Why Mahatma Gandhi NREGA in an ILO Retreat

Comprehensive range of issues
• Worker related
  ➢ Targeting
  ➢ Rights and entitlements
  ➢ Wages
• Work related
  ➢ Nature of work
  ➢ Social Safety Net
  ➢ Employer of Last Resort
  ➢ Step towards sustainable development
• Governance reform
  ➢ Decentralisation
  ➢ Community space/Citizen centric services
  ➢ Institutional mechanisms
  ➢ Transparency and Accountability
Relevance of Mahatma Gandhi NREGA

• Internationally largest wage employment programme: Cushioned rural India during recent economic melt down

• Significance of Design:
  – Law
  – Rights
  – Policy and Process

• Rapid strides-dynamic and responsive to challenges-case study of innovative process re-engineering
  A design is as good as it delivers

• Domestically funded-suggests new ways of international cooperation
Structure

- Policy Context
- Objectives and Process
- Early Impact and Focus Areas
- Challenges and Strategies to meet them
- Lessons from MGNREGA
“To a people famishing and idle, the only acceptable form in which God can dare appear is work and promise of food as wages”

M.K. Gandhi, Sabarmati, 1927

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005
“...we have to ensure inclusive and equitable growth, we need to knit and integrate our rural areas.... We cannot allow India to be divided into two distinct zones.”

Dr. Manmohan Singh
Prime Minister, India
Architecture of Inclusive Growth Policy

• Employment Generation
  – Wage-based: National Rural Employment Guarantee Act
  – Self Employment
  – Agriculture, agricultural diversification
  – Non Farm Sector

• Rural Infrastructure
  Rural Connectivity, Housing, Drinking Water, Sanitation, Electricity

• Social Security
  Old Age Pension scheme, Health Insurance

• Human Development
  – Elementary Education (Right to Education)
  – Skill Development
  – Rural Health Mission
  – Food Security (Right to food Bill under drafting)

• Strengthening democratic processes:
  – Decentralisation (Local self Governance),
  – RTI (Transparency and Public Accountability)
  – Rights based Laws as Development Policy
MG NREGA

Law for the poorest

Rights to the weakest

Inverses traditional hierarchies

Transfers financial resources directly in the hands of the poorest in the rural community

Development with a Human Face
Mahatma Gandhi National Rural Employment Act to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of Guaranteed wage employment in every financial year to every household.

- Genesis in long history of wage employment programmes to supplement subsistence,

- Policy Innovation that changed paradigm:
  - Legal guarantee
  - Rights based approach
Workers’ Rights

Registration  Adult members of a rural household willing to do unskilled manual work may apply for registration to the local Gram Panchayat, in writing, or orally and in return receive a Job Card.
Obtaining a Job Card

Basic legal document that enables a rural household to demand work
Job Card in the custody of the worker
Record of Rights. Data on work and wages
Workers’ Rights

Self targeting
No specific eligibility criteria. No pre-requisite skill. Only local residence in a Village Panchayat: No need for surveys

Demand Based
Any job card holder may apply for work. May be availed of any time

Time bound Guarantee
Employment within 15 days of demand else unemployment allowance to be paid by the State at its own cost.

Local Employment
Work within 5 km radius of the village else extra wages of 10% paid

Wage Payment
• Wages to be paid according to the notified wage rate
• Disbursement of wages on weekly basis and not beyond a fortnight
• Wages through institutional accounts. 90 million worker accounts opened in Banks and post offices.

Work site facilities
Crèche, drinking water, first aid and shade at worksites

No contractors and machinery
Equity
At least one-third of workers should be women
Decentralized Planning & Implementation

- Principal role of local bodies (Panchayat Raj Institutions) in planning, monitoring & implementation
- Local village assembly Gram Sabha recommends shelf of projects
- Village bodies (Gram Panchayats) to execute at least 50% of works

- Untied funds to States within overall legal norms
Labour Intensive Works

• 60:40 wage and material ratio for permissible works
• Bi-focal lens: work helps earn wages and create productive assets.
• Natural resource regeneration addresses causes of chronic poverty: water, fodder, land
Equity

Disadvantaged Groups (Scheduled Castes/ Scheduled Tribes/ Below Poverty Line/ Land reform beneficiaries/Small and marginal farmers) can work on their own land

