereas the calendar could provide a much stronger argument against taking up works outside the periods agreed to in the calendar, based as it is on a recognition of the *locus standi* of farmers in the matter.

Organisation and staffing

In Andhra Pradesh, the Act is run out of the mandal, the intermediate unit of development administration and panchayat raj between the district and the panchayat (the state does not have blocks). The mandal is much smaller than the typical block in other states, since there is an average of 50 mandals per district (and 22 *panchayats* in a mandal, which is a smaller number of *panchayats* than in a typical block). The mandal is thus much closer to the ground than the block, which is an advantage. For instance, it is possible for all the muster rolls of a panchayat to be uploaded into the MIS over the weekend, since measurements are taken on Saturday, and Sunday is a rest day. Payment orders (and wage slips for workers) are issued through the computer (located in the mandal office) and sent to the banks and post office early the following week, and wages are usually credited to worker's accounts by the end of the week, within a fortnight as required by the Guidelines.²⁷ AP's user-friendly MIS was designed by TCS, unlike other states which use NIC designed software.²⁸

Although the mandal is closer to the ground than the block in other states, it is of course not as close to the ground as the panchayat, and the panchayat has a smaller role to play in the programme in AP than in nearly every other state. Although the shelf of works is approved by the panchayat GS, the sequencing and timing of actual works to be commenced lies with mandal, and one criticism of the AP programme is that it fails to take advantage of the full potential of the panchayat to provide local knowledge of work demand and to generally impart dynamism to the programme. *Sarpanches* give the impression of feeling left out of the programme.²⁹

The mandal is headed by the Mandal Parishad Development Officer (MPDO), who is designated the PO, although the bulk of the work is handled by the Additional Programme Officer, a contract appointee. Other staff appointed under the programme are - three Technical Assistants and two computer operators per mandal, and one Field Assistant (the *Gram Rozgar Sevak* of the guidelines) in each panchayat. District-level management of the programme has been entrusted to an existing functionary, the Project Director (PDs) of the District Water Management Association, who is assisted by his Additional PDs, each take

27. AP was paying a 2 per cent service charge to the post office and would prefer to continue to do so since it received better service before the arrangement was discontinued at the behest of Ministry of Rural Development which has entered into an understanding with the post office to upgrade its infrastructure nationwide to deal with the increased workload.

28. Most states are behind in uploading muster rolls, although the process has been expedited with the Ministry of Rural Development threatening to hold up payments until the task has been completed.

29. Certainly, there appeared to be much less *Sarpanch* activism than in other states. Thus there appears to be a trade-off between the advantages of running good systems and ensuring time-bound payment through the mandals and more active involvement at the panchayat level.

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charge of a group of mandals. As in other states, further training is required for the new contract appointees, and as in other states there is a dearth of technical personnel to supervise works and undertake measurement in time.

Partly because of the higher number of contract appointees than in other states, given Andhra's 1098 mandals, and partly because Andhra is the only state to have institutionalised the social audit function under a separate autonomous agency which employs state and district level social auditors as discussed below, Andhra spends much more than the 4 per cent under the contingency head assisted by Ministry of Rural Development, and feels that this amount needs to be increased. Officials suggest it should be about 8 per cent, citing the example of other centrally sponsored programmes where administrative assistance is often as much as 10 per cent. The lower size of the programme in terms of person days worked per household is of course also a factor depressing the 4 per cent yield.

The "project mode" for works

Andhra Pradesh is making a major effort to improve the quality of works. In response to the feeling that too many small scattered works (often of a repetitive nature on the same land) are being undertaken to allow for effective supervision, an effort is being made to adopt a more comprehensive 'project mode' where appropriate, as in land development, which will be taken up as far as possible in contiguous blocks of 100-200 acres. Thus, NREGA funds are being pooled with National Bank for Agricultural and Rural Development (NABARD) loan assistance (on a 50-50 basis) for development of 'assigned lands (land allotted to the landless under various schemes in the past, which has remained dry, undeveloped, and uncultivable) to take up 1.5 lakh acres for development through works such as jungle clearance, boulder removal, land leveling, bunding, soil moisture conservation, drilling of bore wells and energisation. Separately, 3.5 lakh acres of dry SC/ST/BPL land are being taken up for exclusive funding under NREGA. This component will be integrated with the World Bank funded SERP project under which the poorest 50 BPL households identified by SERP will be selected in each village along with another 10 SC/ST households for land development, or about 12 lakh households in all.

A second thrust area is the horticultural programme for poor (including small and marginal) farmers in which the labour component (digging pits, etc.) will be met from NREGA while subsidies for drip irrigation and for fertilizers and other inputs for inter-cropping will be met from the Micro Irrigation Project and the National Horticulture Mission. In 2007-08, 1.4 lakh acres held by poor farmers were developed with mango, orange, cashew, guava, and other orchards. Another 2 lakh acres are being developed in 2008-09 including pulp wood plantations and oil palm.

A third thrust area, which also entails convergence, in this case with the Indiramma Tank initiative, is the Comprehensive Restoration of Minor Irrigation project to restore tanks and develop the command area under them. The state has 66,000 tanks, of which 12,500 are being taken up initially for strengthening of their bunds, closing breaches and repairing sluices, weirs, feeder channels, and field channels to stabilise 10.5 lakh acres of command area. 1350 tanks have already been fully restored,

Other projects being taken up in a contiguous project mode are mini and micro watersheds, forestry (forest protection, afforestation, barren hill plantation, social forestry, biodiesel and the like), water bound

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macadam (WBM) roads (limited to 25 per cent of total expenditure), irrigation canals and channels (construction, desilting, removal of water hyacinth and other weeds, etc.), open wells (new as well as deepening, one per habitation), and non-pesticide management (one per habitation, consisting of compost and vermicompost pits, silt application, and etc).

Social audit

Andhra Pradesh is unique in having institutionalised the process of social audit, which is carried out on a large scale through a three-tier structure of state, district, and mandal level resource persons/social auditors. The state and district teams are paid for by the government and belong to an autonomous unit, the Strategy and Performance Innovation Unit (SPIU) which reports directly to the Principal Secretary, Rural Development. It is headed by an official on deputation from the state civil service but its members are drawn mostly from civil society. MKSS has been associated with the development of SPIU right since its inception, including loaning some of its own staff. At present, there are about seven members in the state-level team.

At the district level, an average of 20 District Resource Persons (DRPs) have been trained in each district, who have, in turn, trained about 40-50 educated village youth drawn from among the families of the workers themselves, in each mandal in which a social audit has been carried out. The village social auditors (*VSA*) are paid an honorarium at the time of each social audit. The civil society background of most of the state and district level resource persons, the fact that the *VSAs* are drawn from the community of workers themselves, and the openness and widespread public participation engendered by the social audit exercise, culminating in a mandal-level meeting which is often attended by over 500 villagers, has kept the whole process relatively independent of any pressure that might emanate from local officials and panchayati leaders, and immune to cooption.

The intention was to conduct social audits in all the 650 mandals of the Phase 1 districts, with a follow up social audit in at least 10 per cent of them, by March 2008. However, given the huge training and logistical requirements of the exercise, only about 600 mandals had been audited by September 2008, out of the total of 1,098 mandals to which the programme has now been extended. Since each social audit takes about 15 days and engages about half the district level team members, each district manages to do about three to four audits a month. However, the intention to not only cover the whole state but to conduct successive rounds, and the certainty that a social audit will take place, is likely to keep officials on their toes everywhere.

Although the social audit process is still relatively amorphous and continues to evolve, a September 2007 G.O. formulated the essential guidelines.³⁰ The process starts with the filing of an application under the RTI to the MPDO seeking certified copies of all documents, and with the selection and training of the *VSAs* by the district level resource persons. The training lasts for three days, during which time the records obtained are analysed, cross-checked, and consolidated. The *VSAs* are next split up into groups each headed by a DRP, and spends two to three days in a panchayat. After conducting an awareness meeting, members of the group conduct a 100 per cent verification of the records through

30. Reportedly, these have since been given legislative sanction.

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door-to-door visits and focus group discussions, as well as site inspections where measurements are checked and the quality of projects are examined. This is followed by a GS meeting to discuss preliminary findings.

Finally, the process culminates in a mandal level public meeting held on a pre-notified date to which political representatives, district-level officials, local EGS functionaries and post office staff are invited. The meeting starts with a detailed description of the entitlements created under the scheme, after which the village-wise social audits are read out, villagers (including anyone aggrieved) are invited to testify, and on the spot corrective decisions are taken, wherever possible. Villagers often show great courage in speaking out and testifying against EGA functionaries and panchayati leaders, and social audits have led to extensive disciplinary action and recovery of significant sums of money.³¹ The government requires mandal level officials to attend the meetings, make the necessary records available and extend their full cooperation to the process. It lays down that 'at no stage will there be any interference' in the process. It emphasises the importance of immediate corrective action to sustain trust and interest in the social audit process, and requires MPDOs to invite the VSAs and resource persons to the weekly meeting of Field Assistants to apprise themselves of follow-up on the various issues requiring action. 'Such appraisal will be done every 15 days till such time as all the issues are resolved'. Copies of the SA reports are sent to the Collector and state government.

Box A5.1.1 summarises the findings of a remarkably detailed and well-presented social audit document relating to a mandal in Mahabubnagar district, and along with SA documents for other mandals offers a fruitful area of research into the relative efficacy of various safeguards and how they could be strengthened (or, if ineffective, eliminated, cutting down on paper work and the work load). It conveys a good sense of areas in which implementation is satisfactory on the one hand (such as work quality) and requires action on the other (including several cases of misappropriation, extending in the case of this

31. As Aiyar and Samji (2006) point out, 'During these meetings, names of wage seekers and amounts due to them are publicly read out. This acts as a trigger for a detailed discussion between wage seekers and the field assistant on different aspects of implementation. Through this process petty forms of corruption are unearthed in full public view'.

According to Lalit Mathur (personal communication) 'the results of the social audit are publicly read out for each village, and the concerned officials are required to clarify the deviations. At these meetings the officials have admitted their irregularities and the excess amounts misappropriated have also been returned before the entire gathering. The deviations are discussed and directions about further action are issued on the spot; time limits are set. Since the concerned officers are all present, there can be no passing the buck!' According to Mathur, over Rs 2 crore has been recovered in the state as a whole, and several functionaries, including MPDOs, have been suspended and even dismissed.

Describing a SA public meeting, he says 'about Rs. 20,000/- was returned by the Field Assistants and the mates. Commitments with deadlines to pay back the amounts misappropriated were also made at the public meeting. When the misappropriation by the *Sarpanch* was discussed, the Zilla Parishad Chairman insisted that not only should the amount be paid back, but also that a criminal case be filed against him; a decision was taken to do so. The political support to the social audit could not have been expressed in clearer terms.'

Mathur also describes the empowering effect the SA process has on the VSAs. 'I could meet about 10-15 VSAs about half of them women, and all in their early 20s or late-teens and students in colleges/ITIs - each one was from a labourer family and most were from the SC communities. They were smart, confident, and well turned out; they were keen and motivated and also wanted to do more work on the social audit. They had all benefited from their experience as VSAs and were happy with the job they had done. They clearly did not mind the continuous hard work for over a week which they were required to do during the social audit process. Each one of them had something perceptive to say about the social audit, and about those aspects which gave them a sense of satisfaction - being able to secure additional payments where short wages had been given; recover amounts misappropriated by the FAs/mates; of seeing some useful work being done in the village. Clearly, we have in the VSAs an enthusiastic group of young people who can be a valuable resource not for government alone but also for the community.

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mandal to post office staff).³² It shows that leakages have not entirely disappeared, even in AP, although it is the view of most observers that they have been greatly reduced by the social audit programme.³³

While AP's social audit process seems to constitute a unique departure from traditional patterns of rural governance, there is a danger of romanticising it. Before concluding this section it is useful to note therefore the views of observers such as K.S. Gopal, who enjoins greater objectivity in assessing AP's SA process.³⁴ He points out that the AP SA process focuses primarily on tackling corruption, which while vital, ignores the government's equal responsibility to deliver entitlements such as guaranteed employment. Second, he argues that the process has, in a way, become a substitute for government being proactive in providing information, such as data on wage payments which should be displayed on panchayat notice boards instead of only being posted on the hard-to-access website. Third, SAs have not been made public, despite the promise to do so. Fourth, despite unearthing detailed information on misappropriation and other misdeeds, SA reports are inadequately acted upon, leading to frustration on the part of villagers. Sometimes the information is later challenged by officials. He provides data for 15 mandals in Ananthapur where Rs 86 lakhs of frauds were detected but only about 7 per cent recovered. He asks whether supervisory officials should not be held equally accountable and as frequently punished as lower level staff, for inaction in follow-up. These issues also deserve to be looked at in the case study suggested at the beginning of this chapter.

32. A rough calculation showed that in this mandal they amounted to 2 per cent of the amount disbursed.

33. Claiming that functionaries were learning how to outsmart the auditors, one observer likened the process to a 'cat and mouse game'.

34. Note presented to Workshop on 'NREGA: Beyond Wages to Sustainable Livelihoods', India Islamic Centre, organized by PRADAN, New Delhi, 21 November 2008.

BOX A5.1.1**The Findings of a Social Audit in Mahabubnagar District**

The social audit for this mandal in Mahabubnagar district was conducted over seven days in July 2008. The report was prepared in Telugu for the public meeting and then translated into English. The covering letter is signed by the Director SPIU and is addressed to the Collector (the District Project Coordinator), with copies to the Principal Secretary Rural Development, Commissioner Rural Development, Director EGA, and PD, DWMA Mahabubnagar (the Additional Project Coordinator).

The document begins with a summary table indicating implementation performance in four categories: (i) data not available, (ii) implementation going on well, (iii) not as it should be and requiring action, and (iv) situation very serious for the 26 *panchayats* in the mandal across 16 heads (work quality, correctness and timeliness of payments, financial irregularities according to the functionary concerned, workplace facilities and other). The situation with respect to non-use of contractors and machinery, issuance of job cards, and work quality was satisfactory in most of the villages.

The largest number of objections related to payments not being correct, work facilities, and financial irregularities. The amounts involved in the last of these were: by FAs (four cases, for a total of Rs 33269) TAs (four cases, Rs 358,452) Post Masters (five cases, Rs 117,579), and Group Leaders (two cases, Rs 38,417). These add up to Rs 547,717, out of about Rs 2.75 crores disbursed to workers during the period in question, or 2 per cent, although a number of irregularities described in the separate village abstracts find no mention in the table, perhaps because they cannot be attributed with certainty to a particular functionary.

After the summary table there are 41 pages of tables and notes containing more detailed abstracts for each panchayat, and 16 pages of a table showing village-wise decisions taken at the public meeting. The covering letter lists the few villages in each case in respect of which the following findings were made: (i) demand for work not met, (ii) payments delayed, (iii) muster rolls not prepared properly, (iv) payments not in accordance with muster roll, (v) the TA not monitoring the work site once every 15 days, and (v) payments not reflected correctly in the post office account pass books (in nine villages, the largest single number).

The following appear to be among the irregularities described in the first few village-wise abstracts. Middlemen were apparently still active in one village and took cuts from workers. One of the middlemen was made to return his collections. Excess amounts had been withdrawn by the Sarpanch by showing more tractor trips than were actually performed in carrying earth from tank deepening works (or to waterlogged sites being filled) than the amount shown in the records to be

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have been excavated by the workers. This irregularity was found in several villages. An official explained that some instances are explained by the need to find ways of paying workers who have done more than 100 days, and also that the norm for the amount of earth that can be carried in one trip is unrealistically high, necessitating more trips than can be shown in the records. Payment for tractor trips is included in the material component permissible up to 40 per cent of the cost of a work.

In the second village, apart from excess tractor trips, cases were found of workers who were not fully paid (as revealed by their pass book entries). Conversely, some workers had been paid for excavating the foundations of houses purportedly built under the Indiramma scheme, but no foundations were found to have been dug. There were similar cases in several villages of cuts taken from workers in connection with payments for foundations under this scheme. Also, in this as in other villages, it appears that some workers allowed their job cards to be used for showing fictitious work in the muster rolls against which money is withdrawn, for which they may or may not have been paid a small share.

In the fourth village (there were no major irregularities in the third village), the workers shown to have worked on three works worth a total amount of Rs 340,855 gave it in writing that they had not worked on the works, nor received any wages. The officials concerned claimed that the work was actually done by villagers from a neighbouring village (for reasons not entirely clear). The matter was one of those being inquired into. It is not clear why the amount is not included in the summary statement.

There were instances in a large number of villages of deductions made by the sub-postmaster (although not all of these appear in the mandal summary statement). In one case a farmer has apparently used a JCB (a digging machine) to dig pits for fruit trees in 14 acres which were shown as labour worth Rs 41,652 paid to a number of workers. The branch postmaster admitted to paying the entire amount to the farmer. It is not clear how this could have happened except without collusion between the various EGS functionaries. It has, however, been brought on record in the SA report and will presumably be enquired into. In another village, a branch postmaster is alleged to have misappropriated Rs 41,418 by not paying a large number of workers, in many of whose cases the payment had been entered in their passbooks. Thus payment through post offices does not in itself assure, in all cases that full payment will invariably be made, although of course corruption is greatly reduced by payments through banks, post offices, and smart cards than in cash.

