Second Administrative Reforms Commission
Government of India

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UNLOCKING HUMAN CAPITAL Entitlements and Governance - a case study

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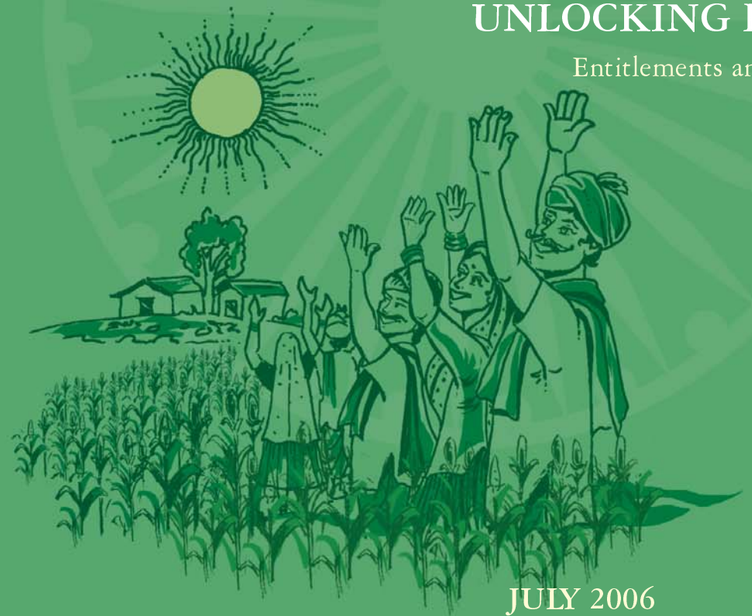
SECOND REPORT

SECOND ADMINISTRATIVE REFORMS COMMISSION

UNLOCKING HUMAN CAPITAL

Entitlements and Governance – a case study



JULY 2006

GOVERNMENT OF INDIA

SECOND ADMINISTRATIVE REFORMS COMMISSION

SECOND REPORT

UNLOCKING HUMAN CAPITAL

ENTITLEMENTS AND GOVERNANCE - A CASE STUDY

JULY 2006

PREFACE

The National Rural Employment Guarantee Act of 2005 is a path-breaking legislation. It signals a paradigm shift to legal entitlements, public accountability coupled with community rights, and responsive and participative management. In the past, wage employment programmes, though well stretched, suffered for a variety of reasons. Programme coverage was low. More than fifty per cent of beneficiaries were not from the most needy group. Labour employed was not always from the local population. Payment made was lower than the prescribed wage. There was disparity between wages paid to women and men. On an average, 16 to 29 days of employment were provided to a worker per annum. Quality of assets created was not always of the requisite standard. There were reports of forged muster roll. On the whole, wage employment programmes did not eventually achieve what they set out to do.

The unhappy result was that even though a number of such schemes were taken up, the poor continued to remain poor, caught in social captivity and were not enabled to participate in the mainstream process. This was particularly true of areas plagued by extremism, and frontal and inaccessible areas where employment schemes were taken hostage by contractors and middlemen, locking people in a seemingly perpetual cycle of poverty. Empowering the poor is best done by breaking the barriers of unemployment, illiteracy, backwardness, ill-health and debilitating social inequality. It is sad but true that these barriers continue to restrain the participatory possibilities of the rural poor in the growth process. Inclusion and participation in the process of growth is extremely important for taking the poor out of the vicious cycle of poverty. We need to note that, while the nation is growing in a high-income trajectory, the bottom of the pyramid of the society is excluded from the benefits of growth. Unless we target the poor aggressively on the supply side and embark on initiatives which benefit them directly, growth and equality cannot be reinforced.

The National Rural Employment Guarantee Act (NREGA) is one such revolutionary initiative targeted at the poor. In order to empower the poor, giving voice to them in the process of implementation of NREGA should be the main thrust of the Scheme. Community pressure on representatives of local authorities should demolish the traditional hierarchy of power that has disempowered the poor for so long. Such an accountability mechanism coupled with effective community participation should give democracy back to the people.

We also need to note that the deterioration in the country's administration and public delivery system has affected the poor the most. It is because they are critically dependent on the availability of public services and essential infrastructure. Corruption is one of the primary reasons why the public delivery system has not touched the lives of the poor. We have to fight corruption aggressively if the benefits of NREGA are to reach the poor.

Extremism and Naxalism have spread to parts of more than 12 States and have taken a heavy toll. It is not a coincidence that most of these districts represent areas of high concentration of poverty, poor governance systems and practices, weak infrastructure and unequal power structure. These are also areas where Panchayats are simply non-existent and in many places, non-functional. The spread of democratic space through the effective implementation of NREGA is the only way to liberate these districts.

The Commission has undertaken a study of institutional, administrative and financial management systems of NREGA. The study is greatly benefited by the deliberations at the National Workshops organized by the National Institute of Public Finance and Policy, and the eGovernments Foundation. It is also benefited by inputs from government functionaries, experts with domain knowledge, NGOs and other important stakeholders. Based on these inputs, the Commission has recommended comprehensive reforms so that the Act can be implemented seamlessly to benefit the poor. I am confident that, if successfully implemented, the Act will be the harbinger of transformative changes and participative democracy in rural India.

(M Veerappa Moily)

Chairman

Government of India
Ministry of Personnel, Public Grievances & Pensions
Department of Administrative Reforms and Public Grievances

Resolution

New Delhi, the 31st August, 2005

No. K-11022/9/2004-RC. — The President is pleased to set up a Commission of Inquiry to be called the second Administrative Reforms Commission (ARC) to prepare a detailed blueprint for revamping the public administration system.

2. The Commission will consist of the following :

(i) Shri Veerappa Moily - Chairperson
(ii) Shri V. Ramachandran - Member
(iii) Dr. A.P. Mukherjee - Member
(iv) Dr. A.H. Kalro - Member
(v) Dr. Jayaprakash Narayan - Member
(vi) Smt. Vineeta Rai - Member-Secretary

3. The Commission will suggest measures to achieve a proactive, responsive, accountable, sustainable and efficient administration for the country at all levels of the government. The Commission will, inter alia, consider the following :

(i) Organisational structure of the Government of India
(ii) Ethics in governance
(iii) Refurbishing of Personnel Administration
(iv) Strengthening of Financial Management Systems
(v) Steps to ensure effective administration at the State level
(vi) Steps to ensure effective District Administration
(vii) Local Self-Government/Panchayati Raj Institutions
(viii) Social Capital, Trust and Participative public service delivery
(ix) Citizen-centric administration
(x) Promoting e-governance
(xi) Issues of Federal Polity
(xii) Crisis Management
(xiii) Public Order

Some of the issues to be examined under each head are given in the Terms of Reference attached as a Schedule to this Resolution

4. The Commission may exclude from its purview the detailed examination of administration of Defence, Railways, External Affairs, Security and Intelligence, as also subjects such as Centre-State relations, judicial reforms etc. which are already being examined by other bodies. The Commission will, however, be free to take the problems of these sectors into account in recommending re-organisation of the machinery of the Government or of any of its service agencies

Some of the issues to be examined under each head are given in the Terms of Reference attached as a Schedule to this Resolution

5. The Commission will give due consideration to the need for consultation with the State Governments.

6. The Commission will devise its own procedures (including for consultations with the State Government as may be considered appropriate by the Commission), and may appoint committees, consultants/advisers to assist it. The Commission may take into account the existing material and reports available on the subject and consider building upon the same rather than attempting to address all the issues ab initio.

7. The Ministries and Departments of the Government of India will furnish such information and documents and provide other assistance as may be required by the Commission. The Government of India trusts that the State Governments and all others concerned will extend their fullest cooperation and assistance to the Commission.

8. The Commission will furnish its report(s) to the Ministry of Personnel, Public Grievances & Pensions, Government of India, within one year of its constitution.

(P.I. Suvrathan)
Additional Secretary to Government of India

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LIST OF ABBREVIATIONS USED

ARC	Administrative Reforms Commission
CEGC	Central Employment Guarantee Council
EAS	Employment Assurance Scheme
GOI	Government of India
IT	Information Technology
NFFWP	National Food for Work Programme
NGO	Non Governmental Organisation
NIPFP	National Institute of Public Finance and Policy
NREGA	National Rural Employment Guarantee Act
NREP	National Rural Employment Programme
PWD	Public Works Department
REGS	Rural Employment Guarantee Schemes
RLEGP	Rural Landless Employment Guarantee Programme
RTI	Right to Information
SEGC	State Employment Guarantee Council
SGRY	Sampoorna Grameen Rojgar Yojana
SHG	Self Help Group

1

INTRODUCTION

"The measure of a country's greatness should be based on how well it cares for its most vulnerable populations".

Mahatma Gandhi

1.1 There is a shift in Government's approach towards development. Instead of relying only on increase in general affluence to enhance the living standards of citizens, the approach is to consider the acquisition of minimum levels of education, health, employment and nutrition as basic entitlements, and recognize the key role of the state in providing them to every needy citizen in the country. In essence, the shift is towards universalization and entitlements.

1.2 There is also increased emphasis on promoting balanced development in which all regions in the country have the opportunity to develop evenly. This equity-promoting role demands that greater resources be allocated to the backward regions to remove gaps in the provision of basic services and human development. As a result, large investments will flow to those districts of the country which are classified as backward. Admittedly, these are the most difficult districts to implement development programmes because of poor governance structures, low organizational capacity, weak infrastructure and unequal power structures. If the programmes can be implemented with a modicum of success in these backward regions, it would have garnered mainstreaming of development in the poorest parts of the country.

1.3 There is also a fundamental change in how government programmes are funded and executed. Increasingly key programmes are being funded by the Union Government and executed by State Governments. This ensures that on the one hand, no entititlement programme is made to suffer due to resource constraint and, on the other, funds are available with greater regularity to implementing districts, blocks and Panchayati Raj Institutions so that programme outcomes can be seamlessly achieved with local participation, ownership, initiative and supervision.

1.4 In his budget speech for 2006-07, the Union Finance Minister stated that the bulk of resources of the Union Government would go to seven flagship programmes, namely, Sarva Shiksha Abhiyan, Mid-day Meal Scheme, Drinking Water Mission, Total Sanitation Campaign, National Rural Health Mission, Integrated Child Development Services, and National Rural Employment Guarantee Scheme. They have been allocated substantially higher funds during 2006-07.

Table 1.1- The Flagship Schemes (Rs Crores)

(Source: Report of the Expert Group on Planning at the Grassroots Level)

Sl. No.	Scheme	Ministry/ Department	Allocation in 2005 -06	Allocation in 2006-07
1	Sarva Shiksha Abhiyan	Department of Elementary Education	7156	10041
2	Mid-day Meal Scheme	Department of Elementary Education	3010	4813
3	Drinking Water Mission	Department of Drinking Water Supply	3645	4680
4	Total Sanitation Campaign	Department of Drinking Water Supply	630	720
5	National Rural Health Mission	Ministry of Health and Family Welfare	6553	8207
6	Integrated Child Development Services	Ministry of HRD - Department of Women and Child Welfare	3315	4087
7	National Rural Employment Guarantee Scheme (including SGRY)	Ministry of Rural Development	10000	14300
	Total		**34309**	**46848**

1.5 All these flagship programmes signal a change in the development approach towards universalization and entitlements. To that extent a key consideration in the implementation of these programmes is to guarantee the reach and the outcomes of the programmes. These

are part of the emerging paradigm of Union funding and execution by the State Governments. The challenge under the circumstances would be to maintain the ease and regularity of fund flow and ensure accountability in achieving the intended programme outcomes without incentives being distorted because of the duality in funding and execution.

1.6 Since these flagship programmes are bound by the common objective of delivering entitlements on a universal scale, it is necessary that they converge at the grassroots and their individual planning systems are integrated harmoniously. Such integration would ensure common implementation framework for all the schemes.

1.7 Above all, adequate and appropriate administrative and institutional arrangements are essential for the success of these programmes. In their design, these programmes provide for a multi-tier structure of administrative and institutional arrangements for implementation and monitoring with specified roles and responsibilities. The agencies involved are the respective ministries of the Union Government, departments of the State Governments and the local governments. The structure of implementation and monitoring, both elaborate and complex, underscores the criticality of various institutional structures working in tandem: at the minimum, what is required for the successful implementation of the programmes is both vertical coordination of different tiers of governments and horizontal coordination across departments for execution of the programmes through the local government.

1.8 Of the seven flagship programmes, the Rural Employment Guarantee Scheme under the National Rural Employment Guarantee Act (hereinafter referred to as NREGA or simply 'the Act') is certainly the largest in terms of its outlay, coverage and expected outputs. In particular, suitable administrative and financial management systems need to be put in place in order to achieve the desired objectives of NREGA in terms of the benefits of the programme reaching the intended groups to build capacity to implement the Scheme at decentralized levels and create a proper information system not only to implement the Scheme effectively but also to ensure accountability and transparency.

1.9 Evolving appropriate administrative and financial management systems is the key to the success of NREGA. The Administrative Reforms Commission (ARC) attaches the highest importance to these systems because once they are tried and tested in the implementation of NREGA, lessons can be drawn and used for other flagship programmes as well.

