

# **Employment Guarantee Act For Promoting Pro-Poor Development**

## **Issues and Concerns With Reference to NREGA in India**

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# This paper

- Discusses how an EGA can lead to pro poor development in a developing economy
- Examines how the recently introduced NREGA is doing in this context
- What are the challenges and concerns and how to face these
- A success story to show how things can work out

# Distortions in Development in spite of High Rate of Growth Under Neo-liberal Policies

- High incidence of poverty, with the poor at the bottom in poor states suffering from starvation, largely due to lack of purchasing power
- Decline in the rate of growth of employment, leading to aggregate demand deficiency
- Agriculture that houses 60 + percent population is unstable and lagging behind
- Natural resources around which the livelihood of many is linked are depleted and degraded in many regions

# Continued...

- Infrastructure development is far from adequate for ensuring quality of life to the poor, particularly in lagging regions
- Contribution and constraints of unpaid work ignored
- Links between economic growth and poverty reduction / human development achievements weakened
- Rising inequalities across regions and across socioeconomic groups
- Focus on economic growth at almost any cost

# Deficiencies in Established Development Model

- Natural capital not considered as capital
- Structural constraints ignored
- Links between economic growth and human development ignored
- Faith in markets and in trickle down though factor markets are distorted
- Rising inequalities do not matter

# Employment Guarantee can Reverse the Trends

- Eradication of worst kind of poverty and starvation, promotion to human development, empowerment of the weak
- Generation of assets and infrastructure to promote growth along with expanding labour absorbing capacity of the economy
- Regeneration of natural resources to enable backward areas to develop and to get mainstreamed gradually
- Reduction in the aggregate demand deficiency, a major constraint to economic growth at present and promotion to economic growth thereby.
- Moving to full employment strategy
- Broad based, labour intensive, equitable, sustainable and inclusive development

# EGA A Full Employment Strategy

- Employment guarantee for the poorest to ensure their full employment
- Insurance in terms of employment for the poor in crisis
- Labour intensive growth for the economy in the second round through assets that generate main stream employment
- Rising aggregate demand that will push up growth along with changing its composition, and push up employment

# Poverty Reduction and Human Development

- The poorest will use the guarantee to avoid worst kind of poverty
- The guarantee will be an insurance to other poor
- It will reduce distressed migration, and promote human development
- It will empower the powerless at the bottom, promote social mobilization and improve their bargaining strength



# Labour Market Outcomes

- It will raise the market wage rate by enforcing the minimum wages, which are based on wage-productivity relationship
- It will integrate the labour market by removing wage differentials / distortions
- It will reduce seasonal fluctuations in wages – stabilize the wage rate
- It will improve wages and working conditions of migrant workers in the place of migration

# Generation of Productive Assets

**EGA is a strategic use of surplus labour for promoting labour intensive, sustainable, equitable economic growth**

- Assets that provide basic needs that ensure quality of life to the poor (drinking water, drainage, sanitation, public hygiene) and reduce unpaid work of women (child care, preschool etc)
- Basic physical and socioeconomic infrastructure like road, education and health facilities, as well as other infrastructure
- Natural resource management and ecological regeneration – land, water, forests etc
- Strengthening asset base of the poor by developing common and individual assets
- In short, assets that generate employment when constructed and later on when used for promoting labour intensive growth

# Engendering Development through EGA

- Women's participation is high in EGA, their increased employment and wages may empower them – better food, nutrition, clothes for women
- EGA assets will reduce their drudgery and time stress, and improve access to productive employment
- Ecological regeneration will strengthen their livelihood opportunities – dairy, forestry, fishery, sericulture etc
- Women's mobilization and collective strength for better bargaining

# NREGA in India

- Guarantee of unskilled work of 100 days at stipulated minimum wages to each HH in 200 most backward districts in India
- Rights and entitlements of workers are identified
- Nature of works to be undertaken identified
- Local self governments are designated to implement EGS with the support from development administration
- Provision for social audit and monitoring at all the levels
- The central act and guidelines, followed by state level schemes
- The scheme will expand to all districts for unlimited work later on

# Concurrent Monitoring for MoRD in 12 states

- For February – July end (6 months)
- To provide feed back to implementers and policy makers at the state and national levels about the working of EGS at the ground level
- To evolve strategy for effective implementation
- To assess strengths and weaknesses of the NREGA and EGS in order to infer lessons, if any, regarding the designing of the scheme

# Major findings of Concurrent Monitoring

- Poor coverage: 50 percent HHs registered and received job cards, 5 % got work of average 5-10 days
- Work started in 40 percent villages, though on a small scale- 5389 villages 2200 works started
- Women and low castes constituted the majority of beneficiaries (60 + %)
- Gradual improvement in coverage, wage rate, work site facilities etc
- Improved participation where NGOs were working – Ghoghamba block

# Major Areas of Concern

- Reaching out to the poorest- information, registration, job cards and participation
- Making the poor demand work as right – lack of knowledge and of collective strength
- Enforcing guarantee of work, continuous work – admin commitment
- Ensuring other entitlements
- Payment of unemployment allowance
- Ensuring payment of minimum wages 60 % did not get minimum wages