It would take many weeks to get to the bottom of all the irregularities noted in this remarkable document, something that would be well worth doing in order to better understand the dynamics of the petty and not-so-petty corruption that still persists. Such an exercise might lead to insights on which safeguards (procedures and documents) are ineffective and whether they can be strengthened, or alternately scrapped in favour of alternatives, in order to reduce paper work and the work load. It would be also be interesting to assess what proportion of irregularities do get

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detected by a social audit. One would imagine that the proportion is much higher than in a regular audit which is conducted without contacting the purported beneficiaries of the payments and based largely on inconsistencies between documents, which can always be made consistent with each other. In the district to which this mandal belongs, irregularities revealed so far add up to about Rs 2 crores, of which Rs 53 lakhs has already been recovered, out of a total programme size of about Rs 300 crores since inception.

Whatever the answer, it is surprising that corruption is as frequent as it is despite the presumed deterrent effect of impending social audits. One official likened it to a cat-and-mouse game, with functionaries coming up with new ways of evading detection. Another comment often made is that much of the corruption emanates from the pressure felt by *Sarpanches* to finance elections (on which they are estimated to commonly spend Rs 10-15 lakhs). FAs are said to be recruited on the recommendations of the *Sarpanch*, which facilitates collusion. However, it is also the judgement of most observers that corruption has been largely eliminated in the wage-payment component of the programme, largely as a result of social audits, although it is far harder to detect in the materials component.

ANNEX 5.2

Jharkhand

As a poor, largely tribal state, as many as 20 out of Jharkhand's 23 districts (at the time) were included in Phase 1. A 24th district, Khunti, was formed out of Ranchi district last year. Two districts, Deogarh and East Singhbhum, were taken up in Phase 2. Although Jharkhand's reported 2007-08 average of 45 days of work created per working household is higher than the national average (42 days), and the reported achievement in the current year is 43 days, these figures are probably overstated by a considerable margin, going by the evidence of secondary information, which reveals massive corruption and padding of muster rolls. The large unexplained declines in performance of some districts between the first and second years³⁵ also indicate there is something suspect about the numbers.³⁶

Apart from a social audit carried out in four blocks of Ranchi district in May 2007,³⁷ two districts of Jharkhand were included in a six-state survey of NREGA by a team of researchers based at Allahabad University in May 2008. While a large majority of respondents were highly appreciative of the programme, which had reduced hunger and migration, and raised wages, and felt that the assets being created were 'useful' or 'highly useful' (which was also the assessment of the field investigators), the survey found transparency safeguards being routinely violated and funds being siphoned off 'with abandon'.³⁸ In the absence of any grievance redressal system, not only were violations of the Act perpetrated with impunity, any attempts to expose the nexus of corruption and crime were met with repression. The programme functioned under 'a thick cloud of ignorance' on the part of workers, less than 30 per cent of who were aware that they were entitled to 100 days of work.

While this general picture probably holds true in most parts of the state, the social audit carried out in October 2008 in Karon block, Deogarh district, described in Box A5.2.1 represents a change for the better in three important respects – cooperation extended to the social audit by the district administration, decisive intervention by the Ministry of Rural Development when serious violations of the Act were brought to its notice during the course of the social audit, resulting in the filing of first information reports (FIRs) against the perpetrators by the BDO, and the active role of a local grassroots workers organisation in organising the social audit and undertaking to monitor compliance and follow-up action by the local authorities. The last of these conditions is not replicable in most locations, since farm workers organisa-

35. See Table 4 from Mehrotra (2008).

36. The average number of workdays created saw declines of 17 to 45 per cent in four Phase 1 districts between the first and second years. Officials at the state level did not seem to be aware of this, or have ready explanations. Since average workdays per household does not appear in the MPR sent to Ministry of Rural Development (but has to be calculated), it is not an indicator that officials appear to watch. The MPR does contain a column for the number of households who have completed 100 days, which receives more attention, although the average figure would appear to be more relevant in assessing performance. The 100-day norm could lead to a disproportionate focus on particular pockets of already good performance, and on individuals in an effort to see them complete 100 days. One district, Pakur in eastern Jharkhand, has received much attention, especially for its IEC programme, due to efforts of a dynamic Collector stationed there in the first two years of the programme, and led the state by far in terms of the 100-day statistic in September 2008.

37. The social audit was carried out in four blocks of Ranchi district. A random sample of four works estimated that workers had received only two-thirds of the amount claimed in the muster rolls. There was low involvement of the GS in the selection of works, and most labourers did not know how to apply for work. The positive outcomes of the social audit are described in a chapter in Action Aid India's booklet.

38. Dreze (2008).

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tions are unfortunately thin on the ground, but hopefully the first two will set a precedent for future social audits, many more of which will be required to make a state-wide impact on the quality of implementation.

Abhikarta samitis instead of panchayats

A major feature of the programme in Jharkhand is that it functions in an institutional vacuum created by the absence of elected GP in the state. Jharkhand is the only state where GP elections have not been held as required by the 73rd amendment to the constitution. GPs are entrusted with implementation of at least 50 per cent of expenditure on works under the Act. In their absence officials function unfettered by elected PRI representatives such as *sarpanches* and ward panches who play a major role in other states in creating awareness of rights and entitlements, generating work demand, exercising pressure to initiate works, articulating grievances, and generally acting as a check against grassroots officialdom. It is true that many PRI representatives also seek to make money out of the programme (often on the pretext of the need to fund elections, and usually in collusion with officials) but on balance they probably serve to reduce corruption rather than enhance it, although this must remain a hypothesis until tested through a series of case studies.

Be that as it may be, Jharkhand has sought to fill the vacuum by creating for each work an '*abhikarta samiti*', also known as a '*labhuk samiti*' or beneficiary committee, with which an implementation agreement is signed by the block.³⁹ The agreement details the project and budget, and lays down a schedule according to which funds will be released in installments. Although the chairpersons and treasurers of the committees are supposed to be appointed by the GS (the general body of the *panchayat*, which does function, and is often headed by the traditional or hereditary village leader) in practice contractors take over implementation on behalf of the committees (sometimes by getting appointed as the office bearers), since they are in a better position to handle the paper work, make advance wage payments to workers to help them tide over the long wait for wages (which like elsewhere are now being paid into bank or post office accounts in Jharkhand), and handle the bribes payable for the release of each instalment. These bribes are reportedly payable according to the institutionalised 'PC' system at fixed rates to different functionaries. The *labhuk* and contractor systems are described in greater detail in Box A5.2.2.

Staffing

Jharkhand was slow in appointing NREGA – specific staff, and now that new staff are largely in position, after a delay of two years, they have still to be given independent charge. The BDO is designated the Chief Programme Officer, and remains in charge of the programme, with the new contract appointee designated Block Programme Officers merely assisting him, with no independent powers of his own. Other block-level appointees are Junior Engineers (at the rate of 1 for every 10 *panchayats*) and computer operators. Similarly, at the panchayat level, *Gram Rozgar Sevaks* are reported to have been appointed to the approximately 4,500 *panchayats*, but function as little more than assistants to the existing Panchayat

39. Significantly, despite the absence of elected GPs, Jharkhand has not entrusted much work to the line departments either, since this alternative is perceived as being fraught with the possibility of even more corruption. In fact, a senior official said it was proposed to dispense with the services of the line departments altogether from next year. It is the experience in most states that the panchayats entail lower leakages than the line departments, perhaps because the *sarpanch* knows he has to face the people in the next elections.

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Sevaks. One gets the impression that there is considerable reluctance to part with the lucrative positions the existing functionaries have got used to since the programme started, despite complaints by block staff that NREGA now takes up most of their time. Another urgent staffing issue is the need to appoint mates to take over the maintenance of muster rolls from contractors⁴⁰ and assist the TAs in supervising and measuring works. Finally, as in other states, top priority needs to be given to the task of training and building the capacity of the new contractual appointees.

Still no SOR

It seems payment is still made on the basis of the daily rate in Jharkhand, the state has still not finalised NREGA-specific schedule of piece-rates according to different soil and lift and lead conditions even after two-and-a-half years into the programme. A proposed SORs has now been submitted to the state government by the Birla Institute of Technology (BIT), Ranchi, based on a sample of time-and-motion studies of actual works from around the state. Since these sample works engaged women as well as men, the new rates should make it easier for groups of men and women working together to earn the minimum wage between them, and thereby encourage the engagement of women. Piece-rates also enable women or the elderly working separately to do as much work as they can or want to do, and do less than the work norm fixed for the daily rate, provided arrangements are in place to measure their work separately. Conversely they enable men to earn more. The proportion of women employed in NREGA in the state in the current year was 27 per cent in September 2008.⁴¹

Similar to other states, Jharkhand has introduced the system of payment of wages through banks and post offices. Cash payments were supposed to be discontinued after September 2008. Post offices are better spread out than banks but tend to take longer to make disbursements for reasons to do with the shortage of cash. A Memorandum of Understanding (MOU) being negotiated with the post office proposes the making of cash advances to the branch post offices out of NREGA funds. Banks are being urged to set up extension counters on a fixed day of the week in panchayat bhavans. Detailed case studies need to be carried out to investigate the efficacy of these and other proposals, which belong to the realm of formal arrangements. Even more important is the need to look more closely at the sphere of informal reality. The disquieting evidence of the Karon social audit is that there is widespread violation of procedures by bank and post office staff in collusion with contractors and officials who operate workers' accounts without their presence or even their knowledge, in order to siphon off funds and make proxy payments. Detailed case studies following up on the social audit are necessary to understand the modalities better and devise safeguards. Meanwhile the Karon social audit adds to the evidence that payment of wages through the banks and post office, while on balance probably an improvement on cash payment, is not in itself enough to plug leakages.

The disconnect between the picture painted by the statistics and official briefings, on the one hand,

40. While contractors and *labhuk* committees maintain the kaccha muster rolls which reflect the actual engagement and attendance of workers, the official muster rolls issued by the block are reported to be filled in later by the contractors and *panchayat sevaks*.

41. The daily rate norm for soft soil is relatively high 100 cu ft, and is payable at Rs 90, up from the earlier Rs 86.40 (see Box A5.2.2). Workers are reported to fall short of it especially in digging wells, for which reason they prefer working on tank/pond and road projects. The new piece-rate norm proposed on the other hand is only 73 cubic feet (for soft soil in the lowest lead and lift category). It should make possible a considerable increase in earnings.

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and that revealed by ground-truth verification though social audits on the other, extends unfortunately to the programme generally in states like Jharkhand. In the absence of a systematic programme of social audits and surveys, it is not possible to do more than convey the mixed picture that emerges from field visits accompanied by officials on the one hand, as in Box A5.2.1, and social audits on the other, such as that in Karon block, Deogarh district, described in Box A5.2.2.

BOX A5.2.1**NREGA in Khunti district**

The programme is reported to be working well in Khunti district, although the only way of verifying this is through social audits and surveys. The following description is based on a discussion with officials and data reported in the statistics. The district has finalised a list of 2,710 works to be undertaken in the current year (2008-09), for an expenditure of Rs 76.64 crores. The works were identified through meetings held with the traditional village leaders in the area. The attempt is to have three works going on in each *panchayat*, except during the monsoons when there is little demand for work, and when earthwork is not possible. Like elsewhere, the peak working season is mid-January to June. However, demand for work is generally low according to officials, and workers lack motivation. (The MPR for the current year up to August 2008 indicates an average of only 14 days of work performed per household). It is not clear which of the several factors is responsible, whether the sparseness of the population (with a high proportion of forest land in the district), or the abundance of farm and forest-related labouring and gathering possibilities, or the daily rate work norm, etc.

Out of 469 works proposed in the block we visited, 170 are roads, 109 tanks and ponds, 56 dug wells, 45 land leveling, 26 bunds, and 19 irrigation channels. (The tanks are used for irrigating paddy land towards the end of the monsoons, especially when the rains cease early. When ponds are dug or deepened on private land, an agreement is entered into with the owner obliging him to allow use of the pond to neighbouring farmers, although he is allowed to retain up to 5 feet of water for fisheries). There is reportedly no danger of works getting exhausted. Given the popularity of dug wells (both new and renovated) the material component of works according to this year's MPR is about 50 per cent. Works are carried out through *labbuk samitis*, but the samitis are reportedly 'losing interest' because of all the running around and paper work they have to do, and they are also handicapped by illiteracy. Monitoring and vigilance committees have been set up, one for each village, who also carry out the prescribed social

audits. They consist only of women, who are more proactive than men (this is a largely tribal area). There is no opposition to the programme from farmers, since few farmers engage wage labourers, relying instead on exchange labour. Payments which used to be made through *lab-huk* committees are now made through banks and post offices. Arrangements with the former tend to be smoother, since there are limits on the amount of cash post offices can carry. The only line department that has taken on works under the programme is the Forest Department, in a small way. The line departments find NREGA procedures too onerous. There are two Block Programme Officers per block, but they have not been given independent charge. Mates are being introduced this year and will be expected to handle 50 workers each.

BOX A5.2.2

The Social Audit in Karon block, Deogarh district

A social audit of NREGA was organised by a civil society group, the *Mazdoor Kisan Samiti* (MKS), in five *panchayats* of Karon block, Deogarh district, between October 12-16, 2008. MKS invited the participation of Professor Jean Dreze and his colleagues from the G.B. Pant Institute, Allahabad, and a number of Delhi University students. It was decided to select at least two works in each *panchayat* for detailed muster roll verification. In all, 17 works were examined, consisting mostly of irrigation wells built on the lands of members of the NREGA target group, village roads, and irrigation tanks. The volunteers were divided up into five groups of about five persons each to visit each village, and went from door to door, contacting the persons listed in the muster rolls and examining their job cards and pass books. A sixth group toured the area on bicycles and loudspeakers to publicise workers rights under NREGA, explain the objectives of the social audit, and invite everyone to the *jan sunwai* or public meeting to be held on the last day at block headquarters. Team members stayed overnight in one of the central villages, and held meetings everyday to exchange experiences.

The BDO and district administration cooperated with the social audit and made all the documents pertinent to the sample works available to the team. The Collector, Deputy Development Commissioner, and BDO sat through the public meeting on the 16th, which was well attended and lasted several hours. Considerable publicity had already been given in the state newspapers to the filing of an FIR by the BDO the previous day against a panchayat sevak, a contractor, and a bank official (the chairman of a local cooperative bank branch) from Ranidih *panchayat* who had conspired to siphon off funds through illegal withdrawals of money from workers' bank accounts without their knowledge. The FIR was filed by the BDO under various sections of the Indian Penal Code (IPC) (including section 420) although he acted at the behest of the social auditors and instructions from his seniors received through the intervention of Ministry of Rural Development, which had been contacted by Professor Dreze in his capacity as a member of the Central Employment Guarantee Council for NREGA.

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The social audit team had obtained affidavits from aggrieved persons relating to this and other scams and grievances, and many villagers showed great courage at the public meeting in testifying and naming the officials and contractors concerned, despite pressure on them not to do so by the local power structure. A few other complainants did succumb to pressure and intimidation, and failed to appear as promised.

Overall, however, the testimonies of a large number of workers, both men and women, painted an overwhelming picture of massive corruption, widespread use of intermediaries, underpayment of wages, long delays in wage payments and, in some cases, no payment at all, made possible by a nexus between officials, contractor-intermediaries and bank and post office staff.

The *modus operandi* was to fudge muster rolls by adding the names of persons who had not worked, or inflating the number of days worked by those who had, and then withdrawing the extra amounts illegally through collusion with the bank and post office staff. This is bad enough in itself, but in addition genuine workers were systematically underpaid and/or paid with great delay.

Since Jharkhand does not have elected GPs (which are supposed to implement at least 50 per cent of works under NREGA) it has devised a system of appointment by the GSs of so-called *labhuk* or beneficiary committees, one for each work. Each committee has a chairman and a treasurer. Agreements detailing the project, with estimated cost, are then signed between the block and the committee, under which money is released in instalments.

Where the work is located on the land of an individual, as in the case of the wells among the sample works, the beneficiary himself is often appointed the chairman. In some cases the work is entrusted to a woman's SHG.

In practice, however, the work is implemented by a contractor, who may or may not be a member of the *labhuk* committee, and who handles all payments on behalf of the nominal chairman. The contractor seeks to make a profit out of the project, apart from having to make money to bribe various officials according to standard percentage amounts of the project cost. In one well project in *Gram Panchayat* Mahuatand, for instance, the land owner-beneficiary had to pay a bribe of Rs 2,500 at the time the project was sanctioned. Much more than this, however, he (and the contractor) had to pay a bribe of 13 per cent to the Junior Engineer and 10 per cent to the *Panchayat* Sevak for every instalment of money released (on a total project cost of about Rs 80,000). He would make over the money he received from the block to the contractor, who handled all the paper work including maintenance of the official muster roll and the *kaccha hazari* register, and made payments to the material suppliers and workers. In order to make money for his own share and the bribes, the contractor would pad the official muster roll (with the assistance of the *panchayat* sevak), using the job card numbers of workers who had not worked on the project, or adding extra work days for those who had worked. Having helped to open bank accounts for the workers, he would operate them on their behalf, withdrawing money from the accounts of the real and proxy workers listed in the muster roll by getting them to sign blank withdrawal slips and paying a cut to the bank official or the postmaster. In many

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cases, even this formality was dispensed with. Thus, payment of wages through banks and post offices has in a way made wage payments even more opaque, since there is no stage at which the signatures of the worker is obtained acknowledging receipt, as is done in the case of cash payment. None of the workers had been to the bank or post office, and their passbooks were either in the possession of the contractor, or remained blank.