1.10 It is in this context that ARC undertook a study of strengthening of administrative and financial management systems for effective implementation of NREGA. To initiate a process of wide consultations, the ARC and the National Institute of Public Finance and Policy (NIPFP) jointly organized a National Workshop which was inaugurated by

Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister. The Workshop was attended by representatives from ministries/departments of the Union Government, Secretaries of the State Governments in charge of Rural Development, officers from the districts, academicians, economists, activists from NGOs and other stakeholders. The list of participants and recommendations of the Workshop are at *Annexures I(1),* and *I(4)* respectively. Another workshop was organized jointly with **eGovernments Foundation** with participation of government functionaries, international experts with domain knowledge and representatives of a number of NGOs. The list of participants and recommendations are at *Annexures I(5),* and *I(6)* respectively.

1.11 The Commission formulated a comprehensive questionnaire reflecting several aspects concerning the implementation of the Act and circulated it to the State Governments seeking responses from Panchayats, Chief Executives of District Panchayats/Collectors and NGOs {*Annexure I(7)*}. The Commission visited some of the states and held discussions with government functionaries and other important stakeholders. In order to assess the situation at the ground level, the Commission conducted field visits in the states of Karnataka, Tamil Nadu, Jharkhand, Bihar and Rajasthan. Based on all these inputs, the Commission has identified issues and constraints and has suggested solutions and made recommendations.

2

REVIEW OF PUBLIC EMPLOYMENT PROGRAMMES

2.1 Wage Employment Programmes in the Past

2.1.1 Government of India has taken up a number of wage employment programmes starting with the Rural Manpower Programme in 1960. Productive absorption of underemployed and surplus labour in rural areas has, in fact, been a major focus of planning for rural development in order to provide direct supplementary wage employment to the rural poor through public works. The following table describes the programmes undertaken by Government of India over a period of time :

Table 2.1 : Wage Employment Programmes[1]

Programmes	Period	Objectives
Rural Manpower Programme (RMP)	1960-1969	Provide employment to 2.5 million persons in areas exposed to pronounced seasonal employment.
Crash Scheme for Rural Employment (CSRE)	1971-1974	Provide employment to 1000 persons in 350 districts through labour intensive works and create durable assets.
Drought Prone Areas Programme (DPAP), Rural Works Programme (Later restructured as Area Development Programme)	1971-1973	Mitigate the severity of scarcity conditions by organizing labour intensive and production oriented works so as to generate considerable employment.
Food for Work Programme (FWP)	1977-1980	(i) Generate gainful employment to a large number of unemployed and under-employed persons, both men and women in the rural areas which will improve their incomes and consequently their nutritional levels. (ii) Create durable community assets

[1] Extracted from Drought 2002, Department of Agriculture and Cooperation, Ministry of Agriculture, GOI

Programmes	Period	Objectives
		and strengthen the rural infrastructure which will result in high production and better living standard in rural areas; and (iii) Utilise surplus foodgrains for development of human resources.
National Rural Employment Programme (NREP)	1980-1989	Generate additional gainful employment; create durable community assets; and raise nutritional standards of the poor.
Rural Landless Employment Guarantee Programme (RLEGP)	1983-1989	Provide 100 days of employment to at least one member of a landless household.
Jawahar Rozgar Yojana (JRY)	1989-1999	*Primary objective*: Generate additional gainful employment for unemployed and under-employed persons, both men and women, in rural areas through creation of rural economic infrastructure, community and social assets, particularly, in favour of the poor and with an aim at improving quality of life in rural areas.
Employment Assurance Scheme (EAS)	1993-1999	Provide 100 days of assured employment to a person in 1752 backward blocks during lean agricultural periods in the form of manual work.
Food for Work Programme II	2000-2002	Augment food security through wage employment in drought affected rural areas.
Jawahar Gram Samridhi Yojana (JGSY)	1999-2001	*Primary Objective*: Creation of demand driven community village infrastructure, including (i) durable assets at the village level and (ii) assets to enable the rural poor to increase the opportunities for sustained

Programmes	Period	Objectives
		employment. *Secondary objective*: Generation of supplementary employment for unemployed poor (Below Poverty Line) in the rural areas.
Sampoorna Grameen Rozgar Yojana (SGRY)	2001	Provide wage employment, food security, and creation of durable assets (the scheme was formed by merging EAS and JGSY).

2.1.2 There have been a number of evaluation studies of these wage employment programmes. They reveal

- Funds were not utilized in full. Lack of planning; untimely release of funds, both from the Union Government to the District Rural Development Agencies (DRDAs) and from the DRDAs to blocks; and other factors such as inability of the states to generate matching resources were important factors that contributed to low utilization of funds.
- Coverage of villages and the target group was extremely low.
- A large part of the funds was used less in labour intensive activities and more in capital intensive activities. The normative capital labour ratio was not adhered to.
- Majority of beneficiaries received less than 30 days of wage employment in a year. Non-poor households were also found to have been the beneficiaries of these programmes.
- There was bogus reporting to achieve targets.
- These programmes created income for the rural poor but left very few durable assets.
- The programmes encouraged corruption, both at political and administrative levels.
- Fudging of muster rolls and measurement books was common and resulted in loss of funds that could have been otherwise invested in creation of rural infrastructure.
- Participation of women was lower than the stipulated norm of 30 per cent.
- In most cases, contractors were involved and the use of machinery was also reported, though the schemes expressly forbade it.

2.2 Employment Guarantee Scheme

2.2.1 The Employment Guarantee Scheme (EGS) started in Maharashtra in the early 1970s. EGS guarantees employment to persons above 18 years of age who are willing to do unskilled manual work on a piece rate basis. The scheme is self-targeting. The objectives are to improve welfare of the households through provision of employment and contribute to the development of the rural economy in the long run through strengthening of infrastructure. An urban employment tax is used to partially finance EGS.

2.2.2 Evaluation studies of EGS show

- The programme continues after 30 years without any decrease in demand for unskilled wage work
- Modest impact on poverty reduction and on unemployment reduction
- Distress migration of workers from backward region continues
- Quality of the assets created and their maintenance is not satisfactory
- Failure to adopt a local development policy to promote overall area development

2.3 Lessons

2.3.1 Inadequate Planning for Assets

The most glaring weakness is the absence of careful planning for assets. Inadequate planning and serious flaws in project selection had adverse impact on the productivity and quality of the physical capital created. This underscores the importance of a holistic development plan fully integrated with the implementation of other development initiatives.

2.3.2 Lack of People's Participation

The process of planning and implementation was flawed because of lack of people's participation. An important input from the evaluation studies was that in the absence of people's participation, the bureaucracy dominated the process of planning and implementation, with the result that the approach was technocratic and top-down.

2.3.3 Limited Role of Panchayats

Although Panchayats were associated with the implementation of some of the wage employment schemes, they played only a limited role. The involvement of Panchayats, however, did strengthen the planning and implementation of the employment schemes wherever they were associated. This highlights the need for giving a greater role to the Panchayats in the implementation of wage employment programmes.

2.3.4 Lack of Capability

Very few elected Panchayat chiefs and other functionaries were given training. This underscores the importance of building capability in the Panchayats through appropriate training and orientation programmes. Training of officials/representatives of the Panchayat bodies is the key to the effective planning and implementation of employment programmes.

2.3.5 Focus on Physical Work

The earlier employment generation programmes/schemes were inherited from the colonial relics of famine relief works introduced after the Deccan Riots in 1890, and these focused on physical work. In the process of exploiting this country as a dependent economy to accelerate the advent of the industrial revolution, our knowledge based rural economy was destoyed by the colonial power. There is therefore, a need to redefine employment programmes through an appropriate use of knowledge and skills in the works. This approach will herald a self-sufficient rural economy. It will also help in convergence of rural-urban divide.

2.3.6 Leakages

Leakages were a common feature in the implementation of employment programmes. Fudging of muster rolls and measurement books was very common. In most cases, contractors were involved.

3 NATIONAL RURAL EMPLOYMENT GUARANTEE ACT – IMPLEMENTATION CHALLENGES

3.1 Salient Features of the Act

3.1.1 The National Rural Employment Guarantee Act represents a paradigm shift: it provides assured employment for hundred days to a rural household. The key to this legislation is in the word 'guarantee': it makes employment a right, something that people can expect, demand and enforce. NREGA is a landmark initiative in yet another significant way. It not only enhances the income of the poor in the short term by providing employment, but by creating durable assets through the process of employment, it generates the much-needed productive infrastructure for poverty alleviation on a sustained basis. To that extent, it provides a safety net to the rural poor.

3.1.2 The challenges for the successful implementation of NREGA stem from five factors, namely (a) shift towards universalisation and entitlements, (b) funding by the Union Government and execution by State Governments, (c) centrality of Local Governments, (d) administrative and institutional arrangements and (e) problems in the backward areas.

3.2 Shift towards Universalization and Entitlements

3.2.1 Guaranteeing Reach

The distinguishing feature of NREGA is that it provides legal guarantee to all households in need of employment and embodies the commitment of the state to honour that legal guarantee within a specified time frame. In other words, each State Government will have to evolve a well coordinated approach to equate supply of employment in accordance with the demand for universalization. This becomes all the more necessary as there is no supply side selection of beneficiaries. Under the circumstances, there is need for in-depth understanding of region specific labour demand and its seasonality so that a demand based shelf of projects can be implemented at a frequency that matches with the demand for work instead of supply side provisioning. Failure to do so may result in imprudent use of funds as inability to provide employment on demand will impose the burden of compensation in the form of unemployment allowance on the State Governments.

3.2.2. Guaranteeing Outcome

The outcome envisaged is the provision of livelihood security to the rural poor in the short term by providing guaranteed employment on a universal scale and asset creation through the process of employment to generate infrastructure for poverty alleviation on a permanent basis. The wages should be sufficient to meet the daily subsistence needs of workers' household and provide livelihood security. In the long term, the assets created in the programme should be durable and productive enough to promote sustainable development and livelihood systems for the rural poor. This would call for designing a monitoring mechanism by strengthening institutional structures at the level of the local government so that resources can be used optimally for the purpose of both employment and asset creation.

3.2.3. Ensuring Convergence

It is necessary to integrate the implementation of NREGA with the implementation of other flagship development initiatives and achieve convergence. This would require preparation of a holistic integrated development plan at the local level and includes works to be identified, selected and undertaken systematically as part of the long-term strategy for rural development.

3.2.4 Method of Expansion

In the first phase, NREGA is being implemented in 200 identified backward districts. In subsequent phases, it will be expanded to cover the rest of the country. The expansion in the coverage of the Scheme should be both need-based and demand-based. In many of the districts notified for implementation of NREGA in the first phase, there are some blocks which are well developed while others are underdeveloped, thus dragging down the overall development indicators and resulting in the district being included under NREGA. The district may therefore not be the ideal unit for implementation under this Scheme.

3.2.5 Gender Balance

There is need to achieve appropriate gender balance in the implementation of NREGA. This is important because of the twin considerations of casualisation of labour and feminization of poverty. Steps have to be taken to ensure that women actively participate in NREGA, so that the Scheme becomes an important means for empowering women and mainstreaming gender in development.

3.3 Union Funding and Execution by State Governments

3.3.1 Fund Flow

The implementation of NREGA is mainly funded by the Union Government. As it is a demand based provisioning, flow of funds from the Union Government to the local

government needs to be ensured according to the demand. Thus, a clear mechanism for flow of funds needs to be evolved, to be driven by demand rather than through the normal bureaucratic procedure. This also requires a good deal of coordination between providing work and provisioning of funds.

3.3.2 Accountability

Because of the duality in respect of funding and execution, it is possible that accountability could get blurred. It is, therefore, necessary to delineate the accountability mechanisms in clear and unambiguous terms.

3.3.3 Moral Hazards and Distorted Incentives

The funding and executing agencies being different, there is a likelihood that incentives may be distorted leading to use of resources in a manner that may not exactly maximize programme outputs. Care has therefore to be taken to ensure that the funds are used exclusively for furthering the goals of the programme.

3.4 Centrality of Local Governments

3.4.1 Local Governments

Panchayati Raj Institutions are the designated agencies for the execution of schemes under NREGA. Panchayats are responsible for identification, execution and supervision of projects as per the recommendations of the Gram Sabha and the Ward Sabhas. Gram Sabhas and the Ward Sabhas have the twin responsibility for not only choosing the list of projects for implementation under the Scheme but also ensuring accountability. For this purpose the Gram Sabhas have been given power to conduct regular social audit of individual schemes. However, given the track record and capacity levels of the Panchayati Raj Institutions across the country, particularly in the backward districts, there is need for capacity building in these institutions to enable them to discharge their responsibilities.

3.5 Administrative and Institutional Arrangements

3.5.1 Technology

Given the scale of the programme and the possibility that its complexity may grow over time, it is important that operations be backed by a robust technology backbone. The key objectives that technology can facilitate in the implementation of NREGA are efficiency, expediency, accountability, transparency, prevention of leakages and flexibility to different administrative demands.

3.5.2 Corruption and Leakages

Experience of the implementation of the previous wage employment programmes shows that leakages were a common feature and there was large-scale association of contractors and fabrication of muster rolls. Steps have to be taken to ensure that these do not occur in the implementation of NREGA. At a minimum, it should be ensured that funds reach the workers in a transparent way. In order to prevent corruption and leakages, there is need for simultaneous monitoring. Along with Gram Sabhas, self-help groups, local monitoring committees and NGOs could possibly be involved in simultaneous monitoring of the implementation of the Scheme under NREGA. In order to institutionalize simultaneous monitoring, there is need to define a clear charter of roles and responsibilities through activity mapping and capacity building of all monitoring agencies.