Fish Pond, Tribal marginal farmer
**Transparency & Accountability**

- All information proactively placed in public domain.
- Information demanded be given free of cost.
- Social audits by village assembly (gram sabha) which go beyond RTI to fix accountability and seek correctives.
- Grievance redressal mechanisms
- Penalties for default
Legal Obligations of the State

- **Provide Adequate budget resources.** The budget support is Rs. 401 billion for 2010-1011
- **Budget on demand.**
- **Cost of employment funded by Centre.**
  - 90% borne by Central Government and 10% by State Government (100% of wages, 75% of material cost by Centre)
  - 6% administrative expenses by Centre
- **Incentive-disincentive structure:** Central assistance for providing employment.
  - Unemployment allowance at State cost
  - Compensation for wage delays by State
- **Redress grievances**
- **Pro active disclosure**
- **Penalise default**
## NATIONAL OVERVIEW (Physical & Financial)

### Employment provided to households:
<table>
<thead>
<tr>
<th>FY</th>
<th>200 Districts</th>
<th>(FY 2006-07)</th>
<th>200 Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>21.0 Million</td>
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<td></td>
<td></td>
<td>33.9 Million</td>
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<td></td>
<td></td>
<td>45.1 Million</td>
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<td></td>
<td></td>
<td>52.5 Million</td>
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</tr>
</tbody>
</table>

### PERSONDAYS [in Million]

<table>
<thead>
<tr>
<th></th>
<th>Total:</th>
<th>905</th>
<th>1435.9</th>
<th>2163.2</th>
<th>2825.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCs:</td>
<td>229.5 [25%]</td>
<td>393.6 [27%]</td>
<td>633.6 [29%]</td>
<td>863.1 [31%]</td>
<td></td>
</tr>
<tr>
<td>STs:</td>
<td>329.8 [36%]</td>
<td>420.7 [29%]</td>
<td>550.2 [25%]</td>
<td>585.7 [21%]</td>
<td></td>
</tr>
<tr>
<td>Women:</td>
<td>367.9 [41%]</td>
<td>611.5 [43%]</td>
<td>1035.7 [48%]</td>
<td>1374.0 [49%]</td>
<td></td>
</tr>
<tr>
<td>Others:</td>
<td>345.6 [38%]</td>
<td>621.6 [43%]</td>
<td>979.5 [45%]</td>
<td>1376.9 [49%]</td>
<td></td>
</tr>
</tbody>
</table>

Average personday per household: 43 Days, 42 Days, 48 Days, 54 Days

### FINANCIAL DETAIL

<table>
<thead>
<tr>
<th></th>
<th>(FY 2006-07)</th>
<th>(FY 2007-08)</th>
<th>(FY 2008-09)</th>
<th>(FY 2009-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Outlay (In Rs Billion):</td>
<td>113</td>
<td>120</td>
<td>300</td>
<td>391</td>
</tr>
<tr>
<td>Central Release (In Rs Billion):</td>
<td>86.41</td>
<td>126.10</td>
<td>299.40</td>
<td>335.07</td>
</tr>
<tr>
<td>Total available fund [including OB]:</td>
<td>120.74</td>
<td>193.06</td>
<td>373.97</td>
<td>495.30</td>
</tr>
<tr>
<td>Expenditure (In Rs. Billion)</td>
<td>88.23</td>
<td>158.57</td>
<td>272.50</td>
<td>379.38</td>
</tr>
<tr>
<td>Average wage per day</td>
<td>Rs. 65</td>
<td>Rs. 75</td>
<td>Rs. 84</td>
<td>Rs. 91</td>
</tr>
</tbody>
</table>
Focus on Water Conservation

Water Tables beginning to get recharged
Improvement in land productivity
Plantation/afforestation

19% Provision of Irrigation Facility to SC/ST & BPL
15% Rural Connectivity
15% Land Development, flood protection & drainage
50% Water Conservation, water harvesting
Renovation of traditional water bodies
Drought proofing, Afforestation
1% Others

Focus on Water Conservation
Legal Provision: at least one-third of the beneficiaries shall be women