There are several factors behind the prevalence of contractors, the primary reason being the extent of institutionalised corruption. If a beneficiary has been correctly chosen he is usually illiterate, and lacks the sophistication to fudge muster rolls to raise money for bribes. (In most other states muster rolls are maintained by mates, who have not been appointed in Jharkhand, although it is proposed to do so). Also, the beneficiary lacks the 'working capital' he needs to finance the bribes required for the release of the next instalment with which to pay co-workers, for which he has to rely on a contractor. In the absence of bribes and contractors, wage payments are often delayed for over a year and in some cases works are abandoned altogether. Delayed payments have been a major reason for the reduction of demand for work, after initial enthusiasm, and for the entry of contractors as an alternative way of ensuring prompt, if not always full, payment.

The social audit identified one beneficiary, who tried to implement his project himself, but had to mortgage his land, sell off a bull, and borrow Rs 20,000 from a moneylender. The pressure on beneficiaries who get squeezed between demands for exactions on the one hand and payments to suppliers and workers on the other has led to at least three suicides in Jharkhand, the best publicised being that of Tapas Soren who was under great pressure to pay the long-delayed wages of his workers. He immolated himself in public immediately after being refused the release of an instalment by the *panchayat sevak*.

The social audit uncovered case after case of persons who were shown in the muster rolls to have been paid considerable sums of money but who had either not worked at all or had worked but received considerably less than claimed in the records. In several villages, every worker who had been paid, received Rs 70 as daily wages instead of the minimum wage of Rs 86.40 prevailing at the time. In all villages, payments were received in cash on the site, delivered by the contractor.

Conversely, a number of job card holders admitted to having compromised themselves and received payments of Rs 100 each time their account was used to siphon off money. In most cases, however, job-card holders did not know their job-card numbers had been used, and many did not have their job cards in their possession. Their job cards were retained by the *panchayat sevak* and contractors who would make fictitious entries in them without the owner's knowledge.

There may be some genuine difficulties faced by workers in traveling to banks and post offices for payment, and it may suit them to allow contractors to withdraw money on their behalf. However, signing blank withdrawal slips and handing over passbooks and job cards to contractors is risky, apart from facilitating collusion and corruption on a large scale.

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Other problems encountered by the social audit teams were the large number of persons included in the same job card. Some cards had as many as five adult male members, effectively reducing each individual's work entitlement to 20 days. A number of women wanted to be included in their family job cards, but did not know how to apply and had no confidence that they would succeed if they did, because many of them had been told the scheme was 'not for them'. Indeed, very few women had been engaged in the sample works. For Deogarh district as a whole the proportion is 17 per cent (half the requisite 33 per cent) but it appeared to be even lower in Karon block. Thus, the issue of new job cards, splitting of existing cards, and bringing women onto existing cards are all pressing needs. About 200 applications for job cards and for work were received during the few hours at the public meeting on the 16th.

The decisions of the *jan sunwai* as circulated by the social audit team the next day were as follows:

1. Action within seven days on all the complaints and irregularities that have emerged from the social audit as well as from the public hearing.
2. A guarantee of safety for those who testified at the public hearing and during the social audit process.
3. Stern action against banks and post offices that were found guilty of fraud or irregularities; tighter monitoring payments through banks and post offices.
4. Immediate opening of NREGA works in the five GPs where the social audit was conducted.
5. Appointment of a dedicated *Panchayat Sevak* in GPs that do not have their own *Panchayat Sevak*.
6. Proactive steps to ensure that at least 33 per cent of NREGA workers are women, as stipulated under the Act.
7. Block-wide investigation of irregularities in the implementation of NREGA works (beyond the five GPs covered by the social audit).
8. Improved design of muster rolls and job cards.
9. Employment within 15 days for all those who made a written application for work at the public hearing.
10. A fine of Rs 1,000 on the BDO under Section 25 of the National Rural Employment Guarantee Act.

In addition, the details of the illegalities and irregularities found in each sample work and *panchayat* were sent to the MoRD and Collector. While the social audit was an immediate success in terms of consciousness raising, and received widespread and detailed publicity in the state newspapers, its efficacy in improving the delivery of entitlements under the Act and reducing the sense of total impunity among officials and bank staff will depend on the extent to which the decisions are actually implemented, although they were all agreed to, implicitly and explicitly, by the Collector.

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The imposition of the fine referred to in the last decision (provided for under Section 25 of NREGA for any contravention of the provisions of the Act) was agreed to voluntarily by the BDO who took moral responsibility for the widespread irregularities under his watch. The Collector said he would work out the modalities of collecting the fine. If it is actually collected, it will be a first for the Act, and will set an excellent precedent. Although details were not available at the time of writing of the exact status of follow-up, it seems several further FIRs were lodged during the subsequent week, mostly against contractors.

A dramatic illustration of the political support local contractors and middle-men enjoy was provided on 27 October, when the local Member of Legislative Assembly (MLA) led a demonstration against action being taken pursuant to the social audit. It seems the demonstration had the support of all the main parties. The social audit itself was called into question at a meeting of the district level monitoring committee in which the local Member of Parliament (MP) wanted to know who had authorised it, seemingly unaware that no authorisation was needed and that any citizen or group of citizens can conduct a social audit using their right to information written into the Act.

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ANNEX 5.3

Orissa

Orissa is an important state for NREGA, with as many as 19 out of Orissa's total 31 districts taken up under Phase 1. Another five districts were included under Phase 2. NREGA was launched with considerable publicity and high-level involvement in the state, and made good early progress in registering households. According to official data, average workdays provided to those households who offered themselves for employment was relatively high at 57 days in 2006-07. However, this statistic is probably an overestimate, as indicated by the fact that in 2007-08 recorded performance was only 35 days in the Phase 1 and 2 districts combined. Phase 2 districts provided only 22 days, but Phase 1 districts also slowed down to 37 days. The slow-down is probably more apparent than real, and has to do with the progressively increasing coverage of on-line reporting, which placed controls on the inflated estimates of the early days. Orissa has pioneered the operationalisation of the centrally-sponsored MIS, and reporting and monitoring under NREGA is now done entirely online in Orissa through computers placed in the blocks.

There is considerable variance among districts around these average figures. Thus, performance in districts such as Ganjam was 51 days in 2007-08. As shown in Table A5.3.1 below, Ganjam also has the lowest leakages in the state. Officials in the Ganjam explained these outcomes in terms of their Collector being very 'dynamic' and 'strict'. Part of Ganjam happens also to be the Chief Minister's constituency, so that Ganjam probably has an above average set of district level officers. Clearly personal factors have much to do with variance between districts. Unfortunately, backward districts which most need the programme tend also to have the weakest and most leakage-prone administration, as also shown in Table A5.3.1.

Orissa has attracted several studies of NREGA, foremost among them those by: (i) the CEFS in May - June 2007, (ii) Jean Dreze and his colleagues from the G.B. Pant Institute in three districts of western Orissa in October 2007, (iii) the NIRD in 19 Phase 1 districts during February - June 2008, apart from (iv) Orissa-specific parts of the Performance Audit by the CAG. Performance as revealed by these studies is much lower than that contained in the statistics, as discussed below. The studies also reveal huge leakages.

However, the latest and most comprehensive of the studies, conducted by the NIRD, shows that leakages declined in the second year of implementation, so that wages actually delivered to workers increased from one-third of the claimed amount in sample works in the first year, to two-thirds in 2007-08. The state deserves credit for inviting the NIRD to conduct the study, as a response to the serious findings contained in the earlier studies, and was associated with the workshop held with civil society to discuss the findings. At the time of writing, it had yet to come out with its official response to the NIRD study and to initiate the massive corrective action called for.⁴²

Civil society involvement with NREGA was given a fillip by the fact that field work for the 40 Social Audits carried out in 19 districts as part of the NIRD study was coordinated by an NGO in each district.

42. Neither the state nor NIRD have released the study. However, the data on which it is based is available on the OREGS [Orissa Rural Employment Guarantee Scheme] google chat group run by NGOs in the state, and has been used in the discussion that follows.

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One outcome of their involvement has been the creation of a state-level platform (Rupayan), whose stated objectives are to dialogue with government and thereby dispel distrust between it and civil society, increase awareness of NREGA, ensure that all those who desire job cards get one, and create a set of trained volunteers in each district to carry out a continuing programme of social audits.

Orissa officials take credit for the fact that it is the state with the highest number of cases (four) in which unemployment allowance has been granted, totaling Rs 2-3 lakhs. In three of the cases the amounts have been recovered from the officials held responsible. An issue relating to this practice is the further strengthening of the incentive for officials not to issue receipts for work-demand applications.⁴³

Staffing

Regarding staffing, rather than appoint dedicated POs, Orissa has designated BDOs as POs (and Additional BDOs as Additional POs) so as to tie in the involvement of existing staff under the BDOs such as Junior Engineers (JEs), and use the position of the BDO to enhance coordination generally. Additional staff have however been provided as envisaged under the Act in the form of two TAs and an additional computer operator at the block level, a *Gram Rozgar Sevak* in each of the GPs, and two *Gaon Sathis* in each of the revenue villages in a GP. The *Gaon Sathis* are local village youth whose task is to activate potential demand for work by assisting with work demand applications and obtaining receipts, etc. and also acting as mates on work sites. An interesting innovation is that instead of getting a salary they will be paid an incentive of Rs 4 per work day mobilised. They have just been recruited and it will be interesting to see whether work demanded goes up as a result of their efforts.

While the basic staffing structure is in place, a need is still being felt for the services of technical staff. A common complaint heard in the field is that the number of GPs in each block is too large to be covered by the combined team at the block level of the two additional TAs and the existing 2-3 JEs. Ideally, local officials claim, each TA/JE should cover one GP (which usually has 5-6 revenue villages, with an average of two works going on in each village) instead of about five GPs at present (many blocks have 25 or more GPs).

Thrust areas in the selection of works have so far been cement concrete (CC) lanes in the villages, which have greatly improved sanitation, and water-harvesting works such as farm ponds and village tanks. Since CC lanes are no longer permitted by the guidelines, their material component is now being met from other sources. Farm ponds are dug in the land of SC/ST/BPL farmers and are being built in three sizes depending on the holding size.

Orissa revised the minimum wage upwards from Rs 50 to 70 a day in May 2007. Based on a time and motion study it has also increased the rates in the SORs so as to enable workers employed at piece-rates to earn the minimum wage in 7 hours. (For 100 cubic feet of earthwork the rates have been increased to Rs 100, Rs 135, and Rs 210 for soft, hard, and stony soil respectively). Wage payments through post offices and banks have been initiated in some districts and are expected to be universal in a copy of months.

43. See ActionAid India for an account of the long struggle waged by local NGOs to secure unemployment allowance to 63 workers in October 2007 in Nabrangpur district in the first of these four cases (which was reportedly the second in the country, the first being in Barwani district in Madhya Pradesh).

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Studies of NREGA in Orissa

Centre for Environment and Food Security. The CEFS conducted a study in 100 villages in six districts of Orissa in May-June 2007. Five of the districts were in what is referred to as the poorest KBK region of the state. The study is not readily available, but among its more dramatic findings contained in Supreme Court Writ Petition 645 of 2007 filed by CEFS is the claim that more than Rs 500 crores out of the Rs 733 crores, spent by Orissa in 2006-07 have been misappropriated. Out of the 100 villages visited, 18 had received no job cards, 37 had not received any work, 11 villages had received neither job cards nor any work, and in 23 villages the job cards were in the possession of Village Level Workers (VLWs) or JEs. In 25 villages workers had received only partial payments.

G.B. Pant Social Science Institute, Allahabad. This study by Jean Dreze and his colleagues was carried out in 30 randomly selected *panchayats* spread over six blocks in three districts of western Orissa (Bolangir, Boudh, and Kalahandi) in October 2007. The broad conclusion of the study is that leakages amount to about 30 to 40 percent because of the so-called 'PC' system (in which bribes are shared in a fixed percentage by different levels of the block staff) and the continuing presence of contractors and their agents in half the sample GPs. The study found a 'quiet sabotage' of the transparency safeguards of the scheme because of the faulty design of job cards, and various 'adjustments' made in the muster rolls which had made both these documents and other records unverifiable.⁴⁴ However, the contractors were partly a hangover of the earlier SGRY and the traditional system of corruption was phasing out with the increasing checks and balances being applied under the scheme. The situation in Boudh district in particular was much better (Boudh is not one of the KBK districts). A fuller description of the findings from an interim report on the survey is contained in Box A5.3.1.

National Institute of Rural Development. The NIRD was invited by the state government to conduct a study of NREGA which included social audits of the implementation of the programme in 1 GP in each of the 40 blocks distributed over the 19 Phase 1 districts. Field work was carried out between February and

Table A5.3.1: Discrepancies Between Recorded and Actual Achievements in Orissa (for State, Ganjam district, and KBK region) (per cent)

	Workers	Workdays	Wages
Actual/recorded (state)	68	47	42
Ghost workers/ workdays/wages (state)	32	53	58
Actual/recorded (Ganjam district)	100	100	98
Actual/recorded (KBK region)	56	33	26

Source : Presentation based on 40 social audits in 19 districts made during Sharing Workshop to discuss NIRD study.

44. Dreze [2007].

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June 2008. The GP chosen in each block was the one which showed the highest physical and financial progress. The three most recently completed works were chosen in most of blocks, making a total of 108 works studied in all. Field work was carried out by 8-10 volunteers in each GP, consisting mostly of local youth who had been trained by the local coordinating NGO. A complete enumeration of households was carried out in the GPs and 37,715 households surveyed in detail. 62 per cent of all households in the GPs had been registered, and of these, job cards had been issued to 89 per cent of registered households.

The discrepancies revealed by the social audits between outcomes recorded in the muster rolls and other documents and (i) the actual number of persons who had worked, (ii) the actual number of person-days worked and (iii) the actual wages they had received are shown in Table 1 below:

Thus, for the state as a whole, only 42 per cent of total expenditure actually reached workers under the programme, and 58 per cent leaked out at three stages through 'ghost' workers, (names in the muster rolls of persons who did not work at all) 'ghost' man days (ghost workers plus extra workdays shown against persons in the muster rolls) and "ghost" wages (ghost workers plus ghost workdays plus extra wages paid against workdays actually worked but inflated presumably through over-measurement). The last of these figures captures total leakages, or the cumulative effect of leakages at all three stages and is therefore the bottom-line as far as leakages are concerned.

However, there is considerable variance between the results of the social audit across districts. In Ganjam, the 'cleanest' district, total leakages were only 2 per cent, whereas in the region with the highest leakages (the three KBK and three contiguous districts on the western border of the state) leakages were as high as three-fourths of amounts disbursed. Although the sample for each district is an average of only two GPs per district these results are only illustrative for variance between the districts. However, the finding for the KBK region is not very different from those of CEFS and G.B. Pant Institute, both of which were focused on this region.

The situation greatly improved however over the two years of implementation of the programme. When leakages are compared for works started and completed in 2006-07 with those for 2007-08 the situation shown in Table A5.3.2 emerges.

Table A5.3.2: Reduction in leakages over the two years of implementation

<i>Actual/recorded</i>	<i>2006-07</i>	<i>2007-08</i>
Workers	58	91
Workdays	37	77
Wages received	33	62

Source : Presentation based on 40 social audits in 19 districts made during Sharing Workshop to discuss NIRD study.

A large number of irregularities are described in the individual social audits posted on the OREGS website and were discussed further at the Sharing Workshop held to discuss the results of the social audits

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in August 2008. Some of them figure prominently in the G.B. Pant Institute study too. Essentially they entail inflating recorded wage payments to generate money for the PC system and payments to contractors through the use of fake names, fake workdays, fake signatures, fake or duplicate muster rolls, and commensurate over-measurement. In the early days of the programme particularly, some old works were shown as NREGA work (although 90 per cent of the works were verified on the spot by the SA teams) and some wages were shown as having been paid at the new, higher, NREGS rates, when lower payments were made at the old SGRY rates, or through contractors. Clearly, a great deal of collusion was involved among the functionaries (including very often the computer operators) and with the *sarpanches*, since all the records (measurement books, muster rolls, job cards, etc.) have to be made consistent.

Since payments were made in cash in the first year of the programme (very often to workers individually, and not in public after reading out names and amounts as required by the guidelines), it was easier to hide the extent of corruption. Payments through banks and post offices, introduced progressively in the second year, made it much more difficult to siphon off money without collusion with the account-holder, or worker, too. (Such collusion is often forthcoming, with an account holder who hasn't worked, accepting part payment for use of his job card. Although bank and post office payment greatly minimises corruption it does not entirely prevent it. We came across an instance in Ganjam district in which workers claimed that the *sarpanch* had come to the bank on the day fixed for withdrawals and forcibly collected amounts he claimed had been given to the workers as advances).

These irregularities were made possible by non-observance of the transparency provisions of the programme such as maintaining and completing 'live' muster rolls at the work site itself and keeping them open for inspection, posting completed muster rolls for display at the GP offices, entering wages paid in the job cards (the faulty design of job cards made no provision initially for recording the amount of wages earned, for the information of the job card holder, although this has now been rectified), and entering muster roll and work site information in the MIS without a lag.