3.5.3 Transparency

There is need for maintaining total transparency, particularly with regard to selection of beneficiaries, identification of works and preparation of estimates. Muster rolls should be freely available for inspection. Payments to workers should be made publicly on pre-announced dates, when the muster roll is also made public. Steps should be taken to make the entire implementation process totally transparent. In any case, each Panchayat is a public authority under the Right to Information Act and has to discharge all obligations stipulated under that Act.

3.5.4 Community Participation

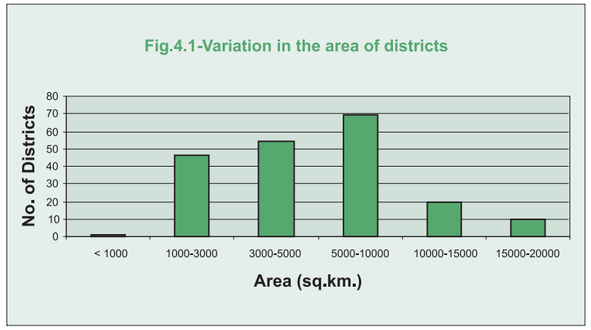
There should be participation of the community in planning, implementing, supervising and monitoring of the schemes. It is of key importance that the community is associated with decision making on the choice of works, in the absence of which it will be left to the bureaucracy to determine works resulting in a bureaucratic and top-down approach.

3.6 Special Challenges of Backward Areas

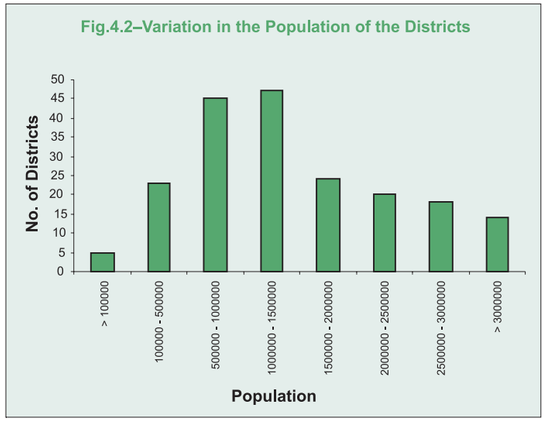
As a first step, the programme is being implemented in 200 districts in the country which represent areas with high concentrations of poverty. Admittedly, these are the most difficult districts to implement the programme due to weak governance structures, low organizational capacity and highly stratified social and economic power structures. In addition, most of these districts are located in difficult terrain with poor accessibility and poor infrastructure. These districts with special challenges are more comprehensively dealt with in the next chapter.

4 SPECIAL PROBLEMS OF BACKWARD DISTRICTS

4.1 The districts selected for implementation in the first phase pose a major challenge for implementation because of their special problems. Out of the 200 districts, 64 are plagued by extremism[2] and 69 districts are included in the Scheduled Areas and Tribal Areas[3]. There are districts where Panchayats are non-existent and in many places, non-functional. Difficult and varied topography makes adoption of uniform norms impractical. There is also the problem of not having regular and dedicated functionaries for many of these Panchayats. Given these constraints, implementation of NREGA in these districts would require well focused area specific responses.



4.2 Widespread poverty is a common feature of all these districts. *Annexure IV(1)* provides a statistical profile of these 200 districts. It can be seen that a large number of them are located in arid and semi-arid regions. In fact, 94 districts are covered under the Drought Prone Areas Programme and 8 districts are covered under the Desert Development Programme[4]. While some districts have an



[2] Source: Ministry of Home Affairs, Government of India
[3] Source: Ministry of Tribal Welfare, Government of India : Annual Report, 2005-06
[4] Source: Website of Department of Land Resources, Ministry of Rural Development, Government of India (http://dolr.nic.in)

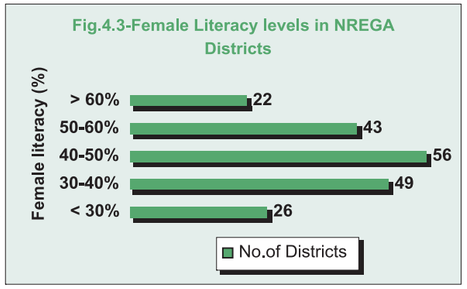
average annual rainfall of about 3000 mm (Bongaigaon, Assam) there are others with an annual average rainfall of about 500 mm (Ahmednagar, Maharashtra)[5]. There are 21 districts in the Himalayan region and the North East which are completely mountainous. Besides, a number of districts in Jharkhand, Chhattisgarh, Maharashtra, Madhya Pradesh, Andhra Pradesh and Orissa have hilly terrain. There are also wide variations in the size and population of districts. Sheohar district in Bihar has an area of 443 sq. km. while Mehboobnagar in Andhra Pradesh has an area 41 times larger (18432 sq. km.). Similarly, Upper Subansiri in Arunachal Pradesh has a population of 39590, whereas South 24 Parganas in West Bengal has a population 147 times greater {Fig.4.1 and 4.2}.

4.3 These districts are also the most backward regions in terms of connectivity and spread of banking and post office infrastructure. At present there are 68339 bank branches in the country[6]; thus there is one branch for a population of 15000. An analysis of the bank coverage in a few districts given in Table 4.1, highlights the weak bank network in these areas.

Table 4.1 – Banking infrastructure in some districts

Sl. No.	District	State	No. of Bank Branches[7]	Total population	Average population per branch
1	Dhamtari	Chhattisgarh	40	706591	17665
2	Pakur	Jharkhand	40	701664	17542
3	Shahdol	Madhya Pradesh	70	1575307	22504
4	Bhojpur	Bihar	89	2243144	25203
5	Thiruvannamalai	Tamil Nadu	94	2186125	23256

4.4 The socio-economic indicators of most of these districts are generally below the national average. Out of these 200 districts, 148 have literacy lower than the national average (65.38%)[8]. The situation in respect of female literacy is similar: 154 districts have rates lower than the national average of 54.16%[9] (Figure 4.3). Also, the proportion of SC/ST population in most

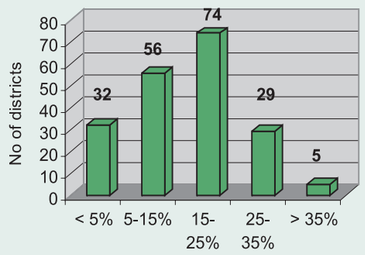


[5] District Website (http://ahmednagar.gov.in)
[6] Source: RBI website (www.rbi.org.in)
[7] Source: District websites (http://dhamtari.nic.in; http://pakur.nic.in; http://shahdol.nic.in) and District Office, Bhojpur & Thiruvannamalai districts
[8] and [9] Source:http://www.educationforallindia.com

of these areas is higher than in other areas. In 98 of these districts, the proportion of SC population is well above the national figure of 16.2% (Fig 4.4). Similarly, 116 districts have more than 8.2 per cent of ST population, which is the national average and in 41 of them (this does not include Jamtara, Latehar, Simdega and Saraikela-Kharsawan districts of Jharkhand for which Census 2001 figures are not available) STs constitute a majority of the population (Fig. 4.5).

4.5 These districts are primarily agricultural and in 115 districts, the percentage of agricultural labourers in the total rural working population is higher than the national average of 33 per cent. This indicates the prevalence of large scale landlessness in these districts combined with lack of effective employment opportunities in the non-agricultural sector. This results in lower incomes for a large section of the rural population and is a major contributor towards the backwardness of these districts, apart from constraints imposed by agro-climatic and physiographic conditions.

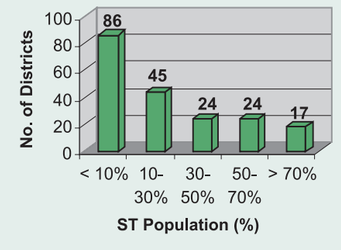
Fig.4.4-SC Population in NREGA Districts (%)



4.6 Panchayati Raj Institutions are the designated agencies for implementing NREGA. In some of the 200 districts, Panchayats do not exist, or are non-functional. The Gram Sabhas which are required to choose the shelf of projects and conduct social audit of the works done are dormant in some cases. The priority, therefore, should be to activate the Panchayati Raj Institutions in these districts for effective implementation of NREGA.

4.7 In the areas under the Fifth Schedule of the Constitution, where as many as 63 of these backward districts are located, the quality of local bodies was expected to improve after the enactment of the Panchayats {Extension to the Scheduled Areas} Act, 1996 {PESA} in December 1996. PESA has, in fact, important implications for the administrative framework of these areas, because it spells out the functions, powers and

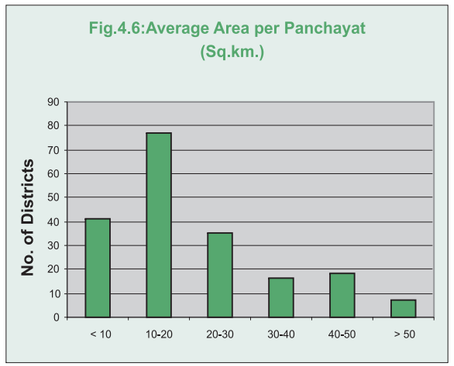
Fig.4.5:ST Population in NREGA Districts



responsibilities in respect of Gram Sabha and Panchayat. For example, PESA stipulates that the Gram Sabha will approve plans, programmes and projects before they are taken up for implementation by the Panchayat at the village level, and it would identify beneficiaries for poverty alleviation and other programmes and certify utilization of funds by the Panchayat at the village level. To that extent, the implementation of PESA will have a bearing on how NREGA is implemented in the Fifth Schedule Areas.

4.8 While all the states in the Fifth Schedule Areas have enacted requisite compliance legislations by amending the respective Panchayati Raj Acts, certain gaps continue to exist, which have adverse implications for the effective implementation of NREGA. For example, most states are yet to amend the subject laws and rules; and although provisions in such laws that are inconsistent with those in PESA are legally invalid after December 1997; they continue to be followed. Power statutorily devolved upon Gram Sabhas and Panchayats is not matched by concomitant transfer of funds and functionaries, resulting in the non-exercise of such power.

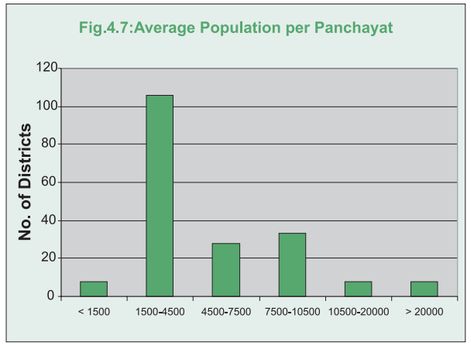
Fig.4.6:Average Area per Panchayat (Sq.km.)



4.9 The nature of local government varies considerably in these 200 districts. As stated earlier, the constitution of local bodies in Schedule Areas under the Fifth Schedule will be considerably different after the effective implementation of PESA. Similarly, in some of the Sixth Schedule Areas, such as, Mizoram and Meghalaya, where Part IX of the Constitution is not applicable, the constitution of local bodies is different.

4.10 The size and area of Gram Panchayats also varies as can be seen from Figures 4.6 & 4.7. For example, the average area per Panchayat in Vaishali district in Bihar is 7 Sq. km., while that of Wayanad district in Kerala is 85 Sq. km. The average population per Panchayat in Hingoli district in Maharashtra is 1475 while that in Palakkad district in Kerala is 25,121. These variations have a direct bearing on

Fig.4.7:Average Population per Panchayat

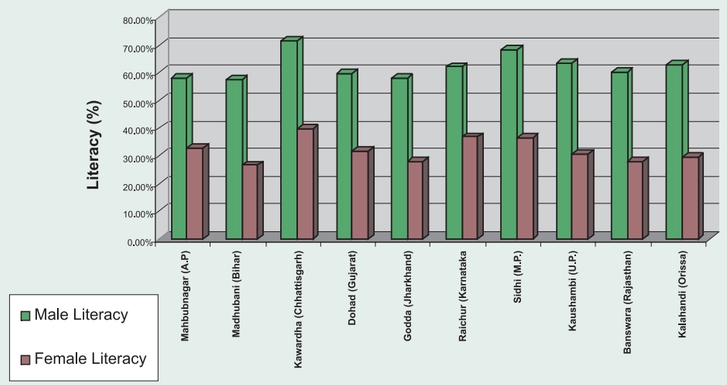


the norms for administrative staffing and a uniform delivery mechanism for all the two hundred districts is untenable. The administrative approach therefore needs to be calibrated in such a way that it takes into account region specific variations.

4.11 There is ample evidence that the delivery of basic public services, particularly those intended to benefit the poor and weaker sections, has functioned relatively ineffectively in these backward districts, even when funds have not been a constraint. It has therefore to be recognized that availability of funds, though necessary, is not sufficient for the successful delivery of basic public services. The capability of the administrative system to optimally use funds and realize results on the ground is equally important. Delivery of basic public services in these backward districts has suffered due to, on the one hand, weak administration, understaffing and lack of motivation and on the other, large-scale leakages. The reach of the administrative network is weak, leading to difficulties in implementation of most development schemes, e.g. in the North Eastern states, in many areas funds are channelised through autonomous district councils despite the fact that elections have not been held to these councils for a long time. It is, therefore, necessary that the issue of strengthening the administrative apparatus is addressed on priority.