National Average: 49 % (FY 2009-10)
MGNREGA: Positive Trends & Findings

- Increase in Agriculture Minimum Wages and wage earned per day and annual income. Bargaining power of labour has increased
- Earnings per HH has increased from Rs 2795 in 2006-’07 to Rs 3150 in 2007-’08 to Rs 4060 in 2008-’09, Rs 4800 in 2009-’10
- NSSO: corroborates wage data: Rs 79 per person day for 2007-2008; MGNREG data: Rs 75 per person day
- Financial Inclusion: 90 million worker accounts opened
- Distress migration has reduced in many parts
- “Green Jobs” created as nearly 70% works relate to water conservation, water-harvesting, restoration, renovation and desilting of water bodies, drought-proofing, plantation & afforestation
- Effective targeting of marginalized groups SC/ST/BPL
- NREGA is used as a supplementary income source during non-agricultural seasons
- Productivity effects of NREGA reported
  - Improvement in ground water
  - Improved agricultural productivity & cropping intensity
  - Livelihood diversification in rural areas
Gender Equity

Independent Impact Assessment of NREGA

Women’s new found identity & economic empowerment
- Taking wages directly through their accounts
- Increased spending of earnings from NREGA on food, consumer goods, education of children and offsetting debts
- Work availability in villages increased post NREGA
- Decision-making power for women increased post NREGA with additional income
- Fixed working hours an incentive, work easily available
- Breaking caste and community issues, socio-economic benefits
- Easy access to credits
- NSSO survey, 2007-08: no gender differential in wage rates for MGNREG works. Considerable wage disparity in other types of work

Efforts initiated for convergence with Self Help Groups, literacy, health-HIV Awareness
Main findings

(i) *Increase in income*: income of rural labour households has gone up as a result of this programme.

(ii) *Increase in agricultural wages*: wages in various agricultural operations have gone up as a result of implementation of MGNREGA. This has lead to an increase in fertilizer use, and quality seeds

(iii) *Reduction in distress migration*: the incidence of out-migration from the village to distant places for manual works had come down as a result of MGNREGA works.
Prerequisites for effective delivery

- Political Support
- Adequate Budget
- Major Strengths

- Limitations
  - Capacity of people to demand their Rights
    Limited because of illiteracy, inequalities, dependencies
  - Capacity of administrative system to plan, implement and enforce
    Limited, unequal, legacy culture
  - Accountability and transparency
    Problematic because of role overlap, limited capabilities, lack of organisation of workers
(1) Earmarking administrative resources (currently upto 6% of expenditure)
   - Focus on deployment of dedicated staff, strengthening of management and administrative support structures for social audit, grievance redressal and ICT infrastructure at all levels

(2) Technical support unit at village level local body:
   Programme Manager
   Engineer
   Accounts officer
   IT manager
   Community extension officer

(3) Institutional network for training: Professional resources within and outside Govt
Demand Based budgets.

Initial budget provision, indicative- can increase

- Labour Budgets reflect Labour demand
- Works needed to meet it
- Costs

• Drillable to the level of the village through MIS
• First Tranche upto 50% of the total LB
• Subsequent releases based on 60% utilization
• Monthly Progress Reports, including physical and financial performance indicators
• Online Financial Proposals
MGNREG pushed up minimum wages from Rs 65 to Rs 100
Programme rate de-linked from minimum wage of agricultural wages.
- Wage rate upto Rs. 100 per day notified
This has reduced inter-State disparities in wage rates
Working Group set up to suggest mechanism for indexing real wage rate of Rs 100.
Will not artificially inflate wages while acknowledging policy need for a wage rate that enables coping with cost of living
Not an ELR
Measures to check delays in payment

Delays in payment due to
(a) Shortage of staff leading to delays in work measurement
(b) non-updated Muster Rolls, Measurement Books
(c) Payment of wages through accounts
   - 84% of wages is being paid through these accounts, for greater integrity and transparency but Limited infrastructure, including bank and post office branches

Solutions:
(a) Dedicated staff for measurement
(b) Work site Mates
(c) Business Correspondent Model for door step banking
(d) MIS generated wage advisories to Banks/Post offices
Wage Payment through Post office
Wage Payment through Smart Card
Monitoring Systems

Internal Monitoring
• MIS
• State Reviews & GoI teams visit.