# Planning for Assets

- According to the EGS, long term and annual plans are to be prepared at local (district, block and village) levels in a participatory manner under the Guidelines
- In reality planning is top down because of bureaucratization of EGS on the one hand and lack of capacity and willingness of local bodies on the other hand
- Planning lacks local participation
- Planning lacks convergence with ongoing programmes / efforts
- Planning lacks multilevel framework, leading to distortions and ad hoc decisions
- Planning lacks long term perspective and long term goals of NREGA



# Durability of Assets

- About 80 percent assets are not durable at present as 60:40 ratio insisted for each work
- Durability calls for convergence, integration and systematic planning
- Managing material component at the field level: detailed guidelines needed.

# Ownership, maintenance and use of Assets

- 80.4 % assets owned by village Panchayats, 8.7 % by the government and 11 % by individuals
- Local bodies are expected to maintain, use and distribute the gains of assets to people
- Local bodies need funds and capability to maintain and use assets productively – which has to come now
- Assets on private lands: already undertaken in some regions and planned in other regions
- Distribution of gains of assets are not planned as yet

# Institutions and organisations

- According to the Act, PR bodies / local self governments are expected to play a key role in implementing EGS: in planning, maintaining and using of assets, as well as in guaranteeing employment and related entitlements
- District, taluka and village level committees (with outside experts and representatives from civil society as members) are expected to approve plans, overview implementation and assist PR bodies
- Development administration is expected to provide the technical and administrative support
- National / state level councils are expected to review, monitor and guide
- Vigilance committees are expected to perform social audit

# Involvement of PR bodies

- Limitations of Gram Sabhas: needed social mobilization..
- About other PR bodies, there are three problems: their willingness, capability and whether they are allowed to work
- Some times PR bodies are unwilling: given notice in some cases
- Some times they feel helpless/rejected as controlled by bureaucracy
- Some times they lack the capability to plan and implement
- EGS is bureaucratized and PRIs need capacity building, power and support, as well as accountability

# Staff related issues

- Most EGS staff is on deputation, largely from irrigation department
- Low motivation, absenteeism, depressed and frustrated lot, leading to tension and conflicts - they need capacity building in motivation and goal orientation.
- Overburdened staff: Talati and others.
- Admin staff lacking: suggestions from district/talukas (accounts, administration, ICE etc)
- Needed clear job charts, organization structures, procedures etc. (there is some confusion at present leading to tensions and conflicts (ADPC and other officers, TDO-PO, role of Panchayat heads etc.)
- Now that the EGS is finalised, situation is likely to improve (Question: Why not take required staff from open market?)

# Capacity Building of Stakeholders

- Capacity building consist of three components: information / knowledge, methods and techniques, and motivation. i.e.what to do, how to do and why to do
- Capacity building of all stakeholders needed – PR bodies, development admin and people
- Focus largely on development administration
- Not enough appreciation of 2<sup>nd</sup> and 3<sup>rd</sup> component- Focus mainly on information and lecturing

# Gender Dimension of EGS

- EGS has attracted women on a large scale, 60-65 percent beneficiaries are women
- Women receive equal wages as men on paper (family gangs), but not in their hands
- No special jobs are designed for pregnant women, nursing mothers or old / weak women
- Women's special needs such as crèche, not addressed adequately
- Women's participation in planning is missing: drinking water facility, easy access to fodder, fuel wood etc not addressed adequately
- But long term consequences of their large participation are worth watching

# Social Audit

- Under the Act, this is an important aspect of the Act: soul of empowerment and guarantee
- A lot needs to be done in this area: some beginnings in the pipeline
- Boards on the work sites, easy access to data from GPs not there for villagers
- Capacity Building for social audit needed
- Involvement of NGOs will help



# Labour Market Outcomes

- Too early to assess
- Can higher wages on NREGA be sustained?
- The power elite is observed to be reacting as follows:  
Sarpanchs do not start work though there is demand,  
Wrong publicity, Pressurize workers not to join NREGA  
(Works abandoned in some parts),
- Encourage works on their private lands- this is happening in some parts
- Conflicts and harassment to workers may increase, particularly when they are not mobilized - these problems may acquire serious dimensions later on

# Can EGS Stop Distressed Migration?

- This year it has not made much impact due to different reasons
- 91 % migrating HH said that they prefer work at home if it is continuous and at the minimum wage rate, 100 days may not be adequate
- Migration is an old tradition with some advantages, adequate compensation needed to prevent them from migrating
- EGS may improve wages and working conditions of migrants

# Prospects

- Teething problems: will be resolved soon once the feedback is received
- Competence related problems: with capacity building, staffing, monitoring etc may disappear
- EGS design related problems: weak planning, convergence and multilevel planning
- Structure related problems: requires social mobilization (trade union of EGS workers planned) and commitment