4.12 In most of these backward districts, the administrative functionaries in the Panchayati Raj Institutions are either not available in adequate numbers or do not function. For example, in Bhojpur district in Bihar, there are only 134 Panchayat Secretaries as against 228 Panchayats in the district. The result is that the Panchayat Secretaries are overburdened, looking after

Fig. 4.8: Comparison of Male & Female Literacy in Ten Select Districts



the work of two or more Panchayats. Most of them are promoted from the cadre of 'Dalapatis' [local government employee with educational qualification of VII standard] and are therefore not professionally competent.

4.13 The situation is far better in the more progressive states where the additional staff sanctioned has enhanced the capacity of the administrative machinery to implement schemes like NREGA. However, in some backward districts, additional posts sanctioned have been shown against the existing staff of Panchayati Raj Institutions, as a result of which no actual recruitment has taken place.

4.14 Achieving gender equity is important in the implementation of NREGA. A comparison of male and female literacy rates in a sample of ten (10) districts highlights the widely prevalent gender gaps. (Fig. 4.8). In a large number of traditional tribal councils also, there is male domination. All these are indicative of gender inequities and underscore the need for a proactive approach and affirmative action to ensure women's full participation.

4.15 There is need to recognize that conditions prevailing in these backward districts may impede the smooth flow of funds for implementation of NREGA. The usual channels for transfer of funds in the more progressive states may not work in many of these districts. For example, the normal channel for transfer of funds may not be possible in districts infested by extremism, and funds may have to be transferred in small sums. Such situations require an innovative approach and a certain degree of pragmatism in finding solutions.

4.16 Backward districts pose implementation challenges that are as varied as the terrain is inhospitable. Given the heterogeneity and spatial dimensions of the constraints in these two hundred backward districts, the approach of "one-size-fits-all" is not feasible. In the ultimate analysis, the approach should be one that takes into account the heterogeneity, specific problems and constraints, peculiar to each district.

5 ISSUES AND RECOMMENDATIONS

5.1 Applicability to Other Programmes

As highlighted in Chapter 3, implementation of NREGA and other flagship programmes pose major administrative challenges. The Commission has specifically identified and analysed those financial and administrative issues which are critical to the implementation of NREGA. The recommendations emanate from this analysis. These recommendations with suitable modifications can also be adopted for other national programmes.

5.2 Change towards Universalisation and Entitlements

5.2.1 Guaranteeing Reach

5.2.1.1 The real success of NREGA would lie in ensuring employment on demand to all rural households in the selected districts. This involves an enormous exercise in institution building, capability building and mobilisation. A pre-requisite would be awareness generation among rural people about their rights under the Act. An idea about the wide scope of this enactment can be had from the number of households registered so far[10].

Table 5.1 brings out the wide gap between the number of households that could be registered and the actual number of households that have been registered. There are also wide variations in the registration effort among states.

5.2.1.2 An important component of outreach is that the households should be registered in an objective and transparent manner. Because of inherent prejudices in rural society in respect of caste, class and religion, instances have come to notice where some households have not been able to participate in the programme. The complex social structure in rural areas, at times, degenerates into a system of exclusion leading to social boycott of certain sections because of caste, class and religious tensions and prejudices. With most of the authority for implementation being delegated to the Gram Panchayats and Gram Sabhas, it is necessary to ensure that all sections participate to the fullest extent. This needs to be addressed through a three pronged approach of strong affirmative action by the State Governments, proper monitoring by the Ministry of Rural Development and the respective State Governments and an awareness generation campaign aimed at changing attitudes.

[10] Information obtained from the website of Ministry of Rural Development

Table 5.1-Progress achieved so far under NREGA (April 2006)

Name of State	Districts	Registered Households	Job Cards Issued	Funds released (in Lakh Rs.)	Employment demanded	Employment provided	Total Rural Worker Population[11]	Number of Rural Households assuming 2 workers per household	Percentage of (3)/(9)
1	2	3	4	5	6	7	8	9	10
Andhra Pradesh	13	38,77,669	38,77,669	20000.00	3,79,153	3,47,084	1,59,69,442	79,84,721	48.5%
Arunachal Pradesh	1			272.85			17,507	8,753	
Assam	7			13970.85			18,91,934	9,45,967	
Bihar	23	13,85,852	5,92,155	40503.38	16,57,522	10,65,367	1,62,61,152	81,30,576	17.0%
Chhattisgarh	11	14,60,999	12,58,456	17321.72	3,35,526	3,35,526	53,34,080	26,67,040	54.7%
Gujarat	6	5,40,761	3,89,772	4113.94	30,909.	27,904	38,96,229	19,48,114	27.7%
Haryana	2	47,250	22,674	913.39	6,602	6,602	6,99,150	3,49,575	13.5%
Himachal Pradesh	2	62,150	46,442	683.64	20,923	19,051	4,33,250	2,16,625	28.6%
Jammu & Kashmir	3	1,69,038	65,531	986.36	4,127	4,127	6,98,012	3,49,006	48.4%
Jharkhand	20	17,55,005	11,71,831	37618.59	4,96,725	4,67,832	81,77,473	40,88,736	42.9%
Karnataka	5	4,57,409	3,15,412	6329.69	1,48,875	42,724	33,95,482	16,97,741	26.9%
Kerala	2	2,25,133		2179.51			11,20,767	5,60,383	40.1%
Madhya Pradesh	18	40,33,166	36,75,584	35000.00	16,66,665	12,06,067	94,93,646	47,46,823	84.9%
Maharashtra	12	23,35,602	2,88,921	17961.64	44,310	44,310	90,46,480	45,23,240	51.6%
Manipur	1	45,172	17,880	570.89			50,863	25,431	177.6%
Meghalaya	2						2,36,501	1,18,250	
Mizoram	2						55,103	27,551	
Nagaland	1						1,25,334	62,667	
Orissa	19	24,00,560	16,02,199	31516.56	12,81,759	12,14,590	80,32,413	40,16,206	59.7%
Punjab	1	37,870	33,375	755.75		19,339	4,20,394	2,10,197	9.0%
Rajasthan	6	13,37,061	12,65,942	20000.00	3,19,828	2,94,657	33,67,568	16,83,784	79.4%
Sikkim	1			451.50			22,974	11,487	
Tamil Nadu	6	9,58,980	5,81,360	9889.21	1,40,742	51,883	45,41,405	22,70,702	42.2%
Tripura	1			1456.66			1,20,443	60,221	
Uttar Pradesh	22	10,62,772	2,16,462	1910.60	12,439		1,58,15,690	79,07,845	13.4%
Uttaranchal	3	2,81,016	1,41,978	33498.69	6,206	6,206	4,68,177	2,34,088	120.0%
West Bengal	10	20,00,000	6,00,000	18358.84			1,25,46,948	62,73,474	31.8%
TOTAL	200	24473465	16163643	319057.96	6552311.00	5153269	122238417	61119208	40%

[11] Source: Primary Census Abstract, Census of India 2001

5.2.1.3 Another dimension of outreach would be geographical. As described in the previous chapter, a large number of people live in relatively inaccessible hilly, desert or forest areas where the population is not concentrated as in the normal plain areas, in well defined localities (villages). This scattered population, though small in number, would pose another challenge. Even in normal plain areas, the entire rural population is not concentrated in villages and a significant percentage of the population lives in small habitations/hamlets. The experience has been that though most of the benefits of developmental programmes reach the normal villages, they reach these hamlets in much smaller proportions. The Commission is of the view that the norms provided under the guidelines for implementation of the Act would work well in normal plain areas. But for difficult areas, special norms would have to be laid down.

5.2.1.4 There is a contradiction between the Act and the Operational Guidelines regarding the definition of a 'household'. While the Act defines a household to mean *"the members of a family related to each other by blood, marriage or adoption and normally residing together and sharing meals or holding a common ration card"*, the Operational Guidelines speak of a nuclear family being the eligible unit under NREGA. The Commission is of the view that the nuclear family, i.e. husband, wife and minor children, should be adopted as the eligible unit as it would provide better employment opportunities especially for women and physically challenged persons. It would also help in improving the reach of the Scheme.

5.2.1.5 Even if job cards are issued to nuclear families, there is a possibility that physically challenged persons would not get adequate employment opportunities. Their needs being of a special nature they would require special attention. The Commission is of the view that every adult physically challenged person must be given a job card and assigned tasks such as supervision of works, looking after crèches, doing measurements etc. which do not entail much physical effort.

5.2.1.6 Recommendations:

a. Awareness generation programmes should be taken up by all State Governments. The publicity and guidance material should be available in local languages. The effectiveness of these programmes should be measured through independent sample surveys.

b. Intensive use of All India Radio and Doordarshan should be made in local languages as is done in the case of Sarva Siksha Abhiyan and National Rural Health Mission.

c. In order to ensure proper coverage, voters' lists may be used for ascertaining the number of eligible households. This however, should not be the sole basis for registering households under NREGA. The number of households registered should be monitored and compared against other data like census, BPL survey etc, so that affirmative action could be taken wherever the participation is not satisfactory.

d. Independent monitors, wherever necessary, should be deployed in areas where participation of vulnerable sections is not adequate, to ensure that the weaker sections are participating and getting their entitlements. It also needs to be ensured that all habitations/hamlets get fully covered.

e. Special norms should be worked out for various parameters of the Scheme for difficult areas.

f. 'Household' should be defined to mean a nuclear family i.e. husband, wife and minor children, and may include any person wholly or substantially dependent on the head of the family.

g. Job cards should be issued separately to each adult physically challenged person.

5.2.2. Guaranteeing Outcomes

5.2.2.1 The ultimate objective of the Act is to provide livelihood security to people in rural areas. The success of NREGA would thus be measured by the extent to which it has been able to provide this livelihood security. In order to ensure that this outcome is achieved, the Commission feels that an impact evaluation should be conducted at regular intervals to assess the socio-economic impact of NREGA. Such an evaluation will also provide feedback to policy makers and executive agencies to make mid-course corrections to improve effectiveness of NREGA.

5.2.2.2 In fact, successive impact evaluations, the first of which should be undertaken on completion of three years of implementation, will facilitate decisions on closure of the Scheme in those districts/blocks in which objectives of NREGA have been substantially met as determined by attainment of pre-defined threshold levels of select parameters. It is important that these parameters be laid down before conducting the baseline survey. The parameters should include inter alia, indices of poverty, nutrition, sustainability of income from assets created, the extent of unemployment, magnitude of migration and access to different essential services.

5.2.2.3 Chapter 8 of the Operational Guidelines stipulates that regular evaluations and sample surveys of specific REGS (Rural Employment Guarantee Scheme) works should be conducted and evaluation criteria similar to those used in the 'annual ranking of Districts' be used. These criteria are:

a) Extent to which applications for work have been met

b) Productive value of completed works

c) Quality of record keeping and reporting

d) Accessibility and transparency of NREGA-related documents

e) Timeliness of wage payments

f) Timeliness and quality of social audits

g) Involvement of Gram Sabhas.

5.2.2.4 The Commission feels that the evaluation as envisaged in the Operational Guidelines would not be sufficient. Therefore a much more rigorous impact evaluation system would have to be evolved. As a first step, the parameters to be evaluated have to be identified. To begin with, these may include the average number of households, the prevalent market wages for agricultural labour, average number of days the family migrates in search of labour, productivity of small and marginal land holdings and, quality and contribution of assets. But before selecting such parameters, they should be validated through field studies.

5.2.2.5 Having identified the parameters, a baseline survey should establish their current status. Such surveys should be carried out in representative areas of each district, preferably through independent professional agencies. Target levels should be prescribed for each of these parameters. Periodic evaluations preferably once in three years should be carried out to assess the progress under these parameters. The attainment of target levels would signal successful implementation of the Scheme.

5.2.2.6 **Recommendations:**

a. An evaluation should be carried out to assess the socio-economic impact of NREGA. This evaluation should encompass the following activities:

a1. *Identifying the parameters to be evaluated:* These parameters should capture the livelihood security. The following parameters are suggested:

(i) Average annual income of households.

(ii) Prevalent market wages for agricultural labour.

(iii) Average number of days a family migrates in search of labour.

(iv) Productivity of small and marginal land holdings.

(v) Quality and contribution of assets.

Before finalizing the list of parameters, each of them should be validated after a field study.

a2. *Conducting a baseline survey:* This should be concluded within three months.

a3. *Fixing threshold levels for parameters to signal successful implementation of NREGA.*

a4. *Impact evaluation:* The first evaluation should be carried out on completion of three years of implementation of NREGA.

b. This outcome evaluation could be done as part of the expanded task of the National Sample Survey Organisation (NSSO) to develop district and sub-district level data.

5.2.3 Ensuring Convergence

5.2.3.1 *Convergence with Other Service Delivery Mechanisms*

5.2.3.1.1 The objective of NREGA is to provide livelihood security. Guaranteed employment for a period of 100 days to a rural household is a necessary but not sufficient condition for livelihood security. A household requires health services, education services, housing, food and nutrition security, social security etc. The impact of NREGA would be fully realised if all the other service delivery mechanisms are able to meet the expectations of the people. This would require gearing up of all the other service delivery systems so that synergy is generated between employment guarantee and other services, thus improving the overall quality of life of rural households.

5.2.3.2 *Convergence with Other Infrastructure/Asset Generation Programmes*

5.2.3.2.1 The Operational Guidelines provide that convergence of NREGA funds with funds from other schemes is permissible for creation of durable assets. Similarly, funds available with Panchayats can also be dovetailed with NREGA for creation of durable assets. However the funds under NREGA cannot be used as substitute for funds of other departments' programmes. This prescription is easier said than done, as merging the labour component of NREGA with the capital component of another programme could create serious accounting problems. A simple solution could be to segregate the earthwork component of other programmes. This earthwork component could then be executed under NREGA, and the rest could be taken up under regular departmental schemes. The challenge would be to ensure perfect coordination and timing between different components of various works.