External Monitoring
• National level Monitors & Area Officers
• Performance Audit:
• Central Employment Guarantee Council:
   Census of works.
   Independent Quality audit.
• Professional Institutional Network
• NSSO pilot Surveys
• Web based Knowledge Network for best practice dissemination among practitioners/policy makers. 1100 members at present
Web enabled Household based database in public domain
http://www.nrega.nic.in: Face Book of the Poor

- **Workers’ entitlements:**
  Registration, Job cards, Employment demanded and allocated, Days worked,
  Muster rolls, Unemployment allowance, Payments and compensations due.

- **Work data:**
  Sanctioned shelf of works, Work progress, Measurement, Inventory of works/assets

- **Financial data:**
  Funds available/spent, Amount paid as wages, materials and administrative expenses, *Track transfer of fund to various implementing agencies*,

- **Grievances:**
  - Register grievances of workers and Track complaints and action taken
  - *Alerts for corrective action*,

- Social Audit findings.

Drillable to job card, work muster roll level.
ICT for improving quality and authenticity of processes.

- MGNREGA workers bio-metric data base for a unique identity number.
- Biometric database applied to ICT for capturing all the process right from registration, demand of work, issue of dated receipt, allocation of work, attendance at worksite with GPS coordinates, measurement of work and wage payments.
- Where connectivity – real tile transactions.
- Application of GIS and GPS technologies for
  - decentralized planning and monitoring
  - asset management
  - demographic profile and economic status of
Social Audit

• Social Audit: First time ever large scale social audit processes initiated by States.
• Social Audit by local community
• Social audit is once in 6 months
• Social audit Reports are read out in the village level in the Gram Sabha.
• Decisions like booking Criminal cases, recovering misappropriated amount are taken.
• Attempt to make social audits more inclusive and transparent through trainings and grass root facilitation by independent resource persons.
District level Ombudsman

- An agency independent of the central or state government
- Receive complaints from NREGA workers and others on any matters, consider such complaints and facilitate their disposal in accordance with law
- Ombudsman appointed by the State Government on the recommendation of the selection committee
- Ombudsman will also issue directions for conducting spot investigation, lodge FIRs against the erring parties, initiate proceedings suo motu when required and look into direct redressal, disciplinary and punitive actions
Augmenting Productivity

- Natural resource regeneration: water harvesting, soil conservation, afforestation,
  De-silting: fail-safe work for raising water table, increasing soil productivity (GTZ study)
  farm ponds, dug wells, bunding, contour trenching
- Convergence initiatives focusing on Forest Watershed, agriculture, Horticulture
- Individual land based projects-eg. Dug well +Pump-set+ agriculture kits, or Farm Ponds +Pisciculture
• Primacy of the works under MGNREGA has been to upgrade the unproductive, fallow lands into productive assets.

• The identification of works by logically grouping works into projects and executing all these projects on a concentrated block of land

• The projects are executed on the concept of ridge-to-valley treatment in soil conservation works

• Facilitates better supervision and ensures implementation of works to a logical conclusion
Community Managed Sustainable Agriculture (CMSA)

Pro-poor agricultural initiative to ensure that highest income shall be obtained from the smallest holding.

Low cost agronomics (natural farming technologies) with NREG labour on individual land

- Pilots on CMSA show that on half-acre land, farmers got Rs. 20,000 income using this technology.
- CMSA is now being extended
Banaskantha District @ Vadgam @ village Meetha

• **Asset/s Created:** Horticulture and Seasonal Vegetable Plantation
• **Immediate Benefits:** Employment generation
• **Asset Durability:** Very high
• **Possible Impact:** Livelihood enhancement, and wasteland development

The farmers can easily earn Rs. 4000-6000 per month
Dang District @ Ahawa @ village Shamgatan

- Convergence Activity: Bhagat Udyan
- Convergence Dept.: Forest
- Asset/s Created: Plantations of Indigenous Medicines
- Immediate Benefits: Assured employment for the poor, assured wages, recycling of resources
- Asset Durability: Very high
- Possible Impact: Livelihood enhancement, Promotion and conservation of indigenous medicines and practices
Replicable Success Stories/Good Practices

- Reclamation of 260 ha. of degraded forests and ongoing reclamation work on another 100 ha. in convergence with Forest Dept.

