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## REVIEW ARTICLE

# NREGA: CHALLENGES AND OPPORTUNITIES

# NREGA: Challenges and Opportunities

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## I. INTRODUCTION

Evolving the design of the wage employment programmes to more effectively fight poverty, the Central Government formulated the National Rural Employment Guarantee Act (NREGA) in 2005. With its legal framework and rights-based approach, NREGA provides employment to those who demand it and is a paradigm shift from earlier programmes. Notified on September 7, 2005, NREGA aims at enhancing livelihood security by providing at least one hundred days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. The Act covered 200 districts in its first phase, implemented on February 2, 2006, and was extended to 130 additional districts from 2007. All the remaining rural areas have been notified with effect from April 1, 2008.

This paper is an attempt to evaluate the challenges and opportunities of NREGA. NREGA is not anymore a programme of the government but a political right of the people. An amount of Rs 11500 crore was allocated by the Union Government for implementation during 2006-2007. The 27 states could spend only about Rs 8800 crore. The allocation is non-lapsable. Rs 12000 crore was allocated by the Union Government for 2007-08. The central Government provides 90 per cent of the fund and the rest is provided by the states.

Poor spending of the funds allocated for 2011-12 had the finance minister shrinking the Budget for the National Rural Employment Guarantee Scheme (NREGS) for current financial year 2012-13. NREGS has been allocated Rs 33,000 crore in the Union Budget 2012-13, as against Rs 40,000 crore last year. Last year too, under the Revised Estimates, the funds for NREGS had been reduced to Rs 31,000 crore. However, allocations for significant interventions in livelihood creation and rural road building, sanitation and drinking water have seen a remarkable increase in the Budget. The rural development ministry's total allocation has gone up from Rs 67,138 crore last year to Rs 73,175 crore. It was Rs 72,061 crore in 2010-11.

## II. Major Challenges of NREGA

NREGA is a vast employment programme launched by Central government to provide the employment opportunities for rural poor. Challenges before the effective implementation of NREGS are:

**Poor administrative:** Under NREGA, villages are the basic unit of planning. Panchayats (the village local bodies) are required to prepare project estimates that involve extensive mapping of village resources and making an annual plan every year to identify works that can be taken up for local resource improvement. However with limited skill in planning, resource management, handling of monetary resources and poor leadership skills, village Panchayats fail to implement the scheme in the desired manner.

**Weak planning skills:** Since it involves rigorous planning and resource management, many Panchayat members are hesitant to implement NREGA as it greatly increases their workload. In many places, Rozgar Sevaks have been appointed to advise gram panchayats, to provide technical inputs, preparing the budget or village level planning needs, but they themselves are not trained adequately.

It is well known that employment schemes have high administrative costs. However administrative cost under NREGA has been kept low. This must be increased. There is an urgent need to ensure more administrative assistance for the programme at all levels, which means both resources and personnel devoted to the actual implementation, monitoring and financial management of the programme. Much needs to be done to strengthen village-level planning. Panchayats need to be equipped with the necessary personnel and funds for effective implementation of the programme.

**Lack of awareness:** NREGA is a right based programme, which guarantees 100 days of employment to poor household in rural areas. However due to poor awareness among rural population, people are not aware about their basic entitlements such as job cards, minimum wage amount, minimum number of employment days, unemployment allowance, etc. Even Panchayats, Rozgar Sevaks and block development officers are ignorant about all the details of the scheme. They are

poorly informed about various processes like registering household, forming vigilance committees, making muster roll, etc.

**Plagued with discrimination:** NREGA has provided a unique opportunity to people from rural India to earn their own income without any discrimination of caste or gender. Most remarkable feature of NREGA is that it pays women the same as men, something that was virtually unimaginable in rural India. However cases of discrimination against women and people from backward groups are reported from several regions of the country. Some states such as Kerala and Andhra Pradesh have registered high percentage of women workers getting enrolled in the scheme whereas others have registered a very low percentage of women availing benefit under NREGA.

No specific tasks for women have been identified. More thought must be given to ensuring that a larger number of women get work which they can do easily. Also facilities like drinking water and crèche must be ensured at the worksites.