5.2.3.3 *Convergence in Planning*

5.2.3.3.1 At present, all major schemes have their own prescribed methodology of preparing a plan including NREGA whose Operational Guidelines prescribe preparation of a perspective and an annual plan. The 73rd Constitutional Amendment envisages, indeed prescribes, the preparation of an area plan for economic development and social justice. The Commission feels that there should be one plan and all departments should cull out their programmes' plans out of this integrated plan. This is necessary to achieve synergy among different developmental efforts.

5.2.3.4 *Convergence in Machinery and Infrastructure for Implementation and Monitoring*

5.2.3.4.1 Just as different schemes have different plans, they also have different implementation structures often working in vertical silos. This could lead to wastage of resources, leakages, duplication of administrative staff and infrastructure like buildings, computers and equipments. Transfer of all rural development activities to the Panchayati Raj Institutions and delegation of powers and equipping them with adequate trained officials would go a long way in achieving convergence in use of funds and administrative machinery.

5.2.3.5 *Convergence with Schemes under 'Bharat Nirman'*

5.2.3.5.1 Government of India has launched a time-bound plan for rural infrastructure in partnership with State Governments and Panchayati Raj Institutions (2005-09) which is known as 'Bharat Nirman'. This project has set itself the following tasks[12]:

i. Every village to be provided electricity: remaining 1,25,000 villages to be covered by 2009 as well as connect 2.3 crore households

ii. Every habitation over 1000 population and above (500 in hilly and tribal areas) to be provided an all weather road: remaining 66,802 habitations to be covered by 2009

iii. Every habitation to have a safe source of drinking water: 55,067 uncovered habitations to be covered by 2009

iv. Every village to be connected by telephone: remaining 66,822 villages to be covered by November 2007

v. 10 million hectares (100 lakhs) of additional irrigation capacity to be created by 2009

vi. 60 lakh houses to be constructed for the rural poor by 2009

The scope of these schemes is vast. It is also evident that a major part of the works undertaken would lie in the 200 backward districts notified in the first phase of implementation of

[12] Source: http://www.bharatnirman.gov.in

NREGA. Many of the works would involve and engage unskilled manual labour in rural areas (especially those pertaining to rural connectivity). There is, thus, a need for dove-tailing the projects under Bharat Nirman with wage employment under NREGA. This will not only lead to creation of durable assets, but will also ensure fiscal prudence.

5.2.3.6 Recommendations:

a. **Baseline performance indicators should be worked out for important services such as health and education and efforts should be made to improve them continuously.**

b. **Rural development programmes, which could be best managed at the local level, should be transferred to the Panchayati Raj Institutions.**

c. **There should be only one Plan for an area so that an integrated view of development of the area could be taken. All sectoral/schemewise plans should be culled out from this plan.**

d. **To the extent possible, the earthwork components of other asset creation programmes should be taken up under NREGA. Specifically, the projects under Bharat Nirman may be dove-tailed with NREGA.**

5.2.4 Expanding the Scheme

5.2.4.1 It is proposed to expand the coverage to all districts in the country within five years in a phased manner. A district in India generally covers a large area and there are often significant variations in the socio-economic development in its various blocks. As a result, it is likely that there may be some blocks within a district which would qualify for early inclusion under NREGA. However, the overall indicators of such a district would not merit its early inclusion as some of the Blocks may have better socio-economic indicators. Such distortions, however, would not occur in the block which is a smaller and more homogeneous unit. In view of this, the Commission feels that extension of NREGA should be taken up in a phased manner and the block should be taken as a unit for inclusion instead of a district, with the most backward blocks being taken up first.

5.2.4.2 Recommendation:

a. **The extension of NREGA to remaining areas should be taken up in a phased manner. While expanding the coverage of NREGA, the block should be taken as the unit instead of the district, with the most backward blocks to be included first. In order to bring objectivity, the expansion plan should be finalized within six months and announced well in advance.**

5.3 Union Funding and State Execution

5.3.1 Accountability Mechanisms

5.3.1.1 The last decade has witnessed significant maturing of our federalism. States are increasingly empowered to determine their own policies and programmes and the Union is evermore sensitive to local needs. The role of the Union is expanding in a substantial measure in new ways. Education, healthcare, rural and urban development and social security are either state subjects or largely under state jurisdiction. And yet, the services are increasingly driven by Union Government policies and funds. Paucity of resources at state level, need for standardization of services, compulsions of equitable development, reducing disparities in human development between different states, and the imperatives of meeting the challenges of a growing economy have necessarily enlarged the Union's role in these sectors. But large Union Government funding with state control could erode accountability. This underscores the need for carefully designed mechanisms to monitor these programmes and enforce accountability, even as the desired outcomes are sought to be achieved.

5.3.1.2 Under NREGA the funding pattern is as follows:

The Union Government bears

(a) The entire cost of wages for unskilled manual workers.

(b) 75 per cent of the cost of materials and wages for skilled and semi-skilled workers.

(c) Administrative expenses as may be determined by the Union Government. These will inter alia, include the salary and allowances of Programme Officers and their support staff and work site facilities.

(d) Administrative expenses of the Central Employment Guarantee Council.

The State Government bears

(a) 25 per cent of the cost of materials and wages for skilled and semi-skilled workers.

(b) Unemployment allowance payable in case the State Government cannot provide wage employment within 15 days of application.

(c) Administrative expenses of the State Employment Guarantee Council.

5.3.1.3 Thus a substantial portion of the funding comes from the Union Government. Indeed in case of earthworks where no material component is required the contribution of State Governments is almost nil. This provides a distorted incentive system wherein increased drawal of funds from the Union Government need not mean significantly higher matching

contributions by State Governments, and therefore the states may have a tendency to keep the scheme running for a longer time and on a larger scale than is actually required.

5.3.1.4 A similar situation exists at the Panchayat level. A Panchayat which employs a strict monitoring mechanism and prevents misuse of funds would in the long run end up getting lesser funds than a Panchayat which is not so meticulous in ensuring proper use of funds under the Scheme.

5.3.1.5 Thus enforcing accountability of State Governments, Panchayati Raj Institutions, and the administrative machinery would be of paramount importance. The Act has built in institutional mechanisms to ensure this. These would have to be backed by strong monitoring and evaluation mechanisms. Monitoring becomes more effective if independent agencies are assigned this task. Such arrangements have been made in schemes such as Rashtriya Sam Vikas Yojana (RSVY). Use of Information Technology would be the best way to provide robust monitoring systems. Besides, the community, if it is empowered, would be able to enforce accountability of both officials and institutions. All these concepts have been dealt with in greater detail under relevant headings.

5.3.1.6 Like any other safety net mechanism an employment guarantee scheme in general would have a 'moral hazard'. People who can avail of unemployment benefits would simply have less incentive to look for work. Fortunately this aspect of moral hazard would not be a major problem because there are a number of built in mechanisms in the Act which would minimise this risk. The unemployment allowance is much less than the minimum wages and the guaranteed employment for a household is only for 100 days in a year. Both these factors would also reduce moral hazard to a large extent.

5.3.2 Fixing Wage Rates

5.3.2.1 Section 6(1) of NREGA empowers the Union Government to specify the wage rates for the purposes of the Act. It is also stipulated that the wage rate thus notified shall not be less than Rs 60 per day, and until such time the Union Government specifies the wage rate, the minimum wage fixed under Section 3 of the Minimum Wages Act, 1948 for agricultural labour shall be considered to be the wage rate applicable to that area. So far the Union Government has not specified the wage rate under Section 6(1). Therefore the wage rates specified under Section 3 of the Minimum Wages Act are to be adopted by the respective State Governments.

5.3.2.2 *Section 6 of NREGA stipulates*:

> *"6.(1) Notwithstanding anything contained in the Minimum Wages Act, 1948, the Central Government may, by notification, specify the wage rate for the purposes of this Act:*

Provided that different rates of wages may be specified for different areas:

Provided further that the wage rate specified from time to time under any such notification shall not be at a rate less than sixty rupees per day.

(2) Until such time as a wage rate is fixed by the Central Government in respect of any area in a State, the minimum wage fixed by the State Government under section 3 of the Minimum Wages Act, 1948 for agricultural labourers, shall be considered as the wage rate applicable to that area."

5.3.2.3 As per Section 3(2) of the Minimum Wages Act the appropriate governments may fix the minimum wages as follows:

"The appropriate government may fix-

(a) a minimum rate of wages for time work (hereinafter referred to as "a minimum time rate");

(b) a minimum rate of wages for piece work (hereinafter referred to as "a minimum piece rate");

(c) a minimum rate of remuneration to apply in the case of employees employed on piece work for the purpose of securing to such employees a minimum rate of wages on a time work basis (hereinafter referred to as "a guaranteed time rate"); and

(d) a minimum rate (whether a time rate or a piece rate) to apply in substitution for the minimum rate which would otherwise be applicable, in respect of overtime work done by employees (hereinafter referred to as "overtime rate").

5.3.2.4 A state-wise comparison of the minimum wages fixed (for agricultural labour) is shown in Table 5.2. There are substantial inter-state variations in the notified minimum wages[13] and in some states the rate is below Rs 60 per day.

5.3.2.5 In most cases the minimum wage rate fixed under the Minimum Wages Act is the 'Time Rate'. Section 17 of the Minimum Wages Act states that even in cases where an employee is engaged on a piece rate the payment of wages has to be at time rate or piece rate or higher of the two.

*"17. **Minimum time rate wages for piece work** - Where an employee is employed on piece work for which minimum time rate and not a minimum piece rate has been fixed under this Act the employer shall pay to such employee wages at not less than the minimum time rate."*

[13] Source: Ministry of Labour, GOI

Table 5.2 Daily rates of minimum wages for agricultural workers fixed by different States / Union Territory administrations under the Minimum Wages Act, 1948.

S.No.	Appropriate Governments	Minimum wages for Unskilled Agricultural Workers (in Rupees per day)
(1)	(2)	(3)
	Central Sphere	102.78 to 114.78
	States / UTs	
1.	Andhra Pradesh	64.00 to 84.00 (as per zone)
2.	Arunachal Pradesh	55.00 (Area-I) 57.00 (Area-II)
3.	Assam	69.00
4.	Bihar	66.00
5.	Chhattisgarh	52.87
6.	Goa	94.00
7.	Gujarat	50.00
8.	Haryana	84.29 with meal 88.29 without meal
9.	Himachal Pradesh	70.00
10.	Jammu & Kashmir	66.00
11.	Karnataka	56.48
12.	Kerala	72.00 for light work 125.00 for hard work
13.	Madhya Pradesh	56.96
14.	Maharashtra	Zone-I 51.00 Zone-II 49.00 Zone-III 47.00 Zone-IV 45.00
15.	Manipur	72.40
16.	Meghalaya	70.00
17.	Mizoram	91.00
18.	Nagaland	66.00

S.No.	Appropriate Governments	Minimum wages for Unskilled Agricultural Workers (in Rupees per day)
(1)	(2)	(3)
19.	Orissa	55.00
20.	Punjab	90.58
21.	Rajasthan	73.00
22.	Tamil Nadu	70.00 – 80.00
23.	Tripura	50.00
24.	Uttar Pradesh	58.00
25.	Uttranchal	73.00
26.	West Bengal	62.00 with meal 65.00 without meal
27.	Andaman & Nicobar	100.00 (Andaman) 107.00 (Nicobar)
28.	Chandigarh	114.00
29.	Dadra & Nagar Haveli	89.00
30.	Delhi	125.80
31.	Pondicherry Pondicherry / Karaikal Yanam Region	 45.00 for 5 Hours (Women) 54.00 for 6 Hours (Men) 55.00 for 5 Hours (Women) 65.00 for 6 Hours (Men)

5.3.2.6 Minimum wages are generally fixed on time rate basis whereas works are executed on piece rate basis. Reconciliation between the two poses a challenge. Moreover, the Minimum Wages Act provides different rates for agriculture labour and construction work. Under NREGA, as most of the works pertain to construction, it needs to be examined whether it would be permissible under the Minimum Wages Act to pay wages at agricultural rates when there is a separate rate for construction work? Also Section 17 stipulates that even when the works are executed on piece rate basis, wages have to be paid at a rate which cannot be less than the time rate. This would mean that the piece rate is applicable when the worker does so much work that he is eligible to get more than the time rate. Such a prescription may run contrary to creation of durable assets with the potential for misuse of funds also being very high.

5.3.2.7 Recommendation:

a. **The provisions regarding prescription of wages under NREGA and the Minimum Wages Act would require detailed examination. A task force comprising representatives of the Ministry of Rural Development, Ministry of Labour, Ministry of Law and Justice and a few State Governments may be constituted to examine and make recommendations on this issue.**

5.3.3 Financial Management System

5.3.3.1 *Essential Elements of a Financial Management System*

5.3.3.1.1 As mentioned in the earlier chapter, the essential elements of an efficient financial management system are

(i) Adequate availability of funds.

(ii) Smooth flow of funds from the Union Government to districts and thereon to Gram Panchayats and ultimately to the workers.

(iii) Smooth flow of financial information from Gram Panchayats to the districts, the State and Union Government.

(iv) An appropriate accounting system which will provide timely and reliable information.

(v) Authentication of the usage of funds and physical progress in creation of assets.