State government representatives claim that many of the irregularities were committed with good intentions. Thus, many of the wrong names in the muster rolls were entered to accommodate workers who did not have job cards but who turned up for work anyway. They did not have job cards because the job card numbers issued by the computerised MIS system had to incorporate a persons' ID number from the BPL list. The state government was therefore under the impression that only BPL persons could be registered and issued job cards, which held up the issue of job cards to others seeking work.⁴⁵ Other reasons given informally for fake names in the muster rolls are that they were used to pay: (i) workers who had exceeded 100 days of work whose extra days were not accepted by the MIS system, (ii) workers on piece-rates who had earned more than the permissible limit for payment per day, and (iii) costs incurred on materials and skilled workers above the permissible 40 per cent limit, which were shown against proxy names.

It is not possible to take a view on what proportion of fake entries these reasons explain, in the absence of a few detailed micro studies of implementation in a few villages and work sites. However, as

45. It took a long time to seek the necessary clarification from the Ministry of Rural Development.

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has been observed by Dreze and others, although some of the 'adjustments' and practices might have been well intentioned, they opened the door to further adjustments with a different purpose.⁴⁶ The state government plans to form a monitoring group of retired officers, and energise village level monitoring and vigilance committees.⁴⁷ Now that additional staff is in place, record keeping should improve, although a great deal of capacity building and training needs to be undertaken to make the new staff fully effective. Steps also need to be taken to increase awareness of entitlements under the programme, complete the registration process,⁴⁸ and ensure workers get receipts for job-demand applications so that they can claim unemployment application if work is not provided.

It is not possible to do justice to the complexities of implementation issues at the grass-roots level without in-depth village studies including 'process mapping' of the whole paper chain and record-keeping system to identify both points of corruption and how the process could be made easier and more effective. Payment through the post offices should lead to further reduction in leakages. However, the only effective check against corruption is the social audit process. While the 40 social audits carried out had an impact well beyond the GPs covered, through the demonstration effect, there needs to be a credible 'threat' of a social audit in each and every GP at a certain frequency. The state government is reported to have indicated at the Sharing Workshop its interest in undertaking through NIRD and civil society a second round of social audits on a scale of about two GPs in about 250 blocks. Rupayan, is meanwhile, taking steps to ensure that the requisite number of volunteers get trained in time through a training-of-trainers programme. Social audits on a large scale with several NGOs participating in the same study, they take place, will be an interesting alternative to the AP model, which is more institutionalised and relies on a stronger in-house capability at the state and district level. The state is to be commended for this initiative.

46. Jean Dreze (2007).

47. The guidelines provide for these to be set up for each work, but by and large they exist only on paper.

48. The social audits found cases of GPs where registration was less than 15 per cent of households, and where job cards had not been issued for two years.

BOX A5.3.1**Some findings from the interim report on the survey of NREGA in Bolangir, Kalahandi, and Boudh districts, Orissa, October 2007**

The following are among some of the findings of the survey: (i) awareness levels were low (with none of the labourers being aware of the right to apply for work), (ii) job card distribution was incomplete and there were no arrangements for issuing job cards on a continuing basis, (iii) the shortage of technical staff meant that work measurement by JEs was a fiction, the ground reality being rough measurement by non-technical functionaries or contractors, (iv) work site facilities were inadequate, (v) and there was little participatory planning. On the other hand, 82 per cent of workers had been paid within a month, half the workers had earned the minimum wage, awareness of the SORs was growing, 59 per cent of the works were judged to be very useful or quite useful, and there had been an impact on hunger and indebtedness (employment provided was too low and too unpredictable to make an impact on migration). Generally, where work was available, NREGA was a lifeline for the poor.

On transparency and corruption the findings were that contractors were active in more than half the worksites, and played a vital role in keeping the PC system alive. The records were virtually impossible to verify due to faulty design, incomplete maintenance, and rampant 'adjustments'. The proportion of employment days recorded in the muster rolls that were confirmed by labourers was 60 per cent. A guestimate of leakages was 32 per cent, with 22 per cent being consumed by the PC system, and another 10 per cent constituting the profit of contractors.

The interim survey report based on the social audits identified some further vulnerabilities facilitating corruption, including staff shortages, dormant GSs, ritualistic vigilance procedures including symbolic VMCs and social audits conducted by staff, and lack of grievance redressal procedures. Among specific steps recommended was making the *Gram Rozgar Sevak* responsible for maintenance of job cards and specifying responsibilities generally, specifying rules to activate S 25, exemplary action for confirmed violations such as fake muster rolls, creating wider awareness of the guidelines among staff, introducing properly designed job card and muster rolls, training mates, transparent measurement, and helplines (for information as well as complaints). The report concludes by drawing attention to the 'silver lining' of the widespread appreciation of NREGA among workers, despite all its deficiencies, and how it had enabled them to receive minimum wages in a timely fashion in most cases. There was plenty of scope for productive works, and the challenges of making NREGA work should be viewed in relation to these long-term possibilities and its significance for the rural poor. There was plenty of scope for productive works, and the challenges of making NREGA work should be viewed in relation to these long-term possibilities and its significance for the rural poor.

ANNEX 5.4

Rajasthan

Rajasthan led the country in average days of employment created per household in both 2006-07 and 2007-08 (85 and 77 days, respectively) as well as in women's participation in the programme (68 and 67 per cent, respectively), largely due to the state's long tradition of famine relief works, and the high female labour force participation rate in the southern tribal belt where the programme was initiated. More than half the households who worked in the six Phase 1 districts completed 100 days of employment in the first year, and in Dungarpur district 78 per cent of households came up against the 100 day in ceiling in both years. There appears to be considerable demand for more work from these households.

Coming up against the 100-day limit is an example of the second-generation issues surfacing in Rajasthan. First-generation tasks such as fully satisfying the demand for registration and for job cards appears to have been largely completed, although there may still be need for IEC activities in Phase III districts. A high 84 per cent of rural households has been registered (a proportion way above the 22 per cent of households categorised as below the poverty line), and 99 of registered households have been issued job cards. Sixty-one percent of these have applied for work.⁴⁹

Earnings

The minimum wage under the programme was raised from Rs 73 to Rs 100, and as in other states has exerted upward pressure not just on agricultural wages (although this has been less of a political issue than elsewhere) but on construction labour wage rates in the cities.⁵⁰ This is despite the fact that not all workers manage to earn the minimum wage, although the piece-rate outturn under the schedule of rates has been liberalised by 30 per cent to take into account the age and gender composition of the workforce. In August 2008, the average wage earned was Rs 85 a month, ranging from Rs 75 in Dungarpur and Jaisalmer to Rs 98 in Ganganagar and Jaipur.⁵¹ Combined with high average days worked per household, this has meant a significant addition to BPL incomes and is likely to have pulled many of them above the poverty line.

On the delivery of other entitlements the situation is not much better than in other states. Thus, the ideal of work on demand has not been realised, there has been no unemployment allowance granted,⁵²

49. The large number of 'idle' job cards, have led to suggestions that these be cancelled for fear of misuse. However this does not appear to be legally possible.

50. In Udaipur, for instance, when the minimum wage was raised from Rs 73 to 100, construction labour rates in the city are reported to started moving upwards from Rs 90 a day to Rs 130 - 150. In Dungarpur, a local industrial unit is reported to be experiencing higher absenteeism and *tendu-patta* contractors paying more.

51. The amount earned was Rs 51 when the minimum wage was Rs 73. There may be an inverse relationship across districts between the average wage earned and average days worked per household, reflecting the higher proportion of women and the elderly as person-days increase.

52. The state government would argue that no occasion has arisen to pay unemployment allowance. On paper, work provided matches work demanded since Form 6, the work demand application form is often collected or filled in at the work site itself, and a receipt issued in Form 8 to those workers who have been engaged.

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and wages are frequently delayed beyond a fortnight.⁵³ However worksite management is generally conceded to be good in Rajasthan, and leakages are likely to be much lower than elsewhere at least as far as the wage component is concerned on account of the relative absence of muster-roll padding, especially in southern Rajasthan where social audits have been more frequent than in other regions because of civil society engagement with the programme, led by MKSS.⁵⁴ Another important factor for the relative 'cleanness' of the programme in Rajasthan is the importance attached to the programme by the political and higher official leadership, and the supervision it receives.⁵⁵

The effort to raise the average wage earned the state introduced the system of forming work groups of five and measuring the output of each group separately by mates selected from among the workers. Mates are being trained with the assistance of NGOs in measurement and record keeping skills. The initiative has met with mixed success so far, for the reasons discussed in Box A5.4.1.

Staffing

The state has started recruiting and posting Masters of Business Administration (MBAs) as POs to Phase 3 districts, as Rajasthan Administrative Service officers who were appointed to Phase 1 and 2 districts are not available in sufficient number. It will be interesting to see how this initiative works out.⁵⁶ One Senior TA, and several Junior TAs have been appointed to each block, as well as a *Gram Rozgar Sevak* to each GP. All staff are employed on a contract basis.⁵⁷ The norm for the appointment of JTAs was liberalized recently from 1 JTA for every 10 *panchayats* to five *panchayats* per JTA (or about one JTA for every 3,000 workers). However, as in other states there is a widespread feeling in the field that this is still not sufficient. The entire time of JTAs is still taken up with measuring work sites once a fortnight and processing muster rolls for payment (by the GP) which leaves them with very little time for inspecting works and ensuring quality. Also JTAs with the right qualifications are hard to find in some districts and most of them need considerable training.

53. In mid-August, eight out of 32 districts were one fortnight late in paying wages, seven districts 1 month, one district six weeks and one district two months. The remaining 15 districts were current with payments. The JEs who have to make measurements and calculate wage payments according to physical quantities of work performed are overstretched (see below) and this is said to be the main cause of delay. A new cause of delay was emerging in mid-August - delayed receipt of funds from MoRD. The state was reportedly owed Rs 1,300 crores from the Centre.

54. Rajasthan is one state where 'live' muster rolls are generally maintained on site and are available for inspection. Muster roll padding is also minimized by entering the names of those workers intending to work received in a list from the GP into the muster roll in the block itself before being issued. Worksite management would be better if there was no bunching of works in the April-June months. Since an effort is made to accommodate anyone who shows up there are often too many workers crowding the work site and getting in each other's way. The average wage earned also goes down, and delays in starting work are caused while the necessary documentation is being completed. An NGO in Dungarpur has been trying to persuade workers to demand work in advance instead of just showing up.

55. For instance, even the state government secretary in charge of a district has to inspect three works a month. A number of 'NREGA camps' have been organised at the GP level which have considered up to 9,000 grievances each. Regarding political support, Rajasthan seems to have entered a virtuous cycle, in which high-level political support and supervision improve the programme, which improves its popularity, which in turn leads to greater political support.

56. The RAS officers are senior to the BDOs whose cooperation is essential, since the *Panchayat* Secretary and the regular JEs in the block are under the administrative control of the BDO. This, and the relatively low prestige of a NREGA posting which is seen to lack the 'power' of general administrative work also makes RAS officers unenthusiastic, although many of them have done good work. The new MBA Programme Officers will have to establish their own equation with the BDOs.

57. This creates some nervousness among senior officials since large amounts of cash are still involved in wage payments where payments through post offices and banks have not yet started. Since contract employees have no careers to protect they are regarded as being 'riskier' than regular employees. Contract staff is hoping however that they will become permanent one day. This expectation creates its own set of problems.

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More than anything else they need the technical assistance and supervision of more experienced personnel. Dungarpur district has made a proposal to the state government that there should be one Assistant Engineer (posted at the block level) to supervise not more than three JTAs/JEs,⁵⁸ one Executive Engineer to supervise three Assistant Engineers, and one Superintending Engineer (SE) at the district level, similar to the structure in the PWD. Only then will it be possible to inspect works with sufficient frequency and provide the requisite design and technical inputs.⁵⁹ Fortunately, districts with large programmes tend to have relatively low percentage expenditures on administration, well below the 4 per cent permissible, and there is plenty of head-room to increase expenditure on the staff component. The average for the state as a whole in August 2008 was as low as 2 per cent. There would appear to be a case for increasing technical staff at least in Phase 1 districts which are now in their third year and have large programmes.

The choice and quality of works

Another issue that has a bearing on the quality of works is the often heard observation especially in Phase 1 districts in Rajasthan that the programme is running out of suitable works. The bulk of expenditure in the districts visited has been incurred on rural connectivity works such as gravel roads⁶⁰ and water harvesting and conservation projects (including renovation of traditional water bodies, such as desilting of tanks).⁶¹ It was claimed in Udaipur that the large number of *anicut*s that have already been built is affecting inflows into tanks downstream. This may be more of an issue relating to the sharing of benefits rather than the benefits *per se* of *anicut*s, which are widely reported to recharge the dug wells in the immediate vicinity. In districts like Dungarpur, one frequently hears anecdotal evidence that the ground water table has gone up as a result of NREGA works and that water is available for animals in tanks for a longer period than before.⁶² On the other hand, one also hears about ponds and tanks which have been dug on high ground lacking a catchment area for recharge. Clearly, the situation with respect to the availability of works will vary greatly with the area concerned. About 60 per cent of Rajasthan is desert where the emphasis is on roads (and where there is scope for convergence with PMGSY roads, with the earthwork being done under NREGA) while the scope for other works may be limited.

58. JEs are regular Junior Engineers already posted in the block/*Panchayat* Samiti. The need to post three full-time civil engineers at the block level, identified as one of the major lacunae in the present set-up, at the rate of one for every 10 GPs, to supervise the TAs (one for every five GPs), is also one of the recommendations in Ambasta *et al.* (2008).

59. Some examples of things that would have been rectified by inspections are the following. In one tank deepening work the earth was not being carried far enough away to prevent getting washed into the tank again in the monsoons. A new irrigation channel had already broken and had not been repaired. The stone masonry foot wall supporting an earthen bund in a tank renovation project did not have foundations that went deep enough. In the same project raising the height of the bund would have been infructuous if the height of the weir was not also raised.

60. CC roads were carried out earlier but have been expressly debarred by the third edition of the Guidelines.

61. In Dungarpur, for instance, 62 per cent of expenditure on ongoing projects in 2008-09 had been incurred on connectivity and 21 per cent on water conservation and renovation of traditional water bodies combined. However, as a proportion of number of works the latter categories account for more than 80 per cent. The categorization of works in the Act and Guidelines is somewhat confusing. Thus, digging of new tanks is included for reporting purposes under category: (i) water conservation and water harvesting, whereas desilting of existing tanks comes under category, (v) renovation of traditional water bodies. Similarly, new canals come under category (iii) whereas desilting of old canals under category (v). Provision of irrigation on private lands constitutes a third irrigation category (iv). Likewise, drought proofing (including tree planting) and flood control (including drainage) are categorized separately from land development. It is quite possible that much of the reporting classifies works inconsistently.

62. The district or parts of it are said to have been removed from the classification of being in the 'dark zone' with restrictions on new ground water works such as dug wells and bore wells.

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As a general matter, however, the state government feels that the list of permissible projects is too restrictive and has proposed to the G.O.I. that it be allowed to use at least the labour component of the programme for work on any of the several ongoing social infrastructure activities such as anganwadi, school, and health centre buildings.⁶³ It is not clear why this has not been possible. A possible objection to this could be that the additionality of the infrastructure works would thereby be reduced. However if funds to complete the complement of social infrastructure each village requires are not likely to be available for several more years, then the prospect of expediting their completion would be an offsetting benefit.⁶⁴

It is hard to believe that the scope for watershed development has been exhausted but there has been very little work carried out in the framework of plans for specific watersheds (such as check dams, contour bunding, contour trenches, pasture development, etc.) Many of these works have to be taken up on private land, and it is possible that some sites belong to non-BPL individuals. However, the upper slopes usually belong to the poorer farmers. In any case it has been suggested that the restriction that 'private' works be carried out only on BPL land should be liberalised to include small and marginal farmers. Another possible difficulty could be that many otherwise suitable sites fall within encroached community lands. There may be a case here for being pragmatic and still undertaking the work if the encroacher is BPL, or, when and if the guidelines are amended, a small or marginal farmer.

The scope for undertaking work on private land generally would appear to be vast. Udaipur district has had an active programme of works on private land such as dug wells, land leveling and cemented field channels for irrigation. There is talk of choosing beneficiaries by lottery if need be. There would appear also to be tremendous scope for tree plantation (including bio-fuel species such as jatropha) on both public and private land, either independently by NREGA or through the forest department. An issue with plantation work has been the timeliness of planting, as well as watering and watch-and-ward to ensure survival. One site visited in Udaipur had made provision to pay for watering for 18 months. Finally, as assets are created there will be increasing need in the future to maintain them, even if they are properly constructed.

About 90 per cent of expenditure on works is presently undertaken by the *Gaon Panchayats* in Rajasthan. NREGA has seen a huge increase in their budgets. To the extent this has given new life to PRIs, it is to be welcomed, although there is a need to look carefully at the extent to which the three-member team of *Sarpanch*, Panchayat Secretary (*Panchayat Sewak*), and NREGA-appointed Gram Rozgar Sahayak has the time and capacity to cope with the new workload.⁶⁵ It is often pointed out that the *Sarpanch* presiding over a budget that can now go up to half a crore gets an honorarium of Rs 400 a month for his efforts and has to spend his own money on transportation.⁶⁶ The Panchayat Sevak and Gram Roz-

63. According to the Principal Secretary, *Panchayati Raj*, there are 27 different programmes seeking to provide the same limited set of works at the village level with a budget of about Rs 2,500 crores.