**Corruption and irregularities:** There are several cases of fake muster roll entries, overwriting, false names and irregularities in job cards. Even the names of dead people have been entered in the muster rolls. Similarly, the names of people who have not registered often feature in the muster rolls, or the same name is repeated more than once. There are cases of payments being made without taking the worker's signature. In most of the States there is a huge gap between job card distribution and actual provision of employment. In Madhya Pradesh more job cards have been distributed than the number of households and only 35 per cent of rural households actually received some employment under the scheme.

There should be a strict enforcement of transparency safeguards. Muster rolls must be kept at the worksite, job cards must be regularly maintained, wages be paid in public, implementation agencies should be separated from payment agencies, formation of vigilance committees should be done, muster roll record must be verified periodically etc. Also, Panchayats must be directly involved in making payments. Lack of credible and participatory social auditing with active people's participation is a major problem. Government must encourage independent auditing through CSOs and academic experts.

**Delay in payment of wages:** According to the NREGA guidelines, payments for the work should be made within 14 days of the completion of the work. However delay in payment and incorrect payments are a common problem under NREGA. This delay can be from several weeks to sometimes months. Often workers have to make several visits to the post office or the co-operative bank only to find that their wages have not been credited into their accounts. Sometimes delay is also caused because works are carried out

without proper approval and thus the payment is withheld.

Government must ensure easier availability of funds through a backup fund at the district level. There must be a provision of compensation for any delay in payment. In case of delay in payments workers must be compensated as per the Payment of Wages Act of 1936. There is only one instance where compensation was paid to the workers only after the intervention of the social activists. There must also be an independent grievance redressal system under NREGA.

**Quality of Work:** there is no focus on guaranteeing a minimum quality of assets that are sought to be created through the programme. Labour intensive employment programmes are notorious for creating low-quality output. It is not surprising that village roads that are built by unskilled workers under such schemes are often washed away during a heavy downpour. Thus, the entire programme has no lasting value other than providing employment for a specified number of man-days.

**Emphasis on unskilled labour:** the emphasis seems to be on providing work opportunities to unskilled labour and no attempt is being made to upgrade the skills of rural youth and enable them to earn more. The NREGA needs to be a support system for the desperately poor and should enable, encourage and empower them to stand on their own feet. In its present format, the NREGA could become yet another subsidy programme that runs the risk of becoming a burden on the national exchequer.

**Problem of labour availability and inflation:** Many economists attribute increasing labour scarcity in agriculture, rising food price and inflation to NREGA. NREGA has no doubt raised rural daily wage rates, reduced migration and led to several other positive social effects in rural India. But at the same time it has also contributed to rising farm input costs, withdrawal of labour from the farm sector and therefore impacted agricultural operations and food prices. Farmers in Punjab and Haryana now find it increasingly difficult to get labour and are left with no other choice but to increase the wage rate to attract the labourers.

High labour costs due non-availability of labour is resulting in high cultivation cost and thus leading to higher food prices. Many critics feel that by focusing on the employment and not on the production, the scheme merely redistributes the proceeds of a limited production. The scheme no doubt inflates demand but, without corresponding increase in production of useful asset, leads to inflation.

### III. OPPORTUNITIES UNDER NREGA

**Transparency and Accountability:** Few employment generation programmes have created as much buzz as the National Rural Employment

Guarantee Scheme. The scheme is aimed at benefiting BPL households in rural India by enabling at least one member of such households to find guaranteed employment as unskilled labour for at least 100 days in a year. What is special about this scheme is that it has built in some measure of transparency and accountability into its functioning.

The NREGA makes it mandatory for job-seekers to have a job card, for which they have to apply to the panchayat. The panchayats in their turn are required to provide applicants with job cards within 15 days. The application for work and dated receipt act as job trigger mechanisms. The system is still rough around the edges with many of the states unable to keep pace with the demand for job cards and provision of the dated receipts. Although there is a considerable lag in meeting the set targets, the fact that the NREGA has been able to provide jobs and employment to millions of rural households in some of the poorest states in the country is a major achievement. More significantly, it promises to serve millions of households, especially those who are poor.

**Creating Useful Assets:** So far, works related to rainwater harvesting and conservation, desilting of canal distributaries, desilting and renovation of old ponds/tanks and digging up of new farm ponds are mainly being carried out under NREGS. There is a need of improvisation in creating/identifying new employment opportunities and dovetailing various programmes run by the Central and the State Governments with NREGA.

Importance should also be given to afforestation under NREGA by linking it to other forestry programmes. Rural Sanitation is another area which can be dovetailed with this programme. This will also help in the rural health policy and achieving the goals of National Rural Health Mission (NRHM).

