BUILDING NEW PERSPECTIVES AND PROSPECTS THROUGH STOCK-TAKING OF NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME: REPORT OF A CONFERENCE

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This report highlights some of major concerns and issues discussed at two-day conference on National Rural Employment Governance Scheme (NREGS) organised by Institute for Human Development and Centre de Science Humaines, New Delhi in September, 2008.

I. THE PROBLEM

Is NREGS a social security or an employment generation programme? If it is a social security programme, then is ‘cash transfer’ a better option (see Standing, 2007)? Is it a programme of employment generation or public investment? If it is an asset creation programme, then what is the opportunity cost of the NREG investment? In other words, how does it compete with other investment priorities? Also, does it crowd out other investments into the rural sector? Is there any mechanism that ensures equitable distribution of the benefits/profits of the assets created by the poor labourer? Is the value of minimum wages under the NREGS equivalent to the cost of energy used up by the labourer? Other issues such as those pertaining to the quality of employment, appropriateness of wages, conditions of work and the agenda of decent work, a la ILO conventions, also come to the fore if one were to view NREGS as an employment programme. Also, the long-term impact of the programme on poverty in terms of income effects and sustainability (ability to retain people above poverty) remains debatable.

Apart from the above questions, issues of implementation and regional variations and impacts of the programme were raised at a two-day conference organised by the Institute for Human Development (IHD), Delhi, and Centre De Science Humaines, Delhi, in September 2008. The conference was attended by some leading economists, experts on public work programmes, social activists, members of civil society organisations and officials from the Union Ministry of Rural Development, Government of India, and the Departments of Rural Development of various state governments. This report based on the seminar proceedings highlights some of the major concerns and issues raised and discussed during the conference.

The issues of identity, objectives and benefits of the National Rural Employment Guarantee

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Act (NREGA) are presented in part I. The issues of implementation and impacts are explained, respectively, in part II and III. The concluding section, sums up the prospects of the programme while also offering some suggestions.

II. SOME NEW ISSUES

1. Identity and Objectives

Ajit Ghose and Rizwanul Islam from the International Labour Organisation (ILO) raised a pertinent question about the identity of the NREGA and asked whether its multiple objectives would not weaken its core objective, that is, income security through guaranteed employment in public work programmes. Ajit Ghose cautioned that this confusion about the nature of the programme should not be allowed to lead to a pre-empting of other investment programmes. Rizwanul Islam, on the other hand, was more concerned about the impact of the NREGS on poverty reduction and its ability to move below poverty line (BPL) households above the poverty line in the long run. Therefore, he argued that suitable exit opportunities for NREG workers should be created simultaneously.

2. NREGS as a Source of Predatory Accumulation

The creation of community assets and rural infrastructure is one of the objectives of the NREGA. Since the Act does not specify the control and proprietary rights over the assets created, the stake of the poor in such assets becomes a critical issue. The types of assets and their control assume importance, as there is an apparent tension between the distributive effects of employment generation and asset creation. Ashwani Saith raised this important issue and asked: does the NREGS function as a vehicle for predatory accumulation? The question is especially relevant in the absence of a clear policy of entitlement over and benefits of the assets created by the poor. For example, the works of water conservation and harvesting would benefit the landed farmers to a greater extent than the poor landless NREG beneficiaries. Similarly, the benefits of rural connectivity will prove more valuable to those who benefit from the linkage of the village to the market. Saith called this a kind of “predatory accumulation model” where “the poor subsidise the rich”, as the investment made on assets creation ultimately turns out to be a windfall to landowners, who are able to derive value from the assets created. He stressed that with predation manifesting itself in the form of siphoning off of money by local vested interests, fudging of muster rolls, and other leakages, the workers were often not getting even their minimum wage entitlements. He suggested that one should seriously consider giving the intended beneficiaries, viz. the workers, ownership rights to the assets they have created with their labour, so that they can subsequently derive greater value addition from their contribution to the work. He criticised the methodology of evaluation and impact assessment by arguing that this limited itself to defining “benefits” in terms of the volume of employment generated in the construction phase of the schemes while excluding the future streams of benefits that accrued to other local groups, such as local landowners, through the operation of the assets created over the life of the assets. He called for a much more integrated approach wherein the workers could be
given rights to the assets so that they could benefit not only from the wage component in the construction phase, but also from claiming a proper share of the value added by the assets in the future (Saith, 1992). Saith argued for the need to think out-of-the-box here, and said that there were many innovative institutional possibilities for achieving this wider objective within the framework of NREGS. Abhijit Sen also insisted on devising a mechanism to ensure that the NREGA workers are not deprived of the lateral benefits of the programme.

3. Adequacy of Minimum Wages

The payment of minimum wages through the scheme has, by and large, remained elusive throughout the country. Several participants emphasised this and argued for the enforcement of minimum wages. A case was also made for the revision of the list of scheduled rates, wherever it has not occurred so far. The need for timely payment of minimum wages and payment through bank and post office accounts was also emphasized.