(vi) Timely detection of any financial violation.

(vii) Ensuring contributions from State Governments as envisaged in the Act.

(viii) Total transparency and accountability.

(ix) Procedural simplicity.

5.3.3.2 *Operational Guidelines for Fund Flow*

5.3.3.2.1 Section 20 of NREGA mandates the Union Government to establish the National Employment Guarantee Fund. It is also stipulated that State Governments may establish a fund to be called the State Employment Guarantee Fund. The funding pattern between the Union Government and State Governments is specified under Section 22 of NREGA and further elaborated by the Operational Guidelines. Similar funds have to be established at the district and Panchayat levels. State Governments have to indicate the Fund that it has designated as the Receptacle Fund for receiving the central share. This may be at the state or the district level. State Governments have been asked to design a complete Financial Management System for the transfer and use of funds. The Operational Guidelines also

stipulate that separate bank accounts shall be opened in public sector banks for funds under the Scheme at the state, district and block levels.

5.3.3.3 *Release of Funds to Districts*

5.3.3.3.1 There is need to distinguish between the flow of funds and the flow of information. While fund flow is from the Union and the State Governments to the Gram Panchayats through intermediate levels, the flow of information is in the opposite direction, from Gram Panchayats to the State and Union Governments. Costs and time both increase when funds flow through unnecessary intermediate levels. Similarly, information flow need not be through a hierarchy of levels in a sequential manner. Experience shows that when funds for Centrally Sponsored Schemes are routed through State Governments, there is substantial delay in receipt of funds at the utilization level. The conventional argument for routing funds through State Governments has been that plans and budgets can be prepared, implemented and monitored effectively only when the State Government is a recipient as well as a disbursal authority for these funds. However, this purpose can also be served by ensuring that State Governments are constantly kept informed about the flow of funds as well as their utilization. The Commission feels that in demand based schemes such as the REGS which require timely availability of funds for smooth implementation with minimal overheads, routing funds through states is not advisable. Instead, districts, which are closer to the points of utilization and are also charged with the responsibility for implementation of REGS, should be the nodal points for funds and information. Therefore, the Commission recommends that funds from both Union and State Governments should be transferred to the districts for onward transmission to the intermediate and Gram Panchayats.

5.3.3.4 *Pre-requisites for Release*

5.3.3.4.1 The guidelines provide that after 60 per cent of the funds released earlier are utilised, the District Programme Coordinator (with the recommendation of the State Government) or the State Government (in the event that a State Employment Guarantee Fund is established) may apply to the Ministry of Rural Development for the next instalment out of the Central Employment Guarantee Fund. Similarly, the blocks become eligible for the next instalment only after they utilize 60 per cent of the funds already placed at their disposal. Also, only after 60 per cent of the allocation given to any Gram Panchayat has been spent, can the Panchayat apply to the Programme Officer for release of additional funds. Subsequent releases are further dependent on submission of certificates regarding utilization, receipt of state share and non-embezzlement. These certificates are intended to serve as checks on misappropriation, improper and inadequate utilization of funds. However in reality they are impractical in the present context. It is not clear what is meant by a certificate of non-embezzelement and who will provide this. In so far as utilization certificates

are concerned it is well known that in all Centrally Sponsored Schemes the backlog is huge. Also a mere utilization certificate provided by the same body which has supposedly utilised the funds has little credence unless it is supported by audited and certified accounts, backed by evidence of physical achievements. It is also well known that due to paucity of funds, State Governments very often are not able to release their share of funds on time. Insisting on release of state share for each instalment could jeopardize implementation of REGS. Instead it would be desirable to account for state's contribution on an annual basis and any deficit may be deducted from the 'Central Asssistance for State Plan'.

5.3.3.4.2 Ideally, replenishment should be contingent on some expenditure being incurred out of the earlier releases. By stipulating that a district should have spent 60 per cent of the previous releases, there is a risk of starving 'performing' Panchayats. For example, if in a group of 500 Gram Panchayats in a district only a small number of Panchayats fulfill their targets whereas the others are unable to utilize the funds released to them, the aggregate of funds used by all the Panchayats in the district could be below the 60 per cent stipulated for the next release. To avoid such eventualities it would be appropriate to stipulate target (maximum) levels for funds at Gram Panchayat, block and district levels and all replenishments will be to raise the level of funds to the target level. As these replenishments will be on a pre-determined cycle time, this is tantamount to replenishing the amounts spent at each Gram Panchayat, block and district during the preceding cycle. The target levels can be reset in case of anticipated surges in demand due to events such as droughts. This is explained in Fig. 5.1.

5.3.3.5 *Proactive Not Reactive Fund Flow*

5.3.3.5.1 In the past, Centrally Sponsored Schemes for employment generation have been outlay driven. In these schemes the Union Government would transfer funds to State Governments only when a demand was raised accompanied by stipulated utilization certificates. Such a reactive system will not be appropriate in the REGS context as these are demand based and not supply based schemes. REGS has to fulfill rights conferred on citizens to demand and get employment, and when this demand is not fulfilled, the State Government will have to pay an unemployment allowance. A reactive system will therefore have to be transformed into a proactive system of fund flow to ensure that adequate funds are available for fulfilling the employment demand and avoiding payment of unemployment allowance. Funds flow from a higher level to a lower level (Union Government-District-Block-Gram Panchayat) will have to be activated on the basis of new triggers and would be the responsibility of the higher level. The triggers in the reactive systems of the past were a demand note from the implementing agency, utilisation certificate and projected requirements. These triggers will, however, not serve the requirements of REGS.

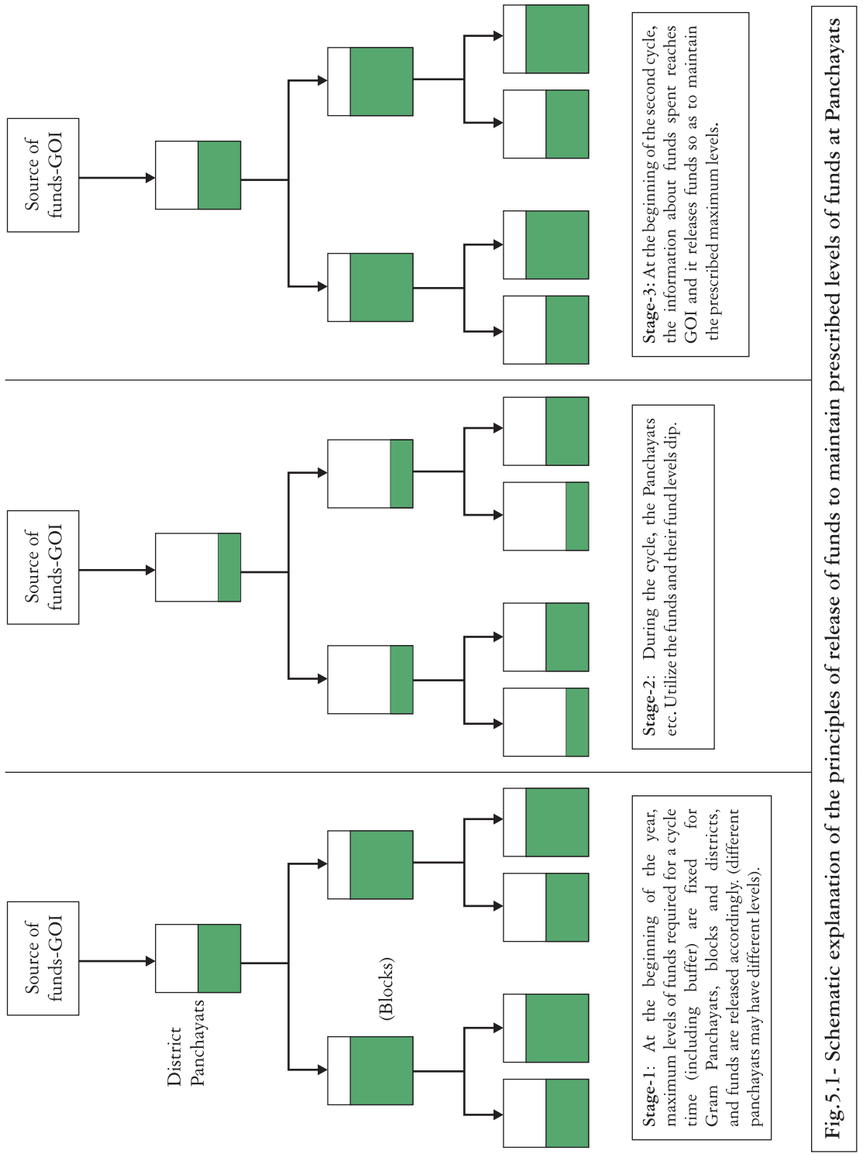


Fig.5.1- Schematic explanation of the principles of release of funds to maintain prescribed levels of funds at Panchayats

5.3.3.6 *Stream-wise Release and Monitoring of Funds*

5.3.3.6.1 Under REGS, the projects to be implemented can have a maximum of 40 per cent material component and the balance has to be wages. In addition, separate funds are earmarked for administrative expenses. The State Government is responsible for providing 25 per cent of the cost of material and wages for skilled and semi-skilled workers. Also if employment is not provided within 15 days of application being made by the job card holder, the State Government is liable to pay unemployment allowance. It is therefore essential that Panchayats maintain their accounts under the following accounting heads:

a. Wages paid to unskilled workers

b. Wages paid to semi-skilled and skilled workers

c. Purchase of materials

d. Administrative expenses

e. Unemployment allowance

While funds for 25 per cent of expenditure incurred under heads (b) and (c) and 100 per cent of expenditure incurred under (e) are to be released by the State Government, the balance has to be released by the Union Government. These stipulations can be enforced only when the funds released for materials and the expenditure on materials are accounted for separately. Similarly, the expenditure on skilled and semi-skilled workers would have to be accounted for separately as State Governments have to meet 25 per cent of the wages for skilled and semi-skilled workers. Hence, release of funds as well as accounting would have to be done stream-wise as shown in figure 5.2 if the present operational guidelines are to be followed.

5.3.3.6.2 The Commission is of the view that these requirements impose a heavy burden on the Panchayats in maintaining their accounts and managing their funds. Release of funds from the State and Union Governments would also be delayed due to the time required to receive, scrutinize and authorize release of funds under different accounting heads. Needless to say, the administrative costs would also increase substantially. In addition, districts, State and Union Governments would all have to maintain a full set of accounts under these heads, which are an aggregation of the accounts maintained by the Panchayats. It is essential that this procedure be simplified and release of funds be based on aggregate utilization of funds, with the provision that higher levels have access to the accounting information of the Gram (village) and Block Panchayats. This information will provide the higher levels (District Panchayat or Zila Parishad, State Government and GOI) with a check on the quantum of funds to be transferred from the districts to the blocks and onward to the Gram Panchayat.

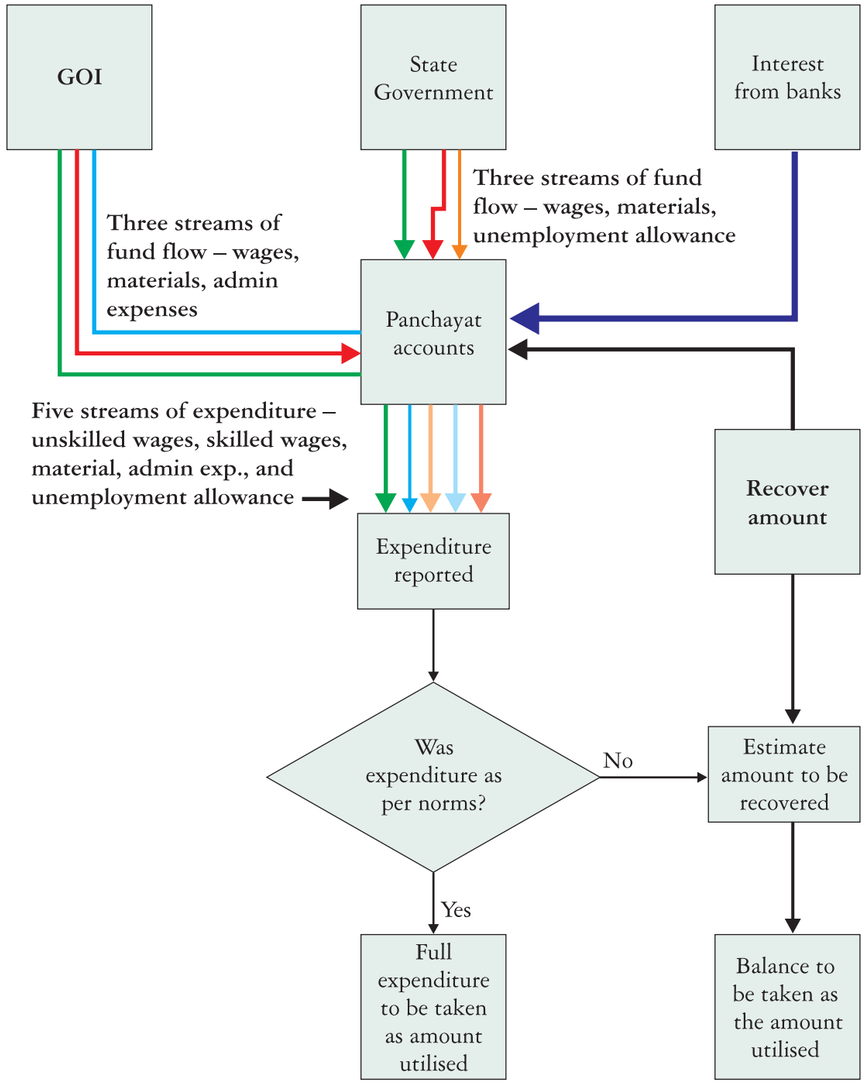


Fig 5.2 - Figure indicating flow of funds at the Panchayat (if accounting is to be done streamwise)

5.3.3.7 *States' Contribution*

5.3.3.7.1 In order to encourage ownership by states of the REGS, states are required to contribute some amount towards the implementation of the Scheme. This is also as per the letter and spirit of the Act. But this need not be in the complicated manner stipulated in the Act as well as the Operational Guidelines. A far better option is to ask the states to contribute a fixed percentage of the total costs. As per the present guidelines the maximum a state would be required to contribute is not likely to exceed 10 per cent of the project cost (excluding unemployment wages). The Commission therefore recommends that the state's contribution be a fixed 10 per cent of the total cost of REGS (excluding unemployment allowance). This would have the advantage of reducing the accounting effort, as well as cost and time of fund flow management. The state's contribution should reach the districts by the end of the financial year and, in case of default, the amount due may be deducted from the allocation to the states under 'Central Assistance for State Plans'. This contribution will encourage the states to take a more balanced view while fixing the wage rates under REGS.