*Plantation in Chaukati Village*  
*Plantation at Nakati Hills*
Kerala, NREGS Convergence with Agricultural Farms, Horticulture and Forests

- Focus on production of quality seeds
- NREGS in land development activities – freed technical labour for skilled work
- Technical Support from agriculture extension centres (KVK), Forest Dept, Horticulture Mission
- Benefits to ST colonies in forest areas
 Establishment of 29 nurseries for horticulture and forestry species by technology inputs from KVKs & funding through SGSY
Plantations & bunding: Kerala
Dug Well, Madhya Pradesh
After restoration

Water Conservation Tank, Andhra Pradesh
Skill Development

• Skill development and placement of a member of MGNREG household
• Convergence with the Women Self Help Groups for Skill Building on construction/diary/handloom etc
• Women trained as mates/engineers/village assistants
• Literacy, computer literacy
MGNREGA-Engine of rural growth

- Wage negotiation
- Grass roots institutional strengthening: local bodies
- Financial Inclusion: Financial services to outlying areas
- Technology infusion: Last mile ICT
- Rural Infrastructure: roads, Rural Knowledge Centres
- Second Generation Employment:
  - Skilled employment-infantry of rural managers
  - Market stimulus: service provider model: IT, Business correspondents
- Multiplier effects: food, education, climate change adaptation, consumer goods demand,

  Fiscal Space-crowding or creating it?
Factors critical to MGNREGA’s effectiveness

It is a law. Makes all the difference to the inherited design

- The law creates obligations on the State recognizing the Right to demand work.
- The law is backed by budget resources
- Budget responsive to development needs rather than being predetermined and inflexible allocations that restricts needs.
- Income regular and predictable; not a short-term injection of funds but an entitlement (self-esteem)
- Wage rate to be revised so as not to be a desperation wage rate
- Sustained cash infusion into the local economy
- Second-round employment creation:
  - skilled personnel/service providers at local level
  - Increased income for investment
- Scale of interventions universal
- Political will and political contestations push NREGA
- Emphasis on transparency and accountability
- Even if penalties not invoked quite as much the possibility that they can be invoked, propels action.
- Decentralisation enables Policy innovations responding to challenges
Significant lessons that emerge from MGNREGA

Policy impetus and Framework

- Political Ownership and Will necessary
- Part of Inclusive Growth policy not crisis response
- Scale helps, pilots marginalise
- Rights-based Law compels Government action
- Legal framework should have operational flexibility.
- Rights framework generates Conflict

But Conflict can be means of forcing issues, co-creating change and transforming governance

Governance

- Institutional mechanisms should enlist multi-stakeholder representation
- Administrative Strengthening
  - Professional support at each level
  - High quality training
  - Process re-engineering and procedure de-mystification and simplification (ICT, NGOs, Professional networks helps)
Significant lessons that emerge from MGNREGA

- **Assured budget commitments necessary.** But **Design and procedure of fund transfer** critical
- Decentralization: helps in transparency, accountability & stakeholder participation & Osmotic process of local innovation and policy reform
  
  **But need**
  - Overarching standards and norms
  - Structural integration of different agencies, with coordination and accountability mechanisms

**Accountability and transparency**
Independent professional networks for appraisal and correctives

- **Social Audit,** for transparency and public accountability
  But effective only if workers participate
- Need for external facilitation to mobilize workers
- ICT adds critical value
- **Need for unbundeling functions**
  Separate agencies for implementation and adjudication
- Independent grievance redressal mechanisms to be integral to the design. Administrative or judicial?
Significant lessons that emerge from MGNREGA

**Sustainability**

- Equity as ground principle: Quality of work and wage rate parity.
- Building capacity of workers to articulate and demand rights
- Literacy, Organising Workers
- **Planning appropriate works**: Need to integrate participatory planning with appropriate technologies
- Aligning WEP with other employment & social protection policies
  - Strengthening convergence process with: natural resources, productivity, human development, (health, education) risk cover (life, health), skill set
- **Need to rationalise programmes for integrating** strategies and resources: Both for Affordability and Quality
- Don’t have to stay confined to unskilled.
Policy research for next level strategic reform

• Need for critical self reflection based on empirical studies and policy research both on NREGA and other programmes for social inclusion, sustainable rural livelihood and human development

• How do rights based laws-specially a basket of laws-livelihood, education, food –impact strategies for accelerating measures for Decent work/MDGs

• Institutional networks in which programme agencies have ownership for research to feed back into policy/practice reform

• Cross country Sharing