Apart from the above concerns, Ashwani Saith raised the issue of the adequacy of the minimum wages and asked whether the minimum wages were sufficient to compensate for the bodily deficit caused by the hard labour required at the worksite. He argued that the replacement cost of the bodily energy used up was not being met, with the result that new physical assets were being financed partly by these bodily deficits imposed on the most vulnerable sections of society. The point raised by Saith is undoubtedly very important. However, the challenge is to translate this concern into an implementable instrument.

Ashwani Saith also raised another point of fundamental strategic relevance linked to this issue. He argued that the asset-creation functions of NREGS were not receiving appropriate attention in terms of ensuring the efficiency and longevity of the assets created; workers were excluded from the longer term benefits accruing from the operation of the assets (other than the minor indirect effects of the programme); and that most often, workers were not even receiving direct wages which would cover the cost of bodily depletion on account of work. All these aspects needed to be addressed with urgency. If this were not done, the workers could well ask the Government: why do you not pay us the wages as a cash transfer (Saith, 2005).

4. Preconditions

The Act (NREGA) does not set any preconditions for implementation. However, the variations in implementation across districts and states suggest that certain conditions may allow for the success of NREGA. Some of these conditions are: awareness and information dissemination, capacity building (administrative and technical), willingness and capacity of the PRIs and grassroots institutions to run the scheme, mobilisation of the people to conduct social audit without fear of repression, and effective grievance redressal mechanisms.

5. Class Antagonism in the Rural Areas

It is argued by some that the NREGA may instigate a class antagonism in the rural areas (Ghosh, 2008). There are reports that farmers in some districts of Gujarat and Andhra Pradesh have protested against the NREGA as it has the potential to increase or has increased
the wage rate in the agriculture sector. Their concerns are based on two factors: (a) the guarantee of minimum wages under the NREGA may push the existing agriculture wage rate to a higher level; and (b) the shortage of agriculture workers as a result of guaranteed employment under the NREGA may further push the wage rate through demand and supply effects. In fact, farmers in Andhra Pradesh have demanded suspension of NREG work during the cultivation and harvesting seasons, so that it does not compete with agriculture work. The Andhra Pradesh Government has responded to this situation by evolving an NREG calendar, keeping in mind the agriculture season. Nevertheless, mobilisation of the farmers and the subsequent possibility of counter-mobilisation of the workers have implications for class relations in the countryside, which have become somewhat dormant in recent years. Even the Naxalite movement that initially challenged the agrarian socio-economic order with a view to transform it into a more egalitarian one appears to have forgotten its original agenda. Instead, it has challenged the State and its order as its main enemy, at least in recent years.

III. IMPLEMENTATION EXPERIENCES

1. Regional Variations

The implementation experiences of NREGS suggest significant regional variations. Some of the best performing states are those which have traditionally performed better than the others in terms of delivery of services and public work programmes. Interestingly, the four out of five states doing well in this regard are from southern India. The only state doing well from the north is Rajasthan. But even in the case of Rajasthan, there are differences in the level of implementation across districts. The better performing districts like Dungarpur, Banswara, Jhalawar, and some blocks of Udaipur are those where there is a strong mobilisation of civil society by NGOs, and parts of southern Rajasthan have additionally been centres of the Right to Information (RTI) campaign as well (such as Rajsamand district, the headquarters of MKSS (Mazdoor Kisan Shakti Sangathan) activities. The lessons of the successful implementation of NREGS can thus be learnt from the experiences of these districts and states (Mehrotra, 2008a; 2008b).

2. Innovations

State-specific experiences become important sources for innovations, which, in turn, provide valuable lessons for replication. Accountability through social auditing, transparency through the use of ICT in Andhra Pradesh, formation of groups of workers (five-member group) and the use of locally trained ‘mate’ or ‘worksite supervisor’ (preferably women) in Jalore district of Rajasthan (see Khera, 2008) and the efforts of NGOs to facilitate processes related to NREG in some other places have proved useful innovations in implementation of the programme. The use of Kudumbashree (self-help groups or SHGs) in Kerala (Vijayanand and Jithendran, 2008), the use of ICT, particularly in payment through banks and post offices in Andhra Pradesh, creation of a dedicated telephone number as a helpline-cum-complaint register in the Ganjam district of Orissa, and the convergence with literacy and anganwadi schemes in the Pakur
district of Jharkhand are some of the other innovative examples of implementation of NREGA. Apart from offering lessons, these innovations inspire experimentation in implementation in different districts and states. NREGS, therefore, unlike the erstwhile employment generation programmes, provides enough opportunity for flexibility in implementation, within the operational guidelines.