5.3.3.8 *Fixing Maximum Fund Levels*

5.3.3.8.1 To ensure that funds do not remain idle at the Panchayats (village,block,district) it will be desirable to stipulate the maximum amount which a Panchayat at any level should maintain at any given time. Such maxima would have to be fixed for wage payments, purchase of materials and administrative expenses taken together. For a Gram Panchayat, the maximum level should be based on the requirements of that Panchayat for a cycle. For a block/ intermediate level it will be an aggregate figure for all the Gram Panchayats included in the block as well as for the works to be executed by it. For this purpose the block will be treated as any other Gram Panchayat. Likewise the maximum level of funds in a district would be the cumulative amount of the block (intermediate level) maxima and requirements for the works to be executed by it.

5.3.3.8.2 As replenishment will be on a fixed cycle (time) basis, the maximum levels fixed for a Gram Panchayat should be enough to meet the expenses over a cycle. Keeping in view the efforts required to process release of funds and the frequency of payments, funds may be released by the Union Government to the districts, once a month. Since the replenishment would be based on the amounts utilized in the previous month, the quantum of funds utilized would have to be ascertained for all levels in the beginning of each month for the immediately preceding month. Assuming that this process of compilation of information and processing at all levels would take about a month, Panchayats at all levels (village, block/intermediate and district) should have enough funds to meet their requirements during this lead time. Thus the maximum level of funds for the Gram Panchayats should be equal to their estimated requirement for a two-month period (an additional 15 days' margin will

be available at each Gram Panchayat for expenditure incurred under various heads as all payments are to be made fortnightly). It is important to note that while the cycle time is common for all Panchayats, the maximum levels would vary from Panchayat to Panchayat.

5.3.3.8.3 Maximum levels would have to be fixed for the blocks (intermediate level) as well as the district. For blocks, the maximum level would be two months' aggregate of requirement of funds for all the Gram Panchayats plus the funds required by it for executing its works. The maximum level of funds for a district would be the summation of the block's maxima plus the funds required by the District Panchayat to execute works by it. In order to ensure better utilization of funds, one month's requirement of funds for the Gram Panchayat should be parked at the block level and one month's requirement at the Gram Panchayat level.

5.3.3.8.4 The maximum funds required for a Gram Panchayat for a two-month period will be the sum of the amounts required for payment of wages, cost of materials and administrative charges during this period. The maximum level of funds to be parked at the Gram Panchayat fund level at a Gram Panchayat may be estimated as follows:

(i) Amount required for wages W=(N) x (D) x (R); where N=number of job cards in the village (Gram Panchayat), D[14]= estimated days of work demanded in a two months period per job card, R= daily wage rate.

(ii) Cost of materials in two months M[15]=0.67x(W)

(iii) Administrative charges for two months A=(P/100)x(W+M); where P[16] is the allowable percentage for administrative charges.

5.3.3.8.5 Thus the maximum level for the Gram Panchayat would be = W+M +A. Only half this amount will be assigned to the Gram Panchayat and the rest would be parked at the block/intermediate level.

5.3.3.8.6 The maximum level for a block (intermediate level) would be summation of all the Gram Panchayats' maxima (two months' requirement) and its own requirements. The block's own requirement may be fixed at 10 per cent of all Gram Panchayats' requirements for two months. The maximum level for the district may be similarly determined. The principle to be followed for flow of funds would be that each higher level would release funds to the next level to bring the funds availability at that level to the prescribed maxima. The Commission also recommends that the maximum fund level and the variables involved in its determination be reviewed periodically, to begin with after six months from the date that they were fixed.

[14] We may assume D=40 for the present. This number may be revised based on experience.
[15] As the maximum allowable ratio of materials to wages is 40:60
[16] As the administrative expenditure for capability building, awareness generation would be at district and block level, the allowable percentage would be different for district, block and Gram Panchayat.

5.3.3.9 *Fund Release Cycle*

5.3.3.9.1 The fund release cycle would begin at the start of the financial year and the Union Government should release funds to each district to bring their funds availability to the prescribed maximum. The district in turn would retain only funds meant for it and release the rest to blocks (intermediate levels) to bring their levels to the prescribed maxima. The blocks in turn would release funds to the Gram Panchayats to raise the Gram Panchayat's fund levels to their prescribed maxima (up to one month's requirement). This would ensure that the blocks have adequate funds for their own requirements as also one month's requirement of funds for the Gram Panchayats.

5.3.3.9.2 At the commencement of the second month, the blocks (intermediate level) would obtain statement of expenditures from every Gram Panchayat for the preceding month and immediately restore their fund levels from the funds available with it. Simultaneously, it should forward a consolidated statement of expenditure of all the Gram Panchayats to the district, after adding its own expenditure. The District Panchayat in turn should consolidate the information for all blocks, add its own expenditure and forward it to the State Government and the Union Government. The Union Government should immediately process for release of funds. This entire process should be completed so that the funds reach the Gram Panchayat before the first week of the third month. The same process will get repeated in other months except for those months in which a supplementary check described in para 5.3.3.11 is applied. The complete cycle is described in Figure 5.3.

5.3.3.10 *Emphasis on Outputs and Outcomes*

5.3.3.10.1 With the change in focus of development programmes, it is necessary that in addition to providing livelihood security in the short term, execution of works should result in creation of durable assets which will facilitate income generation in the long term. The success of the Scheme would therefore depend on how soon it can be dispensed with after having met its objectives and goals. Panchayats will therefore have to ensure the quality and nature of assets created. Information and evidence on these aspects would have to be compiled and made available to all levels in the system. In addition, periodic social audits should be mandatory at all Panchayats. This is discussed in subsequent parts of the report.

5.3.3.11 *Checks and Balances*

5.3.3.11.1 Under the existing dispensation, the tools available for ensuring proper utilization of funds are the mechanism of 'Utilisation Certificate' and the Audit. A Utilization Certificate (UC) is a self certification document issued by a public authority certifying that the funds utilized by it have been expended as per the extant rules and regulations. It is expected that such a certificate would be issued after the public authority has exercised all the required

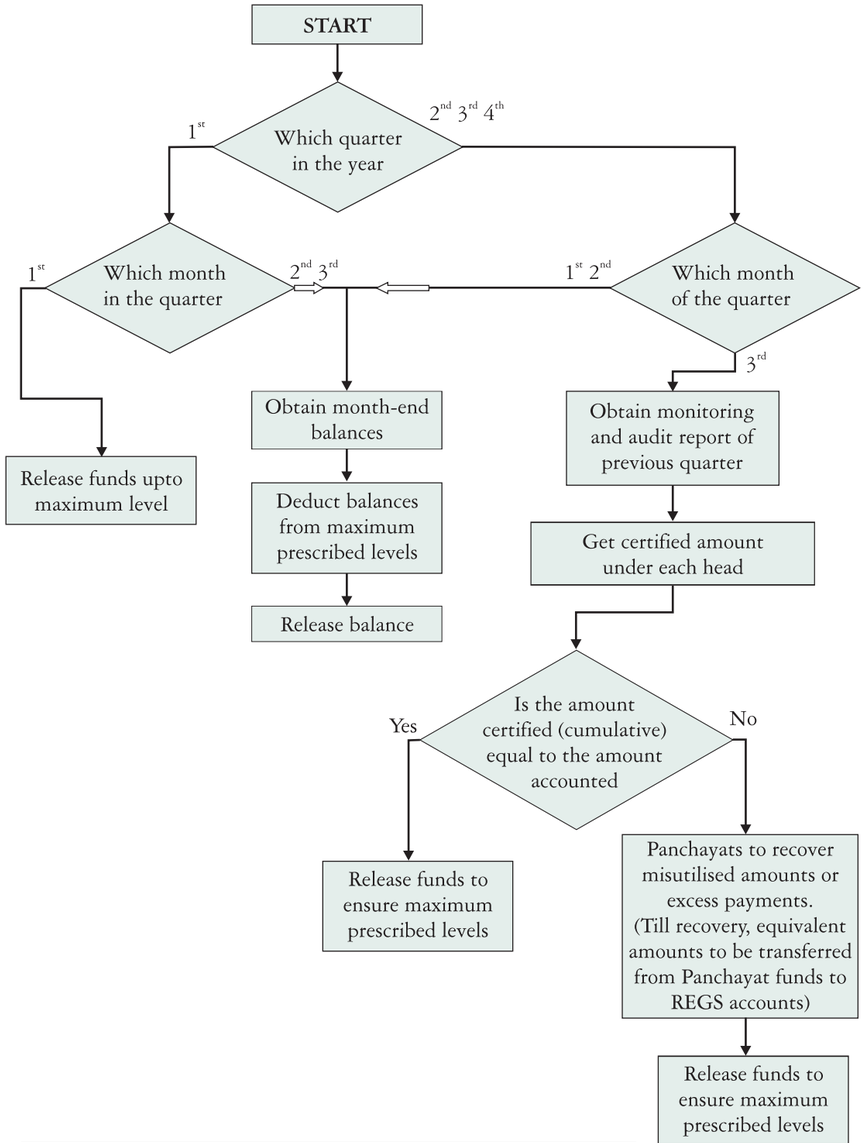


Fig. 5.3 - Flow diagram showing the process for release of funds

checks and carried out the necessary verifications. It has been experienced that there are inordinate delays in getting such utilization certificates and moreover the issuance of a certificate does not guarantee proper utilization of funds as the various checks and verifications required are seldom carried out. Some of the deficiencies about the utilization of funds are brought out in periodic audits, but such audits often are too infrequent and also too late to take timely corrective actions. Therefore ARC recommends that the present UC system be substituted by an independent concurrent monitoring and financial audit system.

5.3.3.11.2 Under the concurrent monitoring and audit system, 100 per cent verification of accounts of all the implementing agencies i.e. Gram Panchayats, Block Panchayats (intermediate level) and the District Panchayats should be carried out as also a verification and reconciliation of the financial and physical progress. This work should be entrusted to an independent external agency well conversant with accounting procedures, which would carry out the monitoring and audit at the beginning of every month for the transactions of the previous month. The monitoring and audit exercise would basically bring out three types of discrepancies: (a) discrepancies in the recording of transactions which can be rectified, (b) deficiencies in following the procedures, and (c) misutilisation of funds, excess payments etc which would have to be recovered.

5.3.3.11.3 The monitoring and auditing teams would point out these discrepancies to the Gram Panchayats (or the Block or District Panchayat) and send a copy to the next higher level. In each subsequent inspection, the monitoring and auditing team would look into the compliance of the earlier observations. At the end of each quarter after studying all records, the team would certify the eligible expenditure which the Panchayat has incurred up to the end of the previous quarter. The teams should be authorized to ensure correction in the accounts for any procedural mistakes. Cases of misutilisation of funds and excess payments should not be included in the expenditure. The Panchayats would have to recover these amounts from the persons/agencies responsible for the lapses. The quarterly monitoring and audit report should be placed before the Gram Sabha. For each subsequent release of funds the amount certified at the end of the quarter would be taken as the base. In case the amount to be recovered is substantial, then a Panchayat may be rendered ineligible for any further release as such amount would be treated as unutilized amount lying with the Panchayats. As recovery of amounts would take time, the Panchayats should immediately transfer this amount to the REGS account from its own funds. In case the Panchayat fails to do so, the Panchayat at the next level should transfer funds to the REGS account by making necessary adjustments in subsequent releases of other untied funds to the Panchayat from the account of the defaulting Panchayat. This would ensure that there are minimal interruptions in availability of funds for implementing the Scheme. As the fund release system would be totally computerized in due course, it is necessary that the Panchayats are

educated about the new accounting systems, funds flow management and 'zero tolerance' for mistakes.

5.3.3.11.4 In addition to recovering the misutilised amount from the responsible Panchayat, it is necessary that the administration at the next higher level investigates every such case following due processes of law to fix responsibility on the individual(s) for defaults. Further, misappropriated amount should be recovered from the concerned individuals and prosecution launched against them under the prevailing laws. If in any state there are lacunae in the prevailing laws for recovery and prosecution, then the states should make appropriate amendments in their respective Panchayat Laws. This would act as a deterrent against unethical and illegal practices.

