

## **Too Much on One Shoulder: The Atlas Shall Shrug!**

*Parth J. Shah and Renu Vinod*

It is said that the NREGA is meant to empower ordinary people to demand their constitutional right to work by placing a corresponding duty upon the State to implement that right. Advocates of the Act claim that it is different from the existing schemes by virtue of its legislative status, not making it prone to arbitrary modification and revision. So can the NREGA help confine poverty to history textbooks? For this, it would be important to assess its general objectives and weigh them against what the sceptics consider a road to hell paved with good intentions.

### **Objectives**

Jean Dreze (The Hindu, November 2004) has summarised the objectives of the NREGA, which its proponents are pretty much in agreement with:

**Freedom from poverty:** A strong NREGA would enable the poorest households win their battle against hunger and poverty and leave behind their below poverty line (BPL) status. Aruna Roy and Reetika Khera (The Hindu Magazine, January 2005) have mentioned that the NREGA “offers an opportunity to remove substantially the spectre of starvation deaths from rural India”.

**Reducing rural-urban migration:** An effective NREGA would lead the way for a “dramatic” reduction in rural-urban migration. The idea is simple: why would families in rural areas migrate to cities when there is work available in the villages?

**Women's empowerment:** It is assumed that a significant proportion of labourers employed under the NREGA would be women, subsequently empowering them with some degree of economic independence.

**Creation of productive assets in the rural areas:** Apart from implementing the constitutional obligation of the right to work, the NREGA's other significant contribution would be to create assets in the rural areas: roads, water conservation and harvesting, drought proofing etc.

**Empowering the panchayats:** This Act is completely decentralised. This system, it is hoped, will make the NREGA a people-friendly legislation, with even the Gram Sabha participating in its proper implementation.

**Creating a more equitable social order:** An ambitious impact of the NREGA is considered to be the likelihood of its proper execution changing power equations in the rural society, with the creation of a just social order.

Never was there so much riding for so many people on a single piece of legislation!

**Problems:**

Corruption Guarantee Act? Sunil Jain (Business Standard, November 2005) quotes the ISEC-NIPFP collected data from the villages of Karnataka. According to the report, the 11th Finance Commission stated that a third of the State's expenditure was made through the panchayats, but other documents from Karnataka showed such expenditure to be between 18 and 20 per cent. Moreover, in the over 600 Central schemes in Karnataka, implemented by the panchayats, no separate accounts were kept!

Citing the example of Tamil Nadu's panchayat revenues in the 12th Finance Commission, Jain noted that they fell from Rs 650 crores in 2000-01 to Rs 388 crores in 2001-02, but rose to Rs 891 crores in 2002-03.

Simply put, no accurate data regarding panchayat revenue and expenditure is available. And, the NREGA places the onus of implementing the Act on this very tier of government!

Can we afford such an expansive programme? Shankar Acharya (Business Standard, November 2004) has critiqued Drèze's estimate of the annual cost involved in implementing the NREGA. According to Dreze, with around 4 crore rural households BPL, the total annual cost of the guarantee would come to Rs 40,000 crores, which is 1.3 per cent of the current GDP.

According to Dreze, through self-selection, only members of poor rural households will register for this programme. Acharya calls this fallacious, because, in reality, a rural agricultural worker hardly gets paid the statutory minimum wage. In such a situation, many non-poor agricultural workers can opt for the NREGA rather than their current employment, in the hope of a better pay. Also, since the job card is the key document for recording work performed and for claiming wage payment, every rural household will want to possess at least one job card in the hope of being paid wages. Thus, not taking into consideration the rampant corruption that would create fake muster rolls and job cards is a serious oversight.

The real cost of financing is estimated to be much higher at about 5 per cent of the GDP (15 crore eligible households at Rs 150,000 crores per annum). In reality, the heavy strain on public finance and the government's budgetary constraints are less, rather than more, likely to result in employment guarantee for all!

Issues of transparency and implementation: The Act allows for the public inspection of documents on the payment of a fee, and regular social audits of the schemes' implementation by the Gram Sabha. This transparency is laudable, but serious doubts remain about its follow-through and effectiveness. The experience of Maharashtra's Employment Guarantee Scheme is illustrative. As for the social audit of the schemes, would the dependent poor dare to take the mighty local government to task for bad implementation?

Ila Patnaik, in a series of articles in the Indian Express, notes that research shows the EGA passes the three “acid tests” of an efficient anti-poverty programme, that is, it is self-targeting, self-adjusting and self-liquidating. But she leaves its final success to honest implementation, vigilance from the government, government-appointed independent monitoring agencies and an alert media and public. The irony is that had India been blessed with the first attribute, there would be no need for an employment guarantee legislation today! She is also concerned about the hurry with which the UPA government passed the Act, without properly assessing the implementation hassles of its precursor, the Food for Work programme.

It is also relevant to ask here how Jharkhand, which has 20 districts covered under this Act, would implement it since no panchayat elections have been held in the five years since its creation!

### **What is the Alternative?**

Remove laws, regulations and restrictions that impede the economic initiative of rural workers: The rule of doctors, 'First do no harm,' applies to country managers as well. Legislation such as the Essential Commodities Act and regulations imposed by the Agricultural Produce Marketing Committee (APMC) provide no scope for rural agricultural workers to leave their deprived status behind. While the ECA controls the production, supply and distribution of agricultural produce, the APMC compels the selling of agricultural products in their markets, stifling the marketing initiative of agricultural labourers. There is also no clarity on land titles. The government must computerise all land records and make ownership and transfer of land transparent.

Assure access to all factor inputs: While land, labour and enterprise are abundant in rural India, access to institutional credit at reasonable rates and to means of information, communication and transport is lacking. In Kerala, the use of cell phones has benefited fishermen, traders and consumers. The cell phones help fishermen learn of fish prices in several markets and decide where to sell their catch. As a result, fish prices have become stable, incomes of fishermen and traders have increased, consumers have benefited and wastage has substantially declined.

Institute an insurance system for rural workers: The government should collaborate with insurance companies for at least three types of insurance: life, medical and work injury. With insurance companies having the infrastructure to process claims, provide money to concerned parties and even to verify the truthfulness of claims, there will be no need to create government infrastructure and duplicate the efforts of insurance companies, both public and private. The onus is on the government to subsidise the premium such that the poor worker is not financially burdened. The government can play a positive role by creating a viable environment to encourage the entry of more insurance companies, which would mean better deals for the rural workers.

A Cash Subsidy Guarantee Act? This is for those rural workers for whom the above alternatives do not work. For the poor workers from the most backward and tribal regions, the government should use the extensive network of post offices in the country, where a fixed amount can be deposited on a monthly basis into the beneficiaries'

accounts. The Gram Panchayats would have to identify the beneficiaries. The benefit of having legislation in place is that the government would help ensure that there is a functioning panchayat! Each account would represent one household. If the idea of the NREGA is to free people from the clutches of poverty, then more than employment, it is the real money they receive that counts.

*Parth J. Shah is President, Centre for Civil Society (CCS), New Delhi. E-mail: parth@ccs.in Renu Vinod is Research Associate, Livelihood Centre, CCS, New Delhi. E-mail: renu@ccs.in*

Source: <http://www.labourfile.org/ArticleMore.aspx?ID=780>