3. Empirical Evidences

Empirical studies presented during the conference showed mixed results: there were some problems of implementation of the programme, which nevertheless had positive outcomes and impacts. A study of seven states conducted by the International Food Policy Research Institute (IFPRI), Delhi, and presented by Abusaleh Shariff (2008) pointed out that the factors influencing the number of NREG employment days included participation of women in the grassroots institutions, families reporting high food adequacy, and households having migrant family members. It was also revealed that because of the above factors, the scheme was less beneficial to the poorest of the poor.

Jean Dreze and Reetika Khera presented the findings of their survey in six states including Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan and Uttar Pradesh. The major findings of the survey (see Dreze and Khera, 2009) include the concentration of demand for wage employment among the most disadvantaged sections of the society and the demand for more than 100 days of employment by about 50 per cent of the beneficiary respondents. Earnings from NREG had helped the beneficiaries in financing their food and health requirements. The other impacts of NREG include reduction in migration from beneficiary households and empowerment of women, as 79 per cent of the women beneficiaries collected their wages and 68 per cent kept their earnings with themselves. It was also found that the payment of minimum wages under the NREGA had raised the bar for the determination of agricultural wages. However, the inadequate observation of transparency norms, lack of a demand-based approach and the manifestation of corrupt practices remained problematic issues of implementation of NREGA in these states.

A similar study of eight states, conducted by the Indian School of Women’s Studies and Development (Gupta, 2008), highlighted the positive outcomes of the programme like the increase in the number of employment days (opportunities) in the rural areas, reduction in distress migration, and increased enrolment in schools of children from the wage-earning sections. The payment of minimum wages was, however, found to be unsatisfactory.

In the backward, tribal-dominated district of Pakur in Jharkhand, the role of customised information, education and communication (IEC) activities was found very useful. The payment of wages through bank and post office accounts has triggered a process of financial inclusion of the marginalised and deprived (about 1,19,000 NREG beneficiary households now have access to bank or post office accounts) in the district (Ranjan, 2008). As a result of NREGA, the democratic governance process has also been strengthened: people’s participation in the Gram Sabha has increased significantly and the frequency of visits of officials to the villages has also increased dramatically in the district.
4. Difficulties in Implementation

Apart from other difficulties of implementation of the programme, the issue of discriminatory practices also came to the fore. The practice of giving soft soil to the families of the upper castes and hard soil to the families of the lower castes was unearthed in a study of the Marathwada region of Maharashtra (see Jadhav, 2008). Some of the other discriminatory practices reported from other states included denial of registration to female-headed households, registration of joint families and charging of payments for job application forms, provision of job cards on a “quota” basis, and refusal to issue dated receipts at the time of the job application. Among other shortcomings of implementation of NREGA reported from a number of districts in other states are the non-availability of crèches, drinking water, shade and first aid; the use of machines instead of human labour; and fudging of muster rolls by contractors. Lack of motivation among the implementing agencies, lack of sufficient training and capacity building programmes, poor institutionalisation of the Panchayati Raj Institutions (PRIs) and their inadequate capacity for implementing the projects under the programme were some other bottlenecks of implementation observed in states like Bihar, Uttar Pradesh, Jharkhand (which does not have formal PRIs) and other laggard states.

The implementing officials cited their own difficulties in implementing the programme, which included the copious amounts of paper work needed, administrative rigidity, the compulsion of keeping social audit under the purview of panchayats, lack of incentive structures for states, and transaction costs of supervision. They also emphasised the importance of understanding the character of the programme by setting up a social safety net or poverty reduction programme. They pointed out that the need to fulfil the multiple objectives of the programme makes the delivery of its benefits difficult.

IV. IMPACT OF NREGS

While the issue of impact of the programme did come up for discussion, it was felt that since the scheme had completed only two years of implementation and was still in its nascent phase, it would be difficult to conduct a rigorous impact analysis based on hard evidence. Nevertheless, field reports and other studies suggest that the programme has had some significant impact on income and livelihood security, migration and women’s empowerment. These impacts are discussed in detail below.

1. Migration

Two case studies of migration, one of the Burdwan district of West Bengal (Chatterjee, 2008) and another of the Marathwara region of Maharashtra (Jadhav, 2008), were presented. Both the studies showed some evidence of reduction in migration due to the implementation of NREGA. Other studies have also indicated that out-migration from villages has declined after the start of the NREGS (see Hirway, 2006; Khera, 2006). At the same time, however, it was also realised that the inability of implementing agencies to provide a sufficient number of employment days and the non-availability of employment on a demand basis continued to be a hindrance in reducing distress rural-urban migration.
2. Women’s Empowerment

It was acknowledged by several studies that the NREGS had provided an opportunity for women to work with dignity. However, the challenges of making the work women-friendly in terms of the task, that is, the nature of the physical work and increasing the level of participation of women, both as workers and as participants in the decision-making process, were highlighted. The other measures suggested for the benefit of women workers included creation of a cadre of care-givers, incorporation of breast-feeding breaks in the work schedule for women with infants, enforcement of provisions like crèches and shelters, and convergence with the Integrated Child Development Scheme (ICDS) (Narayanan, 2008).