64. It has been suggested that at the very least, earth work under NREGA could be allowed to substitute for work that would have otherwise been carried out with machines (such as earthmoving by JCBs, which are becoming increasingly common).

65. Many *Panchayat Sewaks* were surplus staff in other departments such as cattle guards and have only eight years of education. A related issue is remuneration of contract staff, which it has been suggested should be comparable to that of regular staff, to strengthen commitment and motivation. The Rozgar Sahayak gets only Rs 2,500 a month.

66. Some *Sarpanches* get more under NREGA than their MLAs who get about Rs 80 lakhs to spend under the local area development scheme for their entire constituency.

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gar Sevak get no TA at all. These are the sort of detailed issues of staffing, workloads, and processes that need to be looked at in a detailed study here, as elsewhere. Unless resolved, the quality of implementation even in states like Rajasthan is likely to remain inadequate.

It is generally accepted that GP works get implemented at lower cost than the same line department works (for example, roads and anicuts). However, GP works may not fare as well when it comes to the quality and durability of assets which need a greater technical input than they get at the panchayat level. To enhance the durability and quality of works the state government has urged the PWD, irrigation and forest departments to implement 15 per cent each of the programme. However, they have been unable to achieve more than about 10 per cent collectively. The main problem is that NREGA has no provision for the payment of overheads to the line departments to enable them to take on more staff. Line departments have their own norms regarding staff requirements based on the quantity of work and have been unable to implement works without additional staff. They also ask for additional staff to comply with NREGA specific requirements such as maintenance of muster rolls.⁶⁷ Again, it would seem desirable to allow the state to utilise funds within the limit of 4 per cent allowed for administrative expenses to compensate the line departments, especially as there is plenty of headroom to do so, as noted above. Another problem that has worked against dovetailing NREGS with the activities of line departments is that the former is demand-based, and demand may not always coincide with the requirements of timeliness. Thus, plantation work has to take place during the monsoons, when there may not be enough demand.

Enhancing durability is also the reason why the state government has been urging the districts to increase the materials component to the permissible 40 per cent.⁶⁸ Indeed this is one of the factors that is taken into account in assessing POs, along with proportion of workers completing 100 days (the state government would like to see this proportion increase to 80 per cent state-wide from 69 per cent currently).⁶⁹

The state government recently commissioned evaluation studies in five districts in southern Rajasthan by consultancy organisations. Although no inferences should be drawn from the following data taken from the studies, it is being reproduced below since it is the only data encountered in the five states on rates of return of various works. It would be interesting to revisit the works and review the Internal Rates of Return (IRR) calculations, and in the process learn much more about the social profitability of different categories of works.

Payments through banks and post offices

Ninety per cent of wage payments in Rajasthan are now being made through the banks and post offices. It took some time to overcome start-up problems, caused essentially by the lack of staff to cope with the huge new workload of opening accounts and servicing withdrawals, made worse by the bunching

67. This issue has apparently cropped up in connection with the PWD undertaking 20,000 km of roads under PMGSY with the earthwork to be done under NREGA.

68. In Dungarpur district, for instance, it was 10 per cent in the first year and is 27 per cent in 2008-09 so far.

69. It has laid down a norm for field workers that 80 per cent of families who have reported once must be given 80 days of work. Staff expends considerable effort on getting workers to do the extra few days of work to enable them to achieve their target. It is possible that the emphasis on completing 100 days results in work being taken up in pockets rather than being spread out more widely. Also it might tend to encourage larger works rather than smaller works on the land of individual beneficiaries or as part of watershed development, which in any case impose more of an organisational burden. All this would have to be verified through a detailed study.

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Table A5.4.1: Internal Rates of Return on Works in Rajasthan

	Water conservation	Drought proofing	Renovation of traditional water bodies	Gravel roads
Banswara	2%	11%		13%
Dungarpur	9%		-5%	-18%
Jhalawar	2%	18%	4%	-25%
Karoli	5%	11%		12 %
Sirohi	2%	22%		25 %

Source : Consultancy studies commissioned by state government, references not available.

of withdrawals after each wage payment. Some bank branches refused to open more than 20 accounts a day, or requested compensation of the amount they would have to pay an outsourcing agency to open the accounts. This is another area in which payments out of the 4 per cent contingency money should be considered.

Apart from reducing the scope for corruption the use of banks and post offices has made a huge contribution to financial inclusion. It seems more accounts have been opened in banks than in post offices, especially, in the districts visited, in the so-called 'mini-banks' or branches of the LAMPS (cooperative societies). One branch of a Grameen Bank visited had opened 1000, no frills, Rs 5-minimum balance accounts for which the average balance was Rs 300. Thus, wage payments are not being withdrawn completely after each payment, and the banking habit is slowly being inculcated. Accounts in post-offices have been opened mostly in the branch post offices.⁷⁰

NREGS Rajasthan is proposing to piggy-back on a wider scheme of the state government to promote financial inclusion through the use of 15,000 banking correspondents located in the *panchayats*. It is proposed to issue smart cards to the 4.2 million account holders under the scheme so as to provide doorstep automated transactions relating to savings, life insurance, health insurance, and government payments such as pensions those under NREGS.

Social audits

Surprisingly, for a state that pioneered social audits through MKSS and one in which the programme is being implemented much better than elsewhere, Rajasthan is becoming averse to social audits by 'outsiders' to complement those required to be carried out under the Act and guidelines. These require the holding of a special meeting of the GS at least once every six months, referred to as the Social Audit Forum. The guidelines lay down detailed requirements relating to: (i) publicity and preparation for the Forum, (ii) the mandatory agenda, and (iii) the organisational and procedural aspects of the Forum. On the last of these, the guidelines are careful to require that the Forum is chaired by a person who is not part of the panchayat (that is, the *Sarpanch* or Ward Panch) or of the implementing agency, and that the secretary of the Forum should be an official from another panchayat. While these restrictions are well intended they do not prevent the *Sarpanch* and the GS from appointing a chairperson (and a committee to assist

70. In the hierarchy of sub-post offices, branch post offices, and single person post offices.

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him which must include a woman, a respected retiree and/or educated person, and a SC/ST representative) who can be relied on not to exercise any independence by raising awkward issues.

The criticism by NGOs is that it is unrealistic to expect a committee appointed by the *Sarpanch* or GS to be independent (or in other words for a panchayat to audit itself) given the social control exercised by the *Sarpanch* and dominant groups in most villages (although there will be exceptions). The government, for its part, is willing to associate NGOs but only to train the members of the committees and to attend the Forums as observers, not to guide and lead the process.⁷¹ Quite apart from the need for independence, social audits if done properly are a long process that require careful examination of a large number of records, the ability to fill gaps in them by requesting or demanding the relevant information through the RTI if need be, and a fair amount of rigour and care. Even if one settles for 'rough and ready' social audits which some villages may be in a position to supply the personnel for, independence is crucial. Thus, the outlook for independent social audits by civil society is likely to remain uncongenial and social audits carried out under the guidelines to continue to smack of tokenism, here as in other states.

71. It has recently invited expressions of interest from NGOs to provide the training for social audits. Reportedly not a single NGO has responded. Through a special arrangement MKSS is being asked to take responsibility for two districts, Ajmer and Rajsamand.

BOX A5.4.1**The *mate* system in Rajasthan**

In March 2008, the state issued instructions requiring each GP to identify and prepare a panel of up to 10 mates, half of them preferably women, selected if possible from among NREGA workers with a little education (at least class 10 for males and class 5 for females). Workers would be asked to select themselves into groups of five and the mates (at the rate of one mate for every eight groups, or 40 workers in all) would be responsible for clearly marking out on the ground the amount of earthwork required to be done by each group in order to earn the minimum wage that day, taking into account the soil conditions and lead and lift according to the SORs. At the end of the day it would be the mates' responsibility to measure the dimensions of the pit from which the earth was removed, enter it in a separate form, calculate the volume of work performed, and obtain the signatures of the leader of the group.

The intention behind the group system is to strengthen worker incentives. The system was devised by the then Collector, Jalaur, in 2007, where it is said to have led to an increase in average daily earnings of large groups from Rs 45 at the time, to Rs 73 when the same workers were divided up into groups of five and their work was measured separately. It did this by eliminating slackers or 'free riders' (who reportedly were predominantly male and upper-caste). It also made for greater transparency as workers were made aware of the amount of work they had to do every day to earn the minimum wage, and the volume of work they had actually done each day instead of finding out only at the end of the fortnight when the work is measured by the JTA/ JE. Finally, it enabled workers to go home early, as soon as they had finished digging out the pre-marked pits. The system also incentivised the mate. First, he or she does not have to do hard manual labour to earn the average wage earned by group members. Second, some districts have introduced a system of paying his/her wage on a sliding scale. For instance, he/she might get Rs 60 if that is the output of his workers, but get Rs 100 if they earn Rs 80. Arrangements have been made to undertake a large scale training programme of mates, in measurement and record keeping, through NGOs in some cases.

For all its conceptual advantages, the system is proving harder to implement than anticipated. Many GPs have not been able find enough suitable candidates who can be trained sufficiently, and there is a dearth of women mates in particular. In some of the sites visited, although the newly-introduced group measurement form was being used, the separate pits were not being marked out on the ground or being dug out in a way that could be measured carefully.

The form was being used more as a formality. Moreover, in many works, actual payment was being made on the basis of the measurements of the output of all the groups taken together, by the JTA at the end of the fortnight, which resulted in equal payment of all workers. Many officials said

that since there is a tendency for mates to over-measure, being local persons, their measurements cannot be relied upon.

The rules say that if there is more than a 5 per cent divergence between the measurement by the mate and that of the JTA, the difference will be deducted from the mate's earnings. In practice the measurements in the mates' form are filled in only after the JTA's measurement to prevent this from happening. Even if mates tend to over-measure, the total payment to the group could be based on the JTA's measurement, but its distribution between the groups could be made in proportion to the measurements of each pit by the mate. This is not happening either.

However, it is more than measurement difficulties that stands in the way of the system. In Udaipur district, one was frequently told that the workers themselves did not want it. As noted above, the intention behind introducing it was to strengthen worker incentives by basing earnings on individual (or at least small group) output, and to discourage slackers and free-riders. However, where (i) the majority of the workers would rather work less and earn less, or (ii) where a high proportion of them have low output because of age or infirmity and there is not much variance in 'target' earnings, or (iii) where there is a feeling that it is fair that everyone should earn the same amount, a view frequently expressed by workers, then the rationale for the system breaks down and it is complied with merely as a formality.

The system is more likely to work among able-bodied individuals who want to maximise their earnings and who feel that variance in performance within the group penalises them. Where the majority in a large group of workers feels this way they will want to split up into smaller groups, or have low-performing individuals excluded so that their output can be measured separately. While the below-average performers among them will want to benefit from average group output, being in a minority they may not be in a position to veto group formation. Group formation can also accommodate mixed groups of men and women workers where the women and elderly can be more or less equally distributed across smaller (perhaps family) groups in which some members do not mind doing more work to compensate for the lower output of other group members. It would be useful to do some detailed case studies of the system to understand these and other dynamics better.

ANNEX 5.5

Uttar Pradesh

Getting off to a slow start

NREGA made a slow start in Uttar Pradesh (UP), achieving only 32 and 33 days of work per household in the first two years of the programme (as against the national average of 43 and 42 days, respectively). In its first year NREGA was not given much importance because it was seen as a UPA initiative, and Mulayam Singh Yadhav's Samajwadi Party government was dependent on farmers who were ambivalent about the programme, and not dependent on the landless Dalits who stood to benefit the most from it. This changed with the coming to power of Mayawati's BSP in mid-2007, after which several changes were made to the programme. Steps were initiated to recruit APOs to assist the BDOs, (who remained in overall charge of the programme, however, as POs, as in Jharkhand and Orissa). Second, block Pramukhs whose signatures were required to operate joint accounts with the BDO, were removed as joint signatories to reduce favouritism in directing funds to those *panchayats* headed by *pradhans* who were the Pramukh's supporters. (Instead one other official was made the joint signatory along with the BDO).⁷² Third, to reduce corruption (in the form of exactions by block officials from the GPs) and to reduce delays, arrangements were made to transfer funds to the GPs directly from the district level, bypassing the blocks,⁷³ and to made advances to the GPs to be recouped against expenditures.

Perhaps, most important of all, the minimum wage was increased to Rs 100 soon after the BSP government took over. The minimum wage thus went up from Rs 58 to Rs 80 to Rs 100 within the space of a year.⁷⁴ Coupled with the fact that work measurement is not taken seriously in UP and that most workers get paid the minimum wage irrespective of output, average earnings are now relatively high in UP.⁷⁵ Partly, as a result of all these factors, average workdays per household had increased to 32 half way through 2007-08. Achievements are higher in Bundelkhand and the southern Poorvanchal regions,⁷⁶ which are drought prone, and lower in western UP where wage levels are too high to attract workers even at Rs 100 a day. They continue to remain low in the poorest part of the state, the rest of eastern UP, where there is considerable unsatisfied demand for work.

A shortage of funds

As in other states, a shortage of funds was being experienced in mid 2007-08, and according to officials it had become a major constraint in expanding employment offered. In one district that we visited, Unnao, the amount of funds that could be placed at the disposal of GPs as an advance was only about Rs 1 lakh, which was insufficient to inculcate any confidence in the *pradhan* that funds would not run out if works were started. According to the Collector, the district was owed Rs 43 crores, and GPs had been

72. Instead, one other official was made the joint signatory along with the BDO.

73. This arrangement has now been formally recognized by S 8.3.2 in the third edition of the Guidelines

74. Only Kerala has a higher minimum wage, of Rs 125. Nagaland is the other state with a minimum wage of Rs 100.

75. As in other states, they are higher than earnings in agricultural labour. The agricultural wage rate has been pulled upwards by NREGA, to the extent, according to some sources, that it is encouraging mechanisation.

76. The southern districts of Poorvanchal, or eastern UP, are part of the central Indian plateau and share the same topographical features as Bundelkhand.

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asked to exhaust the funds with them by the end of November 2008 but not to start any new works unless new funds arrived. Discussions with workers in Sitapur district (also in central UP) revealed that each time work was resumed, it was offered for only a few days before funds ran out. But for this process of stop-and-go, work demand would be higher. State officials pointed out that unless a smooth flow of funds is assured, an employment guarantee is meaningless. As in other states, payment of unemployment allowance is avoided by discouraging formal written work-demand applications, and by not giving receipts in the occasional cases in which they are still received (usually because of support from a strong workers organisation (See below).

Women's employment

UP is a state in which the employment of women is particularly low (14 per cent in the state as whole by October 2008, and less than 1 percent in Sitapur). Officials most often cite 'cultural' reasons as being responsible, and inter-district variations partly bear this out.⁷⁷ However, part of the reason is that women in many locations were not included on job cards when these were first issued, and have usually been turned down whenever they have requested inclusion since then, on the pretext that they will not be able to comply with the work norm of 100 cu feet, not that this is strictly enforced anyway, as mentioned above. The 100 cu ft norm is actually the norm contained in the existing PWD SOR. After widespread representation that this is much higher than in other states, it has finally been revised downwards for Bundelkhand and southern Poorvanchal which have hard and rocky soil conditions, to 60 cu ft. Approval of the cabinet is awaited for a proposal to reduce it in the rest of the state to 70 cu ft.⁷⁸ The new norm should encourage female employment since one pretext for denying work to women will no longer exist. Encouraging women to work in family groups whose output is measured jointly would also encourage female employment.

Broadening the choice of works

One reason for relative low employment under the programme in UP may be the perceived shortage of suitable works in regions other than Bundelkhand and southern Poorvanchal where repeated droughts and topographical conditions have created a demand for water conservation works (such as village tanks) and soil conservation works.⁷⁹ According to anecdotal information, the scope for further works in other regions has been greatly reduced by many years of rural works programmes, indications of which are the frequent taking up old works in the guise of new works, and taking up works in inappropriate locations.⁸⁰

77. Thus, in Sonbhadra it was 42 percent by October 2008. While women from some castes work in the fields, such as Koeris, a caste of vegetable cultivators, they draw a line when it comes to carrying soil on their heads, as would be required while doing earthwork in public works. However, cultural factors are not immutable. In Rajasthan for instance Brahmin and Rajput women work on public works, as do higher caste women in other states, especially as they feel it is not demeaning to work for the government in the same way it might be perceived to be for an individual employer. In Andhra Pradesh NREGA work is often referred to as 'government work'.

78. The norm will apply only to NREGA since the PWD and Forest Departments have refused to accept it, except for work undertaken by them under NREGA. It will apply legally also to agricultural labour hired by farmers, though it is unlikely to be paid.

79. In accordance with state government directives (an example of top-down planning) two talabs have been built in every GP in Bundelkhand.

80. Villagers in Sitapur described talabs (tanks) that were built on high ground into which there was no natural drainage to allow the talab to fill up.