# Critical factors that need to be strengthened

- ICE & promoting campaign and expanding coverage
- Enforcing guarantee of work
- Ensuring minimum wage payment
- Planning for continuous employment
- Improving planning for assets and selection of assets
- Capacity building- Go, PR bodies & others in information, methods – techniques and motivation
- Involving people, making it truly participatory: bottom up and not top down
- Involving NGOs and other agencies
- Social audit

# Inferences for GOI

- Teething problems may be taken care of by state administration
- Weak planning component needs to be strengthened by enforcing convergence
- Need for multi-level planning when needed: NRM, Infrastructure
- Need to make employment guarantee for unlimited days
- Devise strategy to face vested interests

# Ralegan Siddhi: A Success Story

- A drought prone poor village turned in to a prosperous village through natural resource management and basic infrastructure building using EGS funds and other funds from ongoing government schemes
- Critical factors in success: leadership and social mobilization, sound long term planning, institutions and EGS funds plus other funds

# Ralegan in 1975

- R had become an environmentally depleted and degraded village due to massive destruction of forests, soil erosion, degraded land and depletion of water resources (1500 population)
- Perpetual drought cycles, erratic rainfall, fluctuating agricultural incomes from one crop, high debts and heavy out migration
- Caught in poverty trap with poor agriculture, low non farm employment and poor infrastructure
- Food insecurity, shortage of drinking water, exploitative socioeconomic structure led by money lenders

# The development Approach

- R has 4 micro watersheds: Development started with percolation tank;
- contour bunding, check dams to hold water within watershed;
- land shaping, land grading and land development strengthened by tree plantation;
- development of common lands and government wastelands;
- massive plantation and many water harvesting structures including revival of water bodies



# Pro poor NRM

- Focus on regenerate common lands and common resources to create massive employment and to strengthen asset base of HH with no/low assets
- High priority to lands of small and marginal farmers
- Focus on constructing assets for drinking water, fuel wood and fodder
- Priority to assets for irrigation on lands of small farmers

# Direct Employment Generation

- Employment generation in NRM: 2.7 m person days
- Employment generation in construction of basic services: water, sanitation, public hygiene: 1.0 m person days
- Employment generation in infrastructure: .5 m persondays
- Material costs met by (1) EGS funds, (2) Govt schemes, (3) free labour, (4) donations

# Ensuring Productive Use of Assets

- Along with generation of assets, their productive use was planned through providing support in the form of credit, technology, training, infrastructure etc through appropriate institutions
- Animal husbandry and dairying, forestry, horticulture, agro processing, crafts etc were taken up for diversification of the economy
- Institutions for health, education, skill training,
- Watershed plus activities

# Village Institutions

- Watershed committees, water users committees, water committees etc for NRM
- Cooperatives of farmers, milk cooperatives etc for economic activities
- Health committees, education committees, youth committees, women's committees etc for social development
- Bhajan mandalis, temple committees etc for values

# Finances

- There are no proper records existing on financing of Ralegan
- Government finances was the main source of finance: EGS (main source), other govt schemes like WSD, horticulture, dairy development,
- Bank finances
- Assistance from Indian donors
- Self help – free labour and local donations

# Ralegan in 1985

- The village did not need EGS
- 70 percent area under irrigation, 165 % cropping intensity, crop diversification, five fold increase in land productivity,
- Common lands regenerated enough fodder and fuel wood (new stoves)
- Diversified and drought proofed village economy
- Distressed out migration stopped,
- Improved education and health levels, with a 18 room public school, technical school, public health centre, a hospital etc
- No starvation, low poverty and high human development
- New social values: No liquer, no group marriages,

# Critical factors in Success

- Massive wage employment generation under employment guarantee, directed to creating assets for promoting long term development of agriculture and allied sectors in a village
- Systematic and sound planning for natural resource management under watershed development framework
- Systematic planning for basic services and infrastructure
- Marrying wage employment programme with other programmes for ensuring productive use of assets for diversifying the local economy
- Setting up appropriate participatory institutions to facilitate the processes

# Replication of Ralegan Experience

- A sub scheme of EGS, Village development through wage labour, introduced in 1985 to replicate R experiment
- Long term comprehensive WSD plan, assuring participation of minimum number of villagers with a priority to common lands and lands of small farmers
- Setting up local institutions,
- Marrying wage and self employment programmes under schemes like group well scheme, horticulture scheme, dairy development scheme etc
- By 1993, 3000 villages covered under the scheme.



# Success of the Sub Scheme

- Not many villages took up work seriously
- Participating villages did show progress in terms of agricultural development and diversification
- Guarantee of work not always ensured though massive employment generation
- Village level institutions were weak – dominated by non poor
- The poorest and the poor did not get the first priority
- Focus more on growth and less on employment guarantee
- Social values received a low priority

# Concluding Observations

- Success of NREGA depends on political mobilization at the bottom
- political commitment at the top
- bureaucratic commitment
- Sound designing and planning and
- Decentralized participatory institutions
- Capacity building in all areas and of all stakeholders
- There are problems, but there are hopes,