Women’s autonomy in terms of the decision to undertake work, retaining wages and using them for the activities of their choice were identified as positive indicators of empowerment. On the other hand, it was felt that the low participation of women in Gram Sabha meetings, social audits and other decision-making processes would undermine the role of women in the programme. It was also emphasised by Govind Kelkar that the mere participation of women as workers in the NREGS does not lead to their empowerment. There is a need to identify the adversities that they face and also the terms which make women’s participation in the programme easier and more beneficial for them. Some of the other important areas identified for further research in this regard included changing gender relations in the context of NREGS, perceived changes in self-perception and self-esteem among the women, and the issue of gender-based violence.

3. Impact on Local Economy

Apart from increased income security to the beneficiary households and reduction in migration, the creation of community assets like water bodies and rural connectivity, and development of the land belonging to SCs/STs and other poor households were found to be useful for increasing land productivity. However, the quality of assets and their ownership become important and may turn out to be a contentious issue. Therefore, apart from asset creation and its maintenance, emphasis should also be laid on the creation of an institutional structure for ensuring equitable distribution of the lateral benefits of the assets.

Indira Hirway presented her impact study of the multiplier effects of NREG at the village level (Hirway, 2008). While the findings of her study were seen as encouraging, yet, as K.P. Kannan pointed out, these findings should be seen in the right perspective and viewed with cautious optimism. It is thus understood that the multiplier effects of the programme at the village level have limitations of scale, among other roadblocks.

V. PROSPECTS

It was argued by Raghuvansh Prasad Singh, Union Minister for Rural Development, in his valedictory address, that the intended vision of the NREGA was to facilitate movement into a higher orbit, that is, from universal employment guarantee to universal livelihood security. This would necessitate sustaining wage employment and simultaneously building the skills and capacities of the beneficiaries and local communities. The Minister further emphasised that the NREGS would prove to be a benchmark in identifying the poor people (households), as hitherto the identification of below the poverty line (BPL) families in India
the self-selection method of NREGS beneficiaries accords an advantage to the programme over the other processes of selection and targeting of beneficiaries. He also hinted at the possibility of treating NREGS beneficiaries as the real BPL households by using this identification criterion for targeting of other welfare schemes to these households, thereby minimising the transaction costs of these schemes.

The Rural Development Minister also emphasised that identifying gaps and lacunae in the current implementation processes and administering mid-course correction in the programme would be an important step towards making it a success, and revealed that he had issued clear instructions to the officials to include the scope for course correction in the process of implementation of the programme. The other corrective measures suggested by the Minister include greater fiscal devolution to the local bodies, institutionalisation of a system of performance-based incentives and dis-incentives, and incorporation of sufficient time investment in the planning process.

The importance of putting in place a grievance redressal mechanism was also stressed as a means of safeguarding the interests of the poor, as routine violations of procedures were observed in several case studies and field observations. Some of the other recommendations for ensuring the success of the programme included setting up of an NREG helpline, instituting a district level ombudsman, enforcement of penalty provision and the strict pursuance of operational guidelines. It was also observed that the poor workers are often unable to register their complaints because of their vulnerable position and the dynamics of local power structures, and that this issue needs to be addressed urgently.

It was added that the role of civil society in NREGS needed to be acknowledged and that complaints from these bodies should be given _locus standi_ in grievance redressals. It was also suggested that in order to realise the full potential of NREGA, its framework should involve civil society organisations that are outside the purview of the bureaucracy and that can ignite popular imagination about the potential of the programme and its effects. This would also weaken the rent-seeking character of the state machinery.

Indira Hirway pleaded for a labour-intensive growth path (Hirway, 2008) for the Indian economy and argued that the way to full employment lay in strengthening the sectors wherein the poor were located. Stabilising their incomes, improving their asset base, constructing a basic socio-economic infrastructure at the local level, ending the practice of unpaid work among women and the poor, and imposing an overall upward pressure on market wages could lead to a full employment situation (Hirway, 2004; Bhaduri, 2005). Hirway stressed that the NREGS has the potential to realise all these concerns.

Gandhiji’s vision was to ensure dignity of human labour for all. However, in the caste-based hierarchical society of India, manual work is seen as a social taboo for certain castes. The NREGS has the potential to do away with these taboos by realising the Gandhian vision of ‘dignity of labour’. In the absence of owner-worker relations, the twice-born upper caste poor have reportedly been seeking wage employment under the NREGS in some places in some states. It is hoped that this may set in motion a process of realisation of the dignity of human labour in the Indian society.
References


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