Several works that were taken up under NREGA remain incomplete even after two years of their start. Since there is no provision to factor in the completion of work in the overall planning, state governments have initiated a large number of new works and abandoned the old incomplete works mid-way. In many states, buildings and other structures built under the programme were washed away during monsoons. This led to enormous wastage of financial and human resources. Completion and maintenance of works under NREGA should be made compulsory.

**Economic Redistribution:** The programme has even won the admiration of different academicians who now feel that the NREGA is a powerful tool of economic redistribution and social equity. Many analysts feel that the programme is boosting the purchasing power of the rural poor and with access to employment, particularly during the lean employment season: it has led to a more stable income stream for the rural

population. The most eligible rural families that the NREGA hopes to benefit are those of the landless-labourers as well as small and marginal farmers.

**Labour Absorbing Method:** The NREGA guarantees employment for the poor in crisis. It is to trigger labour intensive growth for the economy in the second round through assets that generate mainstream employment. So it is not about creating a permanent army of unskilled workers. It is a tool for transmission of the economy from labour surplus economy to labour using economy.

**Participatory Process:** People are being employed in unproductive work; it is a threat to NREGA. A coolie can get a wage through walking up and down for eight hours. This is not productive employment. Productive employment means that you create some assets. If productive assets are created you create a labour intensive development process.

Another potentiality of NREGA is that it allows for participatory development and convergence with other programmes. This is only possible in the union movement; taking money from central government to labour intensive productive employment. Panchayat has a role in this to identify other programmes which can be done with NREGA.

**Unemployment Allowance:** Under NREGA there is a provision of unemployment allowance in case the local authorities fail to provide employment, however there is a widespread ignorance about how to avail the allowance. Sometimes even the officials deliberately do not give out this information as they fear punishment for not providing jobs.

Poor awareness not only leads to corruption but also to poor management of the scheme and thus true potential of NREGA is not being realised. At the local level, officials have made inadequate efforts to raise awareness about the scheme. The government must carry out an intensive training and awareness-building programme to make the officials and citizens fully aware of all the details of the programme. People at the grassroots level must be made aware of Right to Information (RTI) Act and be encouraged to use it.

**Social Equity:** Village panchayats are the nodal implementing bodies for the NREGA. Local bodies will plan, design and execute the works to be taken up. This is a step towards making this Act a participatory process and empowering people at the grassroots level. At least 50 per cent of the works under the scheme will be implemented through village panchayats. Currently, according to the Union ministry of rural development, village panchayats are implementing close to 66 per cent of all works under the Act. The Act mandates the panchayats to prepare

village-level plans based on local resources and needs. These plans are then implemented using the NREGA, which effectively insulates them from political whims and pressures.

**Social Audits:** Implementation of the NREGA starts from the panchayat. The panchayat also takes charge of popularising the scheme for registration of people and also the procedures to demand works. The Act authorises the panchayat to recommend works to be taken up under the scheme, to monitor and supervise these works, and to conduct social audits of the implementation.

Success of NREGA should not only be assessed in terms of employment provided but also the asset created. Village development through productive asset creation should be made an important objective of this scheme. Premium wage must be provided for development programmes. This will ensure that work done is completed and is useful.

With so much money involved in this scheme the government should take serious measures to see that the money is utilised to create assets villages, thus bringing about a real change in the rural economy. Record of the assets created under NREGA must be maintained at the district headquarters. A national/state level audit needs to be done to see what all productive work has been done under NREGA.

## CONCLUSION

The NREGA offers an opportunity of introducing the target households to a saving and investing culture that has major implications for future economic growth of the country as well as for the financial security of these households. The NREGA would do well to encourage saving and investing among the households and tie it up with education related and healthcare benefits. The challenges for NREGA would be to transform itself into a self-sustaining programme that benefits the poorest of the poor without becoming yet another subsidy-driven programme that is a drain on taxpayers as well as a logistic and administrative nightmare.

The constructive impact of the 100 days employment guarantee must be confined strictly to months when there is no harvesting or sowing activity so that it does not affect agriculture adversely. With the rural workforce drawn into this scheme the mechanisation and modernisation of agriculture needs to be focused upon. Government must study the impact of NREGA on various other sectors and take corrective measures so as to ensure that this programme doesn't exacerbate the problem of food price rise and inflation.

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