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Senior state government officials have been critical of NREGA's 'extreme obsession' with local-level planning and refer to the 'mosaic of works' that has been created as a result. However, a reminder of the risks entailed in large-scale top down schemes was provided by the Special Plantation Drive for Bundelkhand based largely on NREGA funds which sought to plant 10 crore trees in the 2008 monsoon season, causing considerable controversy.⁸¹ In order to increase the menu of works from which to choose from, the state government has recently come out with 11 schemes to be undertaken for individual beneficiaries (from among BPL and SC households, and IAY and land patta allottees), who are estimated to constitute 60 per cent of the population. The schemes entail the coordinated provision of inputs by the relevant departments and include fisheries, horticulture, sericulture, and fodder development, land leveling and usar (saline land) reclamation. Because the works will benefit them directly, beneficiaries are expected to take added interest, ensuring higher quality. It will be interesting to see the extent to which this initiative succeeds in increasing the scope for productive works, especially in the plain areas of the state where topography rules out many works, and the extent to which work is taken up in regions such as western UP, where the hope is that workers will be willing to work even at Rs 100 a day if the work benefits them directly. Adequate technical support would seem to be a challenge. As in other states, while the motions of selecting works through GSs are gone through, in reality works are reported to be decided mostly by pradhans and officials.⁸²

Staffing

UP has been slow to appoint extra dedicated staff under the programme, and the APOs (with an MBA background) are now being put into place. As in other states, even with the appointment of TAs, there is still a shortage of technical personnel at the block level, which is the main reason given for delays in work measurement. There are staff shortages even among regular appointees such as Panchayat Sevaks, and the new *Gram Rozgar Sevaks*, referred to as *Panchayat Mitras* in UP, have been appointed first to those GPs which do not have full-time *Panchayat Sevaks*. Despite this, there are reports that the *Panchayat Mitras* are not being fully involved by regular staff, as in Jharkhand. Apart from a salary of Rs 2,000 a month, they will get an incentive of Rs 1 per manday created, up to a maximum monthly take-home of Rs 5,000. Two computer operators have been appointed to each block, but it will apparently take 2-3 years before the backlog of muster rolls can be uploaded into the MIS. Districts have been asked to outsource computer data entry at the rate Rs 6 per household.

Payment has been introduced through the banks and post offices and this is expected to reduce corruption by making it more difficult to pad muster rolls.⁸³ However, it will not eliminate it entirely as many

81. The scheme, carried out mostly by the Forest Department, was undertaken without adequate preparation and entailed sourcing the plants from other parts of UP given the paucity of nurseries in Bundelkhand. An inquiry into the scheme by national level monitors appointed by the Ministry of Rural Development did not find evidence of the low survival rate and large scale corruption alleged by the state Congress Party, but noted high cost, poor quality of seeds, sub-standard soil preparation, faulty planting methods, and lack of arrangements for watering and protection of the plants. Critics pointed out that it was unrealistic to expect plantation on such a large scale to be completed in the two-and-a-half monsoon months, and that local conditions are not suited to transplantation but to direct germination of plants from seeds.

82. The state government did recently commission perspective plans by institution for Rs 10 lakhs in each district.

83. Ironically, it may tend to slow the programme down initially as *pradhans* and officials will have less incentive now to start works.

job card holders are willing to allow their job cards to be used by officials to siphon funds off, for a cut.⁸⁴ This kind of corruption tends sometimes to escape detection even in a social audit, since the person whose job card number has been used is himself complicit. The only effective check against it is to undertake prompt and accurate check measurements by independent, SEs.

When payment was made in cash, the evidence of social audits conducted in Hardoi and Unnao districts is that there was widespread padding of muster rolls (including use of fake muster rolls) which were never available at the work site and on which thumb impressions would be obtained in advance.⁸⁵ The padding was made possible by the laxity or non-existence of arrangements for measurement.⁸⁶ Other findings were low awareness about the programme, favouritism by *pradhans* in issuing job cards only to supporters, non-possession by workers of their job cards which were almost invariably retained by panchayat officials to facilitate the making of fake entries, blank job cards, non-functioning of the work-demand process and non-issuance of receipts, and the presence of contractors.

No action has been taken on the social audits. Officials seemed to take the view that action is counter-productive as nearly every *pradhan* and official has political links with higher-ups, and suspensions, apart from leading to a further shortage of staff, only result in *pradhans* and officials obtaining stays from the courts. They point out that *pradhans*, who have their own unions, have on occasion refused to accept NREGA money to protest disciplinary action, or threatened to go on strike. According to officials, transparency safeguards are widely regarded as excessive even though they are observed more in the breach, and are contributing to the negative image of the programme.⁸⁷ This is despite the fact that the beneficiaries of the programme form an important part of the constituency of the present government. The Principal Secretary, Rural Development, has said publicly that UP would not like social audits to be undertaken by NGOs on their own. It would rather have them be organised by the Collector, albeit in conjunction with 'reputed' civil society organizations, otherwise they will lead to 'social tension'. Officials suggest that it is premature to evaluate the programme, urge patience, and suggest that the task of improving implementation be left to them, even though it may take some time.

The battle for unemployment allowance in Sitapur

One gets a very different perspective from activists and peoples organisations in the field such as Asha Parivar which conducted the Hardoi and Unnao social audits, and Sangtin Kisan Mazdoor Sangathan, Sitapur. The latter organisation, started by a group of women, has been fighting a protracted battle to get unemployment allowance for 823 of its members in 20 villages in Mishrik and Piswana blocks of Sitapur district, on whose behalf it managed to obtain receipts from block officials for applications for work in 2007. Sangatin claims that work was not provided in response to the applications, whereas the

84. UP has issued more than 1 crore job cards, of which more than half remained unused last year. Forty-three lakh households worked last year, as against 25 lakh households so far this year, according to the statistics, and this includes those non-working households whose job card numbers were misused.

85. Three audits have been carried out by Asha Parivar: the first in Bharawan and Sandila blocks of Hardoi district in November 2006, the second in Behender Block of Hardoi district in June 2007, and the third in Miyanganj, Unnao district in May 2008. It took a year-and-half for records for the third audit to be furnished, only after intervention at the state level by the RTI authorities. The third audit met with widespread opposition from the *pradhans*, including serious intimidation.

86. The Unnao social audit found that measurement books were simply not available.

87. MLAs and other politicians are reported to feel that the programme is tarnishing the reputation of officials and PRI representatives as criminals.

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administration relies on a notice allegedly put up in a public place asking workers to report for work on a small work going on at the time under Eleventh Finance Commission funds. When no action was taken on repeated requests for approval of unemployment allowance Sangatin staged a dharna from December 5 to December 14 outside the office of the Chief Development Officer (the Additional District Coordinator under NREGA) in which a reported 500 workers including a large number of women participated everyday. Finally, the district administration agreed to form a committee to inquire into the request, consisting of three officials and three non-officials from Sangatin.

The committee submitted its report in March 2008, after which the *pradhans* and panchayat secretaries went on a counter dharna. The committee's report is not available yet and is still under the consideration of the district administration. It seeks Rs 15.27 lakhs in compensation under S 7 of NREGA. Sangtin is extremely well organized and plays an active role in getting job cards issued to its members and helping them to draft and submit applications demanding work. Ever since it launched its unemployment allowance campaign, the blocks have been careful not to issue receipts on work applications but to offer work within 15 days whenever possible. Given paucity of funds, however, work is discontinued usually after a few days, requiring the application cycle to be repeated again. Unlike many NGOs creating awareness of NREGA, Sangtin plays a hands-on role on behalf of its members. Many more such organisations are needed to ensure the delivery of entitlements under NREGA on a large scale.⁸⁸

88. Many of the observations made in this section on UP are supported by the findings of a brief field visit by Professor Atul Kohli to an unspecified district near Lucknow, made about two months later. He found that nearly all his respondents said their job cards were not in their possession but with the *pradhan*, some *pradhans* appeared to be padding muster rolls in collusion with officials, most respondents had worked for only 12-18 days in the last six to eight months because more work was not available largely because funds were not reaching the panchayats since they were not flowing down from Delhi in time. The women were the angriest about this because they were the most affected. There appeared to be a lack of doable projects for which more imaginative planning and coordinated planning of projects was required by the DMs, and awareness and empowerment were not sufficient enough to lead workers to go out and demand work from the *panchayats* as a right (Atul Kohli, presentation made to the International Seminar on NREGA organised by Ministry of Rural Development, New Delhi, 21-22 January 2009).

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CHAPTER 6

POLICY IMPLICATIONS AND THE WAY FORWARD

The main conclusions that emerge from the study are that while it is true that significant progress has been made in issuing job cards, the analysis carried out in the study, however, reveals that these numbers in many states/districts appear to be cases of over-reporting. 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. And, this is particularly a more serious issue for SC and ST category of households. The estimate based on field surveys, social audits and individual studies also establish significant over-reporting, which is reflected in considerable differences in the official and actual field data. The excess coverage obviously raises serious disbelief about the reliability of these data and confirms that numbers in official records are inflated.

Not just this, several anomalies were also noted in the issuance of job cards, which do not figure in the official estimates – significant delays in providing job cards and cards being held by village or project functionaries. The field reports also contradict the claim regarding provision of employment to all households demanding employment (Table 6.1).

Social audits and independent studies also show low levels of actual employment generated in the areas where these surveys were conducted. Yet another indication of the slow progress made in the actual provision of employment through public works is evident from the latest NSS survey, which covered all states. In the same way the claim of provision of 100 days of employment to 10 per cent households in the official data is also doubtful because independent surveys, social audits, and field studies have revealed several cases of data manipulations, which explains why national and state level data on employment against demand shows a rather healthy picture.

The distribution of employment generated by social groups in the official data indicates that about 55-62 per cent of the total employment generated has in fact been shared by the SCs and STs and adequate representation has been given to the female beneficiaries as the share of women in employment has increased from 41 per cent in 2006-07 increased to 49 per cent this year.

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Table 6.1: Applicant Households Receiving Jobs, Number of Days of Employment and Households Completing 100 Days of Employment

S. No.	Type of Study	Particulars	2006-07	2007-08	2008-09
A	Official View	Households Receiving Jobs (Percent)	99	99	97
		Employment (Number of Days)	35	43	37
		Households Completing 100 days of Employment (Percent)	10	11	4
B	A View from the Field				
1	Survey	Households Receiving Jobs (Percent)	0.0-56.6		
		Employment (Number of Days)	19.6-67.5		
		Households Completing 100 days of Employment (Percent)	0.0-23.5		
2	Social Audits	Households Receiving Jobs (Percent)	29.1-60.0	11.0-43.2	
		Employment (Per cent) of Official Records)	30.6-33.7	27.7-73.6	83.2
		Households Completing 100 days of Employment (Percent)	0.0	2.4-25.8	
3	Individual Studies	Households Receiving Jobs		29.0	14.0-92.0
		Employment (Number of Days)	15	14-85	
		Households Completing 100 days of Employment (Per cent)			5.0-35.0

Source : G.O.I (2008), Field Surveys, Social Audit Reports and Individual Studies.

Notwithstanding these estimates at the aggregate level, significant variations in the provision of employment to women beneficiaries were observed at the regional and state level. The northern region, in particular, has extremely low levels of women participation. Field surveys, social audits and independent studies have also reported cases of discrimination against SCs, women, and the disabled.

Similarly, a comparison of employment generated under NREGA with its previous incarnation, SGRY, reveals that there has been a significant increase in employment generated under NREGA at the aggregate level. At the state-level, however, there are significant variations in the performance of NREGA *vis a vis* SGRY. For example, performance of the northern region is rather poor. In other regions also there were many states such as Assam, Orissa, and to some

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extent other smaller states of eastern region, Gujarat and Maharashtra in the western region, and Karnataka and Kerala in the southern region, which exhibited reduction in employment generation under NREGA compared to SGRY.

Nevertheless, two positive outcomes of NREGA have been: slightly improved share of ST households in employment, and the Act also outshines earlier programme as far as participation of women is concerned.

The range of wages realised by workers under NREGA varied from state to state, but in a large majority of states the average wages realised were a little higher compared to the minimum wages. What is sad, however, is that the official estimates of wages realized by workers are, in fact, inflated because the actual wages received by workers were much less than what is shown in the official documents (Table 6.2). Not only this, a few other anomalies in the payments of wages have also been noticed which demonstrate that no compensation was paid to labour in cases involving delayed payments beyond the stipulated period of 15 days and unemployment allowance.

Table 6.2: Actual Wages Received by Households, Delays in Payment, and Unemployment

S. No.	Type of Study	Particulars	2006-07	2007-08	2008-09
A	Official View	Wages Received (Rs.)	66.4	73.7	83.2
B	A View from the Field				
1	Social Audits	Wages Received (Per cent of Official Records)	30.6-75.9	65.7-100	64.2-67.8
		Delays in Payment	One month	More than 15 days-1 year	
2	Individual Studies	Wages Received(Per cent of Official Records)	68.8-100.0	47.9	81.4
		Delays in Payment		2-4 weeks	41-76 days

Source : GOI (2008), *Social Audit Reports and Individual studies.*

In a few cases, even though the new minimum wage rates had been notified, payments of wages were made on earlier rates. Cases of corruption, fudging in muster rolls, discrepancies in work days and payments have also been reported in almost all studies. To address concerns related to payments of wages, an innovation which has now been adopted by all states is to make payment of wages through banks and post offices. This is a great innovation and when this

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process gets completed it would mean a lot for financial inclusion. Presently, significant progress has been made as reflected in the number of accounts opened up to October 2008 (5.1 crore).

However, there are large variations among states as three states - Andhra Pradesh and Tamil Nadu from the south and Rajasthan from the west - account for 46 per cent share of all accounts opened so far. Also, only about 42 per cent of total wages paid to NREGA workers were made through these accounts, which means that a lot remains to be done. Further, fraudulent payments and anomalies such as extraction of money have also been reported in payments through accounts.

Nominal wages of agricultural and non-agricultural labour in rural areas have witnessed a significant increase and this is true for both male and female labour. In sharp contrast to the significant growth witnessed in nominal wages, the real wages, however, did not witness major changes. As a matter of fact, only real wages of female labour showed marginal improvement at the national level. The reason for these contrasting outcomes is the huge increase in the consumer price index for both farm and non-farm labour, which ranged between 2.3 to 2.4 times after the launch of NREGA.

The official data also reveal that there has been considerable growth in works undertaken - irrigation-related works, which include minor irrigation, tanks, wells, and rural connectivity. These were the two most important activities, which cornered 74-80 per cent of the funds earmarked for assets during the past two-and-half-years. But, there has been more than 50 per cent slippage in the execution of works undertaken. Works and their implementation have also suffered due to anomalies in the selection of works, poor execution, inflated estimates, inadequacies in measurement, cost overruns, and delays in release of funds by states. Very little is known about the quality of assets that have been created because information is lacking though questions have certainly been raised about the long-term usefulness of assets.

The official data show that significant progress has been made in the verification of muster rolls, but progress in social audits at the GP level is comparatively modest. The progress on inspection of works also varies from state to state and performance at the district level is below the mandated ratio of 10 per cent. The information on functioning of GS and VMCs is mixed. Surveys have found that state level inspection of works was not being conducted or documented properly and financial audit was also not carried out in several districts of many states. The GSs and VMCs were, in general, non-functional, as their reports are not discussed and very little documentation is being made available. This makes it rather difficult to ascertain if these institutions were performing their prescribed roles.

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Notwithstanding the above, some healthy outcomes, which have been noticed in the field surveys, include the impact the Act has had on the lives of workers participating in NREGA. There is some evidence to show that the Act is making difference to the lives of poor, particularly in areas where it is working well – helping them avoid hunger and migration, allowing them to send their children to school, and helping them to cope with illness. Some of the evidence also shows that with better wages the bargaining power of workers and women in particular has gone up. Reports from some parts of the country indicate some reduction in migration. Disbursal of wages through banks and post offices despite its current flaws is being seen as a major step forward for financial inclusion.

Therefore, if implemented well, the Act has potential to change the lives of the poor living in rural areas through supplemental income, productive assets, responsive and better functioning local governments, and the largest number of bank and post office accounts linked to a development programme. The study has found that there are some areas in which the Act has been relatively successful. These are the issuance of job cards, some provision for employment, opening bank and post office accounts for direct payments of wages, and creating a web based MIS system. The areas in which the Act has been unsuccessful in most states include reducing leakages, thorough enforcement of transparency safeguards including social audits, ensuring accountability, fixing responsibility for specific acts of omission and commission, instituting a grievance redressal system, implementing the principle of work-on-demand for the workers as a legal right, and activating participatory planning.

6.1 POLICY IMPLICATIONS

The above discussion brings out two kinds of issues that need to be looked into to improve the effectiveness of NREGA in bringing about the desired change in rural areas. These could essentially be grouped into two categories: (i) first-generation problems, which are relevant to effective implementation of the Act at the state and local level, and (ii) second-generation problems, which have cropped up after implementation of the Act. Obviously, proper handling of both types of issues is important so that problems such as poor implementation, corruption, and non-durability of assets that plagued earlier programmes do not ruin this Act.

6.1.1 First Generation Issues

6.1.1.1 Awareness about the Provisions of the Act

Field reports suggest that awareness about all features of NREGA is still a huge problem. Our own field visits and other studies have revealed that there is awareness regarding provision

of employment for 100 days at the minimum wage rate, but knowledge about issues related to other entitlements such as timely payments, unemployment allowance, and other rights is lacking. It appears that state governments have deliberately not publicised these entitlements because they have to make payments if they fail to provide these entitlements.¹ These are serious violations of the Act and need to be resolved by the central government in consultation with the state governments on a priority basis.

Recommendations

- Generate complete awareness through media and traditional channels specific to states and regions
- Penalise states for violating the Act

6.1.1.2 Staffing

The general complaint at the ground level is that people at the GP and block level are pre-occupied and over stretched. At the GP level there are six different types of registers that have to be maintained – application register, job card register, employment register, asset register, muster roll receipt register, and complaint register. Similarly, at the project officer level five registers are required to be maintained – employment register, job card register, muster roll issue register, asset register, and complaint register.

The engineers are so preoccupied with the measurement of works that they do not have time to supervise works which are often left to non-technical staff. And, data entry operators are not able to keep pace with the task of uploading muster rolls and other data into the MIS system. Workload problems also exist at bank and post offices.

There are two alternatives to solve this problem: (i) to persuade the states to allocate more resources or (ii) to raise the limit of permissible administrative expenditure of 4 per cent of total programme costs.² Alternative models such as outsourcing some of the work like maintenance of records can also be tried. The State Government of West Bengal for example has made a provision for outsourcing of maintenance of different registers at GP level, but this requires constant supervision.

1. How difficult the situation is at the ground level is highlighted by the examples of workers struggle for getting unemployment allowance in Nabrangpur district of Orissa, and Sitapur district of Uttar Pradesh discussed in Chapters 3 and 5.

2. Mehrotra (2008) is also of the view that 4 per cent of programme costs now allocated to administrative costs and professional support is still woefully low and does not recognise the fact that a programme of the scale of the NREGA requires serious professional support, not government business as usual.

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Recommendations

- Provide dedicated staff
- Outsource some work
- Raise limit of administrative expenses and ask states to share half of these expenses

6.1.1.3 Fair and Authentic MIS System

The excess coverage of households compared to the actual numbers of households in many states and districts obviously raises serious problems about the reliability of the data. The study clearly shows several problems in documentation. While lack of manpower and connectivity continue to be the main problems in achieving this objective, the whole-hearted commitment by the state and project functionaries can make tremendous difference in making this happen.³ Without a doubt the first task is to check, verify, and weed out duplicate and bogus cards. The second mission is to create a fair and authentic MIS system, which is tamper-proof and accessible to all. This is one of the most essential requirements to make the Act work and deliver benefits to those for which it is essentially meant.

Among the models that can be replicated in other states is the Andhra Pradesh model, wherein two computer operators cum assistants and three technical assistants per block and one dedicated technical assistant for six to seven have been appointed. The software tracking tool known as *Rashtra Grameena Abhivruddi Samacharam* (RAGAS), which the state has developed in partnership with TCS is being used to implement NREGA. The software handles registrations, work estimates, muster rolls, and wages to ensure equal, correct, and timely payments directly into the accounts of wage-seekers.

When a wage seeker approaches the GP for registration the panchayat secretary verifies his application and enters the details into a register maintained at the GP. This information is entered into a computer placed at the *mandal* level; the front page of the job card is printed with a unique identification (ID) and details about the household. The photograph is captured from the database of the civil supplies department's biometric ration cards. His post office/bank account numbers are also recovered. This way, registration is completed without delay.

The computerised system uses templates for each type of work to arrive at manpower and material requirement estimates and engineering calculations for the works. When works are opened, the computer generates letters to the executing agency and materials supplier. A cus-

3. Simple steps such as regular visits by the policy makers and discussions on what is happening at the local level can go a long way.

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tomised measurement sheet that requires capturing of simple measurements at the workplace is generated. Muster rolls with unique IDs are associated with this work.

It is estimated that time taken to generate work estimates has been cut from 15-20 days to just a few minutes. Since the estimates are system-generated and based on accurate formulae, technical sanctions are provided much faster. Sanctioning limits to assistant engineers/deputy executive engineers have also been enhanced for quick sanctions. Works are carried out in groups; muster rolls and data are entered group-wise. Wages, depending on the group's turnout and individual attendance, are divided equally among the group.

To make payments to workers within a fortnight, field assistants at the GP level have to close the muster rolls every Saturday and take them, along with the measurement sheets, to the *mandal* computer centre. TAs then have to measure the works and verify the muster rolls. The data is fed into the computer and pay orders are generated within minutes. Pay slips are also generated and given to the workers; pay orders are sent, along with the cheques, to the sub post office. Money is paid in advance to post offices so that they can disburse payments as soon as they receive the pay orders. For payment of materials, based on the material supplied, a pay order is generated and payment made to the supplier's account. All payments including administrative and other expenses are recorded. The availability of funds is also indicated after every payment to enable timely requisition of funds.

There are several advantages of the system, which include minimisation of leakages, expedited payments, and maintaining measurement cycles strictly to ensure timely and correct payments. It tracks every rupee spent on the scheme and facilitates social audit and the RTI. Malpractice such as inflated schemes, bogus registrations, incorrect muster roll entries, fraudulent requisition of funds, fraudulent wage payments, and lack of transparency are significantly reduced.

Details of personnel and officials involved in implementation at each stage are logged into the system, increasing accountability. In fact, the software has been extended to other rural development programmes in Andhra Pradesh such as watersheds and comprehensive land development programmes (CLDP). It appears that with a local language interface and little customisation, this software can be used anywhere in India.⁴

Recommendations

- Hand over job cards to all households seeking employment under NREGA in public and punish those who are hoarding job cards
- Check, verify, and weed out duplicate and bogus cards

4. This innovation was among the finalists for the prestigious Stockholm Challenge 2008. The Stockholm Challenge is a pioneer among ICT awards and networking organisations, dating back to 1994 when the city of Stockholm launched the first competition to challenge cities in Europe to show their best ICT applications for people and society.

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- Create a fair and authentic MIS system on the pattern of Andhra Pradesh model
- Increase administrative expenses or provide one-time grant to GPs to buy dedicated IT infrastructure

6.1.1.4 Planning and Execution of Projects

The discussion in Chapter 2 shows that barring very few exceptions, financial resources do not appear to be a major constraint in general. The reasons for low levels of employment generated are in fact related to lack of proper planning and execution of projects. The way selection of works in being made without consulting local people leaves much to be desired. There may be lack of capacity at the GP level to identify and plan works, but still top down approach in work selection is not the right method of selecting works. The choice as to whether priority should be given to build or improve a pond or a village road is best achieved through consultations with people living in the villages.

Further, at the moment there is no clarity as to whether new assets are being created or incremental work on existing/old assets is being done. The best way to do this is to have unique ID numbers for work, which is there in the Act but is hardly being followed at the ground level. Anomalies like execution of works by non-qualified staff and contractors, which are hangovers of the past or a consequence of staff shortage need to be examined. At the same time all facilities such as drinking water, shelters, first-aid boxes, and crèches mandated under the Act need to be made available.

Work management at work sites is extremely important especially for work at piece-rates where proper measurement is essential. Piece-rates facilitate the engagement of women, elderly, and the disabled. These rates also have the advantage of engaging several members of a large, poor family who can share the work.⁵

Work output norms that reflect engagement of women and elderly in different soil and lift and lead conditions are still being finalised in the Act specific SORs. 'Mates' who can organise work groups and assist TAs in the measurement have still not been engaged and trained in most states. This underscores the need to adapt the mode of payment to local situations and demands. The example of Jalore district of Rajasthan is unique in this sense as district administration introduced a group-wise *napi* (measurement)/payment system, under which a *mate*/worksite supervisor, preferably a woman who has completed fifth standard records the work completed and pays the workers accordingly. The system was put in place to replace the uniform, the col-

5. In theory, task-based systems reward and encourage high labour productivity, more so in the case of women because they enable them to dovetail their household chores with income-earning opportunities.

lective *napi* system, which is prone to abuse. This also helps in overcoming delays in measurement, which has been a common problem in a large number of states. Training was organised to familiarise the supervisors with their responsibilities in order to ensure successful implementation of the group-wise *napi*/payment system.⁶

The other innovations in the execution of works include unique IDs for muster rolls in West Bengal, and daily reporting system of muster rolls in Tamil Nadu. In West Bengal a nine-digit code is being used for muster rolls with the first two digits for block code, the next two-digits for GP code, the next two digits for *sansad* code, and the last three digits as the serial number of the muster roll. In Villupurum district of Tamil Nadu, project officials developed a unique method of maintaining accountability and transparency, wherein a system was put in place at the worksite in villages where an authorised person closes the muster rolls by 11 a.m. This information is then passed on to the block level and then on to the district level. The officer who inspects the site does a headcount and verifies the figures with the muster roll at the worksite. The advantage of this system is that it acts as a daily audit of entries in the muster rolls and makes fudging of muster rolls extremely difficult and eliminates the scope for ghost workers.

Thus, a combination of approaches such as compulsory selection of works by the people in villages, insistence on unique identification numbers, fair and transparent piece-rate and measurement systems, obligatory unique identification numbers for muster rolls, and daily reporting and verification of muster rolls will go a long way in improving the planning and execution of works undertaken under NREGA.

Recommendations

- Selection of works be made compulsory in GS
- Keep and display all muster rolls at the worksites and mandate regular checking of work sites and penalise those who violate these norms
- Regular filling up of job cards at the worksites.
- Mandatory region specific SORs
- Insistence on unique IDs for works and fair and quick mechanisms for measurement of works
- Unique IDs for muster rolls and daily reporting and verification of muster rolls be made mandatory

6. It is claimed that the group *napi* system has changed the work culture, workers are more positive about their work, quality of work has improved, and wages have risen significantly.

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6.1.1.5 Social Audits

Social audits are a powerful means of ensuring delivery of entitlements, curbing corruption, creating awareness about the programme, and empowering participants through the social audit process. The provision in the Act requiring the GPs to audit itself is practically flawed and unrealistic. The process needs an active instigator external to the social structure of the panchayat. In the absence of NGOs and POs the state government itself could be an instigator as in Andhra Pradesh where social audit is the responsibility of a specialised unit trained by NGOs and, therefore, imbued with their values, and which is assured of the backing of the state government, which ensures that the relevant documents and information are made available, protection is provided to the social auditors, irregularities uncovered are inquired into, and lead to action including recoveries against corrupt staff and sarpanches. Without the prospect of such follow-up, workers are unlikely to speak out and risk their livelihoods and worse.

However, the Andhra Pradesh model presupposes strong political will and support from the state government which is lacking elsewhere.⁷ Even Rajasthan seems unwilling to antagonise the local power structure, and while willing to associate NGOs as trainers and observers, intends to activate the existing provisions of NREGA to carry out social audits. It has not been supportive of NGOs and other 'outsiders', conducting social audits, although the RTI is built into the Act.

A third model is for states to invite independent research and evaluation institutions to conduct social audits. For example, NIRD was invited by Orissa to conduct social audit in each of the 19 Phase 1 districts, and NIRD utilised the services of a network of local NGOs to do so. Because of civil society involvement, the findings are in the public domain, although it is not known what follow-up action has been taken on the specific irregularities identified, and whether a second round of SAs will be undertaken, as was being proposed.

Social audits, which involve 100 per cent verification of muster rolls of sample works or panchayats by contacting the individuals listed, will have to be carried out on a continuing basis and on a large enough scale for the threat of an impending social audit to constitute a credible deterrent to large scale corruption. The Ministry of Rural Development should: (i) encourage states to adopt the AP, or as a second best, the Orissa model, (ii) at the very least it should make expenditures on social audit eligible for inclusion under the 4 per cent administration contingency fee. Finally, although regular financial audits of the *panchayats* tend to be of a mechanical nature, focusing on the consistency of various documents, and the auditors are themselves often perceived to be complicit, the audits should be required to enlarge their scope to verify expenditure by con-

7. Gopal (2009) is of the view that social audits conducted in Andhra Pradesh have achieved much less than advertised and they have ignored many important aspects of implementation of NREGA. The social audit process has a long way to go before it can claim to have contributed to transparency, empowerment, and good governance.

tacting workers and suppliers and also verifying the quality of works, as is done in social audits. So should the CAG in its next audit, which should be undertaken on an annual basis.

These steps along with setting up a grievance redressal system with teeth can be taken immediately to curb corruption and improve the quality of implementation in the all states.

Recommendations

- Display full information in the GPs on wages paid and transfer of payments into the bank/post office accounts.
- Regular checking and verification of bank/post office accounts – wages transferred, who withdraws and punishing the wrongdoers.
- Make payments in open public forums, wherever workers do not have bank/post office accounts.
- Hold regular VMC meetings and record the proceedings
- Institutionalise the system of conducting social audits - Andhra model or through outside NGOs and make their reports public
- Make expenditure on social audits eligible for inclusion in administrative expenses
- Expand scope of regular auditors to verify expenditure by contacting workers and suppliers of materials
- Put in place a grievance redressal system

6.1.2 Second Generation Issues

6.1.2.1 Coverage of Districts and System of Releasing Resources

While there may be valid reasons like huge administrative requirements and corruption in identifying the poor, which compelled the government to include all rural households under the Act, its fast-paced extension to all rural areas is likely to create serious problems for funding in the future. This will certainly lead to rationing of funds, which has already started happening in many states after extension of the Act to all rural districts (Uttar Pradesh for example). The indication to this effect is evident from additional funding of Rs 10,000 crore that the government had to provide after discovering that resources allocated for 2008-09 were running out.

Another indication of lack of funds, particularly at the state level is evident from the delays in appointing staff and deliberate attempts to not publicise entitlements related to unemployment allowance because states have to find resources to make such payments. This is likely to aggravate and create difficulties for providing mandated 100 days of employment per house-

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hold, particularly in Phase I districts, where 50 per cent of the country's underemployed population is located.⁸ Keeping this in view, there is, perhaps, a case for reviewing the decision of extending coverage and focusing more on Phase I and II districts.

In theory, there should not be any constraint on funds as the requirement for resources is estimated in advance.⁹ The constraints can only arise if there is a sudden and unexpected increase in demand for employment or allocations to districts/GPs are made in an *ad hoc* manner. For the unanticipated increase in demand for employment the central and state councils may consider such cases if proper justifications are provided. It is evident from Table 6.3 that allocations are being made in an *ad hoc* manner, which is clearly visible from the constant shares of two types of districts – highly poor and less poor during the last two-and-a-half years. The only solution to correct this procedure and make allocations to various districts/GPs is by categorising them into high priority and low priority districts/GPs based on their demand for manual labour employment. This will take care of underutilisation of funds in some districts and excess of expenditure over allocations in others where the demand for employment is less.

Table 6.3: Poverty and Shares of Highly and Less Poor Districts in Allocations of Funds

Year	Type of Districts	Poverty(Per cent)	Funds Allocated	Funds Utilised
2006-07	Highly Poor	45.5	66.2	66.3
	Less Poor	21.3	33.8	33.7
2007-08	Highly Poor	44.7	66.2	66.3
	Less Poor	19.5	33.8	33.7
2008-09 (Upto October 2008)	Highly Poor	40.9	66.2	66.3
	Less Poor	17.9	33.8	33.7

Source : Computed.

Notes : Highly poor districts are those districts, where poverty ratios is higher than the state average and less poor districts are those districts where poverty ratio is less than the state average.

Another related issue is channelling of funds: districts → blocks → GPs. People have argued that channelling funds through, districts, blocks, and then to GPs is not efficient. The money

8. According to NSS data for 2004-05, among the districts covered in 2008-09 Phase I districts have 49 per cent of workers who sought work during the days they had work and 52 per cent share among those workers who said they wanted work to supplement their income.

9. The requirement of funds is based on labour budgets keeping in view demand for labour, identification of works and estimated cost of works and wages, which are submitted by each GP, block, district, and state. The funds are released in two instalments. The first instalment is proportional to the percentage of person days projected for the first six months not exceeding 50 per cent of the amount approved in the budget. After utilising 60 per cent of the funds released earlier the states are required to submit proposals for second instalment. The release of funds is tied to the fulfilment of the following conditions - utilisation of funds (60 per cent), conformity to the wage material ratio, changes in wage rates and their impact on share of central government, compliance on SORs and other administrative, transparency, and accountability norms, which also include release of resources by state governments within 15 days of the release of central funds.

should be directly transferred to the GPs through states because they are the implementing agencies. If adequate provisions are made for staffing to maintain records and putting in place a robust accounting system at the GP level, this would go a long way in getting rid of delays and also making GPs more responsible and accountable.

Recommendations

- Review the decision of extending coverage to all districts
- Abandon the system of *ad hoc* allocations
- Categorise districts into high priority and low priority districts
- Transfer resources directly to GPs subject to adequate provisions for staffing to maintain records and robust accounting system

6.1.2.2 Minimum Wages

The way minimum wages have been revised in some states recently leaves much to be desired if benefits of the Act are to be targeted at the poor and needy, who want to supplement their income during the period when they do not have enough employment opportunities. Two states, Jharkhand and Madhya Pradesh revised their minimum wages in 2006 and eight states - Haryana, Himachal Pradesh, Karnataka, Maharashtra, Orissa, Punjab, Uttar Pradesh, and West Bengal - have revised their minimum wages in 2007.¹⁰ the increase has been the highest in Uttar Pradesh (72 per cent) followed by Haryana (53 per cent) and Maharashtra (44 per cent) in that order. With these revisions Uttar Pradesh has now the third highest minimum wage along with Punjab after Haryana and Kerala.

To a certain extent justified revisions in wages do need to be carried out from time to time keeping in view the general increase in the cost of living, but large revisions in particular would send perverse signals. First, as the experience world over suggests that the level of wage rate is critical for determining distribution of benefits as well as its effectiveness in targeting.¹¹ To promote self-selection, it is best if wages are set slightly below the market wage so that only the poor would be attracted to participate in the Act.¹² Second, this is likely to discourage normal mobility of the labour, which will put extra burden on the provision of employment and could lead to rationing. Indications to this effect are apparent in the low average employment provid-

10. Exceptions have been Gujarat, Kerala, and Rajasthan, which had revised their wages in 2002, 2003, and 2004, respectively and Assam, Bihar, Jammu and Kashmir, and Tamil Nadu, which had revised their wages in 2005.

11. Subbarao (2003).

12. Research by Datt and Ravallion (1994) shows that the upward revision of the wage rate under Employment Guarantee Scheme in Maharashtra in 1988 contributed to job rationing and eroded the 'guarantee' of employment expected of the programme. Gaiha (2000) also noted that targeting efficiency had been eroded following the wage hike in 1988. The relatively more affluent joined the programme, whereas some poor participants were rationed out of the programme.

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ed and less number of households that have completed 100 days of employment. Hence, there is a need to restrain states from going over the top in making these revisions.

Recommendations

- Fix certain limits on wages to prevent states from going over the top in revising minimum wages
- Fix wages slightly below market rates for effective targeting

6.1.2.3 Programme of Works

There are three types of issues under work programmes which have emerged after the implementation of the Act. These are to do with maintaining a pipeline of works, method of implementing various works, and convergence with other programmes.

Maintaining a pipeline of suitable works is emerging as a serious constraint. No doubt some annual repair and maintenance work is of continuous nature, but finding new works particularly in those places where availability of public land is limited is an issue that needs to be examined. Expanding the scope of works on private land of all marginal and small farmers (which is currently limited to only SC, ST, and IAY beneficiary households), is an option.

Field visits in some states and reports in the media suggest that opposition from farmers in a few pockets due to shortage of labour have had some impact the way Act is implemented. To ensure labour availability for crop requirements, states could follow a system of running works only during the slack seasons. However, given significant differences in agro-climatic conditions and cropping seasons the best way to deal with conflicts with the farming community in particular is to draw up a region-wise calendar in each GP based on consultations with farmers, workers, and officials. Though running works like this has a potential conflict with the principle of work on demand, but this appears to be a possible way out.

Convergence with other programmes is important for three main reasons – improving the quality of assets that are being created under the Act; leveraging resources from other programmes to achieve objectives of comprehensive development and improving overall productivity of resources in rural areas; and bringing more transparency in implementation of other programmes. It is being felt that durable infrastructure, which is needed to accomplish these goals can not be built largely through manual labour.¹³

13. This is due to wage material ratio, which has been fixed at 60:40.

Hence, convergence of NREGA funds with funds from other sources can help in creation of durable assets.¹⁴ In this respect, the model, which to a certain extent takes care of issues related to pipeline of projects and convergence, is the watershed concept of ridge to valley treatment of natural resources in Andhra Pradesh, which has been adopted and integrated with Natural Resource Management (NRM) plan for each GP. As a result, about 7.5 lakh works have been identified for implementation over the next five to six years.¹⁵

Recommendations

- Mandate states to prepare a pipeline of projects
- Prepare region specific calendar for undertaking works
- Work on convergence with other development programmes for leveraging resources, and improving quality of works

6.1.2.4 Making Provisions Related to Transparency a Reality

Corruption is something, which has been there in various development programmes, but advantage of the NREGA is that this is coming out in the open through serious and rigorous attempts by NGOs and activists. The Act has in itself a host of safeguards such as social audits, VMCs, public muster rolls, job cards, work site notice boards. These are helping to bring awareness and have the potential to reduce corruption significantly and could even lead to significant transformation of the public governance structure in rural areas.

However, audits and vigilance committees by themselves can achieve very little in making the provisions of transparency effective. The State Governments will have to ensure speedy action against the concerned officials/non-officials for misappropriation of funds, frauds, incorrect measurement, false entries in the muster rolls, and other irregularities of a serious nature, resulting in the leakage of Government/public funds/resources and the denial of entitlements to workers.

Some steps have been taken in Andhra Pradesh, where orders for recovering misappropriated money have been passed in open meetings. But, virtually nothing is happening at the

14. The ministry had constituted a task force, which has recommended the convergence of select activities to begin with: watershed development; National Food Security Mission; Rashtriya Krishi Vikas Yojana (RKVY); National Horticulture Mission, Scheme of Artificial Recharge of ground water through dug well; Repair, Renovation, and Restoration of existing water bodies; Backward Regions Grant Fund Programme; Command Area Development and Water Management Programme; Grass Land Development including Grass Reserve Programme; Fodder Development Scheme; National Rural Health Mission; Disaster Management and convergence with other programmes in the 33 left extremist districts. It has been recommended to run convergence as a pilot in at least one district of each state, which may be scaled up in 2009-10.

15. To a certain extent this is also being achieved through several sub-components of works in Madhya Pradesh - Kapil Dhara (creation of irrigation facilities for providing protective irrigation), Bhoomi Shilp (land development works), Nandan Falodyan (tree based farming and forestry) focussing on districts where National Horticulture Mission is being implemented and other components that are focused on creating alternative sources of income such as sericulture, fish farming, and so on.

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ground level in most places. Filing of FIRs leads to nowhere because persons involved appeal for stays, which brings the whole work programme to a halt. This is also discouraging others who want to stand up and fight the system. To make this happen what is needed is an independent authority and grievance redressal system outside the regular departments of government system with powers to take actions against those appropriating public resources under NREGA to curb corruption and punish those found guilty (See Box 6.1 for details).

BOX 6.1**Making NREGA More Transparent and Free of Corruption**

There is no doubt that NREGA has nearly all features that make it the most transparent and unique Act enacted so far for providing guaranteed manual labour employment to people living in rural areas. There are provisions related to transparency, which call for putting all NREGA related information in the public domain and there is also a requirement for setting up a grievance redressal mechanism. Further, provisions related to VMCs and social audits make it mandatory to monitor and conduct audits in an impartial and objective manner, present findings of the same in GS without any dilution, and take action to address the gaps in implementation.

While these features are already there in the Act, these are however, not implemented effectively and some are in fact being considered as advisory in nature. The examples include a grievance redressal mechanism, which has not been put in place in any state of the country. The status of conducting social audits and taking their findings forward leaves much to be desired. This has been the main reason why rural workers and people who have studied implementation of the Act still find it to be largely non-transparent and full of corruption. This is clearly reflected in the experience of the past three years examined in the report, which reveals that provisions by themselves can achieve very little in making these instruments transparent and effective.

The question is: how to make provisions related to transparency and grievance redressal more effective? In fact, at each level of implementation the responsibilities have been fixed and if all functionaries and institutions associated with implementation commit themselves most of the problems would disappear (Table 6.4). In actual practice, however, this does not happen, which explains why people are still searching for solutions to fix this big gap.

Table 6.4: Tasks and Responsibilities Attached

S. No.	Task	Responsibility
1.	Registration of families of potential NREGS Workers	<i>Sarpanch/Gram Panchayat Secretary</i>
2.	Distribution of job cards	<i>Sarpanch</i>
3.	Receipt of work application	<i>Sarpanch/Project Officer</i>
4.	Selection of public work to be taken up in a particular <i>Gram Panchayat</i>	<i>Sarpanch</i>
5.	Development and approval of technical estimates and issuance of work order	Junior Engineer/ <i>Sarpanch</i>
6.	Allotment of work	<i>Sarpanch/Project Officer</i>
7.	Implementation and supervision of work	<i>Sarpanch/Project Officer/Designated agency</i>
8.	Payment of wages	Implementing/Designated Agency
9.	Payment of unemployment allowance	Programme Officer
10.	Evaluation of completed work	<i>Sarpanch/Project Officer/Designated Agency</i>

Source : Developed from Ministry of Rural Development Guidelines

To make the Act really transparent and free of corruption the work process would involve doing the following.

- (1) Handing over job cards to all households seeking employment under NREGA in public and punishing those who are hoarding job cards and not handing them over to the actual job seekers.
- (2) Keeping and displaying all muster rolls at the worksites, regular checking of worksites, and penalising those who violate these norms.
- (3) Regular filling up of job cards at the worksites.
- (4) Displaying full information in the GPs on wages paid and transfer of payments into the bank/post office accounts. Regular checking and verification of bank/post office accounts-wages transferred, who withdraws and punishing the wrongdoers.
- (5) Making payments in open public forums, wherever workers do not have bank/post office accounts.
- (6) Holding regular VMCs and recording the proceedings.
- (7) Institutionalising social audits and taking the same to their logical conclusion.

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The above is subject to the fulfilment of following requisites:

First, the Central and State Employment Guarantee Councils, which were supposed to perform the roles of independent monitoring authorities, have in fact been mostly ineffective. These need to be constituted wherever they have not been constituted so far and activated. Regular monitoring of implementation of the Act by these Councils can go a long way in motivating staff engaged in its implementation.

Second, strong management teams need to be put in place, which should continuously monitor, and hold staff accountable. In addition, the management teams should strengthen systems of rewards and penalties and build more effective linkages with civil society, which have close links with the workers seeking employment.¹⁶ These changes coupled with stability of tenure and friendly access to a higher management team will help in tackling problems related to administration at the local level.¹⁷

Third, mandating and checking constitution of audits and vigilance committees, recording their proceedings, and institutionalising the system of social audits, which are some of the inbuilt safeguards that need to be taken more seriously.

Fourth, it is a known fact that social audits do not have any legal sanction and their findings are not acceptable as evidence under any law. These audits simply help in creating public pressure on the administrative and political establishments to take corrective steps. Thus, instituting a completely new system for grievance redressal, which is different from what is suggested in the guidelines, will surely be a major step forward. The guidelines suggest that the Programme Officer will be the Grievance Redressal Officer at the block level, the District Programme Coordinator at the district level, and an appropriate authority designated by the State Government at the state level.

However, it is unrealistic to expect the same agencies which are involved in implementation of the Act to audit themselves. This is conceptually flawed and unrealistic for the following reasons: (i) dependence on internal resolution mechanisms, which are not viewed favourably, leads the public to perceive that these agencies are not really neutral; (ii) it is difficult to insulate such mechanisms from internal pressures, which makes the whole process of dispute resolution untrustworthy. This is particularly true in a context in which functionaries at lower levels are victims of administrators and politicians; (iii) and internal investigations are usually considered to be self-serving.

16. This is being done now after the introduction of 'Rozgar Jagrukta Puraskar', Excellence in NREGA Administration (District Awards) and Excellence in NREGA Administration (Financial Inclusion) for recognising the outstanding contribution for promoting effective implementation of NREGA.

17. These guidelines also call for processing of reports of social audit by the GS and establishing a district Internal Audit Cell in the office of the District Programme Coordinator to scrutinise the reports of the GS and conduct a special audit, if necessary. These authorities are expected to initiate action to address serious irregularities and also take appropriate preventive actions.

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For these reasons, an independent agency free from any kind of political or external pressures could help in dealing with many of these problems more effectively. The local politics and administration do not have the will for bringing out necessary changes, therefore, only external pressure of the kind suggested below can force them to take decisions that will hit at the root cause of corruption. Several alternative forms are being explored.

Sometimes it is argued that the RTI Act is enough to deal with many of the ills present in the system of implementation of NREGA. But, the RTI Act simply allows asking any question from the Government or seeking any information, taking copies of any government documents, inspecting any government documents and any Government work, and taking samples of materials of any Government work.

On the basis of this information people can simply file cases in regular courts and seek justice.

Recently in Jharkhand, judicial services authority heard the country's first *Lok Adalat* for disposal of cases related to NREGA in the Latehar district. However, it is important to note that *Lok Adalats* have no power on paper,¹⁸ which means that it is not a permanent solution and may vary from state to state.¹⁹

This function could also be performed by *Lokayuktas*, but there are several problems with these institutions. Not all state governments have *Lokayuktas* and long delays and piling up of cases with these institutions have started raising questions about the very relevance of *Lokayuktas*.²⁰ Further, *Lokayuktas* have been demanding more teeth to carry out their duties more effectively because recommendations of *Lokayuktas* have always been treated as advisory in nature.

In all the above mentioned cases, usual recourse to litigation and legal process may take several years due to burden of large numbers of cases and make the regular grievance process cumbersome. The situation will not be different even after the constitution of *Gram Nyayalaya Act*, which promises to put in place many courts at the block and tehsil level because they would deal with both criminal as well as civil cases. Given a short span of time during which jobs are available the corrective meas-

18. Lok Adalats are set up under the Legal Services Authorities Act, 1987. Part of the move is to provide wider 'access to justice', aimed at providing speedy and affordable justice to the poor. The 'award' of a Lok Adalat is based on mutual agreement between the two parties. Lok Adalats cannot pass orders 'on merit'. Once an award is made, there is no appeal.

19. The first experience suggests that this created much better awareness of NREGA in the area and mobilized large numbers of people on this issue, led the first instance of payment of the unemployment allowance in Jharkhand, pulled up and fined the BDO for failing to perform her duty (Dreze and Khera 2009).

20. At the moment there are 14 states - Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, and Uttar Pradesh, which have established Lokayuktas.

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ures should be quick and on the spot. These difficulties make a strong case for an independent 'Ombudsman' for which there is a provision in the Act, but it has not been implemented.²¹

The 'Ombudsman' will play the role of a fair, impartial, and independent watchdog agency, which is independent of the government and accountable to the public through the Parliament/Legislative Assembly. The role of this agency will not be to replace or oppose decision-making by the implementing agency, rather, the aim would be to assist the department to be aware of their responsibilities to the public, act reasonably, and comply with the law and best practice in administration.

In particular, the roles and responsibilities of the agency would include: administrative review including dealing with complaints, compliance review including checking of compliance with the Act and good practices such as compliance with procedural fairness, and legislative review including reassessment of the legislation.

Thus, key functions of Ombudsman would be: regular monitoring, addressing complaints, conducting investigations, resolving complaints, creating accountability for officials in the system, and educating the public, legislators and policy makers about the needs of the system.²² To perform these duties the Ombudsman would need full independence from the department implementing the programme, backing of a qualified staff, which would include experts to monitor and evaluate matters related to implementation and legal aids.

The Ombudsman shall be a person of recognised judgment, objectivity, and integrity who is well-equipped to analyse problems of public policy, administration and law. The person concerned should be a full-time impartial expert in whom the public can have confidence. The Legislature/Parliament by a vote of two-thirds of the members of house present and voting may remove the Ombudsman from office, but only for incapability (mental or physical) to perform the duties of the office, or other grounds sufficient for removal of equivalent functionaries in other systems. This would protect the 'Ombudsman' from baseless attacks or political threats.

A complaint filed before the Ombudsman shall be heard as expeditiously as possible and an endeavour shall be made to dispose off cases within a period of 15 days or one month from the date of its submission depending on the nature of complaints. The actions would include full recoveries of

21. The State Government may designate an alternative Grievance Redressal Authority and may consider setting up a system of Ombudsman at the State and District levels, using people of proven integrity.

22. What is more important is that focussed attention related to complaints over time, some patterns can be detected and changes can be suggested in the law to take care of them.

the amounts stolen and punishment for charges against corrupt functionaries if found guilty.²³ Where persons against whom a complaint is made fails to comply with any order made by the Ombudsman, such a person shall be punishable with imprisonment for a term which shall not be less than three months and may extend up to three years or with fine or with both.

Obviously the success of the institution would depend on independence and the complainants' confidence in it as an impartial dispute resolution mechanism. Their establishment will not only resolve disputes but reduce or prevent the rise of disputes because these institutions will be guided by public interest. Without the backing of such an institution, workers and other people interested in its effective implementation are unlikely to speak out and risk their lives. When this system starts working well its coverage could be expanded to include all programmes implemented by the Ministry of Rural Development.

6.1.2.5 Measures of Success

At the moment in official circles the success in implementing the Act is being measured in terms of number of days of employment generated and households receiving 100 days of employment. This does not appear to be fair because as discussed earlier there is lot of fudging in the official data. Also, systems that need to be put in place to make workers realise their full earnings and other entitlements are equally important. Hence, what is needed is an index of performance on the lines suggested in the paper, which captures achievements in all provisions of the Act.

Further, in the long-term, solution for rural unemployment lies in the improvement of over-all economic activity, which is likely to be generated through growth and provision of social and economic infrastructure through the Act and other related programmes. Hence, decrease in demand for work under the Act over a period of time also needs to be considered a measure of success rather than a failure.

23. At the moment the Act says, while disposing off any 'reference' or appeal, if the Appellate Authority finds any person guilty of contravention under section 25 of the Act, it shall impose a fine which may extend to Rs. 1,000. If the person concerned is a government official, the fine shall be deducted from the official's salary.

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Recommendations

- Prepare Index of performance covering all aspects related to the Act for judging overall performance in implementation
- Prepare indices for measuring long-term success

6.1.2.6 Areas for Further Research

For improving implementation and to know the complex reality at the ground level, further research involving representative field data from beneficiaries, project functionaries (GPs, POs, and others), local NGOs, and works on a continuous basis is essential. This research could be funded by the ministry or other domestic and multilateral donors. The studies will require the involvement of economists, survey specialists, management specialists, engineers, investigative journalists, and anthropologists.

To begin with, studies can be initiated to analyse performance of GPs in different states, planning processes, surveys on the usefulness and durability of assets and further scope of works, cost benefit analysis of sample works, case studies on impact of the Act on political and social dynamics, social audits, management of worksites and process mapping.

Recommendations

- Initiate studies on
 - o Performance of GPs in different states
 - o Planning and management of works
 - o Usefulness of assets and their cost benefit analysis
 - o Impact of the Act on participants
 - o Impact of the Act on political and social dynamics

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