5.3.3.11.5 It is expected that the process of completing the concurrent monitoring and audit for a quarter would take about a month and thereafter the process of consolidation of information would take another month. Thus the figures of this monitoring and audit would be available to link the fund release with them only for the release in the sixth month. Therefore till the fifth month, the releases would have to be based on information about expenditure at various levels.

5.3.3.12 *Financial Information System*

5.3.3.12.1 In order to ensure that decisions are data driven, reliable data capture is needed at the Gram Panchayat level and also timely flow of information from the Gram Panchayat to the higher levels namely the Block and District Panchayats, State and Union Governments. The accounting system provides the data, which are the basis for information that flow upwards.

5.3.3.12.2 The information system must achieve the following objectives:

i Ensure timely and adequate availability of funds at all levels.

ii. Ensure proper utilization of funds.

iii. Ensure access to information to all levels.

5.3.3.12.3 In order to fulfill these objectives, the basic information to be made available at each level would be: (a) the amount received, (b) the amount released to the immediate succeeding level, (c) the amount utilized during the given time period, and (d) authentication of the amount utilized (under various accounting heads at the Gram Panchayat, Block and District levels).

5.3.3.12.4 The Gram Panchayat is the base level at which data is captured on implementation of REGS. The Gram Panchayat forwards the financial information generated at its level to the Block Panchayat, which in turn aggregates data for all Gram Panchayats in the block and forwards it to the District Panchayat along with information on the works executed by it. Similar is the case with the district. In addition, each level forwards to the next higher level a certified statement of its bank/post office account. Since computerization at all blocks is envisaged, the data relating to each level is available to all levels in the system. Appropriate summary reports must be designed and computer generated at each level so as to have complete transparency in the system. The District Panchayat should be the nodal agency which will be responsible for ensuring data access and integrity of the financial information system. It is essential that standardized formats are used for information reports by all reporting authorities at a particular level.

5.3.3.13 *Records for Financial Management*

5.3.3.13.1 Chapter 9 of the Operational Guidelines prescribes the records to be maintained by the implementing agencies. It does not however prescribe the records that have to be maintained for financial management. State Governments while formulating the Employment Guarantee Schemes are expected to delineate the fund flow system for the Scheme and also prescribe the procedure for maintenance of accounts.

5.3.3.13.2 Each implementing agency is likely to have an expenditure management process to maintain records of the funds it receives for particular projects and the expenditure against such funds. Through a number of standardised reporting documents, the data in the expenditure management process, whether manual or electronic, can be standardized. It would therefore be necessary to evolve the basic accounting procedure so that there are no problems in the compatibility of formats when the states switch over to the computerized system. This would also ensure smooth aggregation and processing of data at the national level.

5.3.3.13.3 The information flow would depend totally on the records which are maintained at village, block and district levels. Therefore it is necessary that these records are meticulously planned and maintained. The following records are proposed for the financial management information system:

1. *Fund Inflow Register*: This register would give the head-wise details of all funds received by the Panchayat from different sources. For each receipt there would an entry and at the end of the month, there would be a summary. This summary would form the basis of entry in the monthly report {Table 5.3, Rows 3, 4, 5 and 6}.

2. *Cash Register*

3. *Fund Utilisation Register:* This register should include all details about the expenditure incurred each month. Each transaction about expenditure would be recorded in this register. The following format may be adopted:

Sl. No.	Date	Amount	Brief description	Muster Roll No/Voucher No.	Cheque No.	Stream of Expenditure[17]					Work No.[18]
						A	B	C	D	E	

At the end of each month, a summary would be prepared and would form the basis for the monthly report {Table 5.3, Row 10}.

4. *Inventory Register:* Consumable items for works e.g. cement, bricks, stones, sand etc should be entered in this register. Other items for regular office expenses, tools and implements should not be entered here and would form part of administrative expenses and should be reflected under Column-D of the Fund Utilisation Register. This register should be divided into sections with one section meant for each type of material. For the inflow side, the following format may be adopted:

Sl. No.	Date of receipt	Date of payment	Quantity of material	Value of material	Reference No. in the Fund Utilization Register

On the issue side the following format may be used:

Sl. No.	Date of issue	Quantity of issue	Work No.	Remarks

5. *Audit Disallowance Register*: The monitoring and audit teams have to visit the Panchayats on completion of each month. All discrepancies noticed by them should be entered in this register. On subsequent visits, the audit teams should verify the compliance action taken by Panchayats and make suitable entries against each para.

6. *Audit Recovery Register:* All audit disallowances pertaining to excess payments and misutilisation of funds should be entered in this register. All such audit observations have to be complied by the Panchayat by making recoveries from concerned persons. On completion of each quarter, the audit would certify as to what is the actual permissible utilization of funds by the Panchayat in that quarter. If the amount accounted by the Panchayat is more than the certified

[17] A=Wages for unskilled workers, B=Wages for skilled and semi-skilled workers, C= Expenditure on materials, D= Administrative expenses, E= Unemployment allowance paid.

[18] It may not be possible to indicate the work No. for each purchase. But for each payment against muster roll, the work number should be indicated.

amount, then the difference would be held as recoverable. The amount shown as recoverable would not be treated as a permissible expenditure and thus would not be eligible for claiming subsequent releases.

Table: 5.3 Format for monthly financial report from Panchayats

FUND FLOW STATEMENT FOR THE MONTH OF					
S.No.			Head of Account		
1		Funds[19]	Total	Cash-in-hand	In-Bank
2	Opening Balance	Recoverable from Panchayat[20]			
3	Funds received during the month from GOI				
4	Funds received during the month from the State Government				
5	Funds received by way of interest during the month[21]				
6	Funds received through recoveries during the month[22]				
7	Fresh recoverables detected during the month[23]				
8	Closing balance of recoverables from Panchayat[24]				
9	Total funds available during the month[25]				
		DEBIT			
		Wages		Materials	Administrative expenses	Unemployment allowance
		Unskilled	skilled			
10	Expenditure incurred as per unaudited accounts in the previous month.[26]					
11	Maximum prescribed levels					
12	Funds to be released by GOI[27] in the current month					

5.3.3.14 *Making the System Work*

5.3.3.14.1 The concurrent monitoring and auditing process would have its own problems. First and foremost would be getting independent monitoring agencies that could discharge

[19] Actual balance lying in account of the Panchayat plus cash with them at the beginning of the month.

[20] This would be filled up only after the completion of the first quarter. This should indicate the cumulative position of the funds to be recovered from the Panchayat as at the beginning of the month under report, after adjusting for the recoveries affected till the previous month. This entry would be equal to the entries in Row8 of the previous month.

[21] This may be credited to administrative expenses.

[22] This recovery is against the audit disallowances pointed by monitoring and audit team.

[23] This would be only in the third month of 2nd, 3rd and 4th quarter. In other months, this row would show nil figures.

[24] Row2+Row 7-Row6

[25] Row1+Row3+Row4+Row5+Row6

[26] Prior to audit.

[27] Row11-Row9

this responsibility. Steps would have to be taken to build their capabilities. It has to be understood by all levels that reporting has to be perfect and on time since any delay has the potential to debilitate the entire fund flow system. Initially this would pose a bigger challenge and conscious efforts would be required to put the system in place. Also additional resources would be required for this purpose. It is common experience that when there are competing demand for funds, monitoring takes a back seat. It would therefore be better if funds are provided exclusively for monitoring under administrative expenses. For this purpose the administrative expenses may be increased by 1 per cent point of the total expenditure and this additional allocation should be used only for concurrent monitoring and audit.

5.3.3.15 Recommendations:

a. Funds from Government of India should be transferred directly to the districts.

b. The State Government's contribution may be fixed at 10 per cent of the total cost of REGS in a year, and may be made annually. If the state does not make this contribution, it may be deducted from its 'Central Assistance for State Plans'.

c. Target (maximum) levels of funds should be fixed for Panchayats (village, block and district levels). Government of India should release funds to districts every month, so that the target levels are restored. The district in turn should release funds to blocks to bring their funds up to the prescribed target levels. Finally the blocks should replenish the funds at the Gram Panchayats.

d. The system of releasing funds based on utilization certificates should be replaced with a system of concurrent monitoring and audit through an independent agency.

e. The audit should be taken up every quarter, and if major irregularities are found, the concerned Panchayat should immediately make good the misutilised amounts from its own funds (not NREGA funds). It should initiate action for recovery against those concerned. If there is a prima facie case of corruption, criminal cases should be launched against the concerned persons.

f. The target (maximum) level of funds required for Gram Panchayats may be fixed at two months' requirements, and so also for the blocks and districts.

g. A uniform financial information flow system should be prescribed for the entire country.

5.3.3.16 *Mode of Payment to Workers*

5.3.3.16.1 The Commission has considered the advantages of using the elaborate infrastructure that exists in the post offices and banking network to make payments to the workers. During its field visits, the Commission found that the workers were not particularly enthusiastic about receiving payments through accounts in banks and post offices. The problem is compounded by the fact that most of the panchayats do not have a branch of a nationalized bank. Besides, the field functionaries are of the view that payment through both post offices and banks pose administrative difficulties as well as problems of accessibility. Although payments through banks/post offices is the surest way of ensuring that the payment reaches the worker, the choice of mode of payment should be left to the worker. Also irrespective of the mode selected by the worker, it must be ensured that the person/agency preparing the muster roll is not also making the payment to the worker.

Box 5.1–Inadequate bank network

The District of Thiruvannamalai has 870 Gram Panchayats and 94 branches of nationalized banks. Out of these 94 branches, only 70 are in the rural areas. Thus accessibility to banks remains a problem. Therefore cash payments with adequate transparency would have to continue.

5.3.3.16.2 In drought prone and remote areas (tribal and hilly areas), it would be desirable to provide an element of food security under NREGA. Therefore a part of the wages may be disbursed in terms of foodgrains especially since payment in kind is also envisaged under NREGA.

5.3.3.16.3 Recommendations:

a. The ultimate choice of the mode of payment should be left to the workers; payment in cash may be the preferred option. The person/agency preparing the muster roll must be different from the person/agency making payment to the workers.

b. In drought prone and remote areas (tribal and hilly areas), a part of the wages may be disbursed in terms of foodgrains. In all cases, quality and timely availability of foodgrains should be ensured.

5.3.3.17 *IT System for Financial Management: {Please refer to para on use of IT (para 5.4.8)}.*

5.3.3.18 *Role of Banks and Post Offices in Fund Flow*

5.3.3.18.1 The fund flow system could face the last mile problem as all the Gram Panchayats do not have banks. The post office network is more widespread than the bank network and therefore inclusion of post offices would ease the situation to some extent. However some Gram Panchayats would still have to keep funds in banks or post offices outside their

jurisdiction. During field visits, the officials expressed some reservations about using the post office network for routing funds under REGS because of procedural difficulties.

5.3.3.18.2 The Department of Posts raised the following issues while agreeing to the use of the post office network for fund flow under NREGA:

i. Remunerating the Department of Posts for REGS savings accounts.

ii. Approve opening of zero balance accounts.

iii. Approve opening of Institutional accounts.

5.3.3.18.3 The real service that banks and post offices can render is to enable payment to workers through their accounts and cheques. Such a system would eliminate leakages in transfer of funds from panchayats to the workers.

5.3.3.18.4 There may be some reluctance on the part of banks and post offices to open a large number of accounts in the names of workers as these would be low balance accounts (these accounts would be required to facilitate payments through cheques or accounts transfer). The rural poor would also need guidance and handholding to familiarize themselves with banking operations. While it is true that servicing such a large number of accounts could increase the transactional costs for the banks, in the long run with core banking solutions these costs could be minimized.

5.3.3.18.5 Recommendations:

a. The post office network should be used along with the bank network for flow of funds and the procedural bottlenecks addressed.

b. Banks and post offices would have to play a more proactive role in handling these accounts. Procedures, especially in post offices need to be simplified.

c. Opening of zero balance accounts in post offices by both individuals and institutions may be permitted by the competent authority. If the enhanced costs of opening zero balance accounts cannot be borne by the post offices, the amount required may be quantified and examined if remuneration can be given to selected post offices in difficult areas where the bank network is not easily accessible.

d. To avoid leakages, payment through banks and post offices is a better option. Banks and the post offices need to be reoriented to handle this task.

5.3.4 Preparing Estimates for Works

5.3.4.1 *Time Rate Versus Piece Rate*

5.3.4.1.1 Guidelines issued by the Ministry of Rural Development provide that wages may be paid either on a time rate or piece rate basis. A time rate basis is one in which payment is made in proportion to the time spent by the worker in the workplace. The merit of the time rate system is that it allows minimum wages to be paid to such vulnerable categories as women and elderly people, regardless of the actual physical work done by them. But, the time rate system will not generate the necessary productivity and quality required for creating durable physical assets. In addition, there is more scope for misuse of funds under the system. The piece rate system is one in which payment is based on the amount of work turned out. During the workshop, several NGOs strongly advocated making payments on the time rate basis. They were of the view that unless the time rate is followed, minimum wages cannot be ensured to the workers, especially to women workers. On the other hand, during visits to states the field officers recommended the piece rate system. The features and the problems associated with each of these systems are enumerated below:

Box 5.2 – Rajasthan adopts the piece rate system

Initially vide their order dated 13-2-2006, the State Government had instructed that a 'guaranteed time wage' of Rs 54 shall be payable under the Scheme. The implication of this would have been that this amount had to be paid irrespective of the amount of work turned out by the worker. This order was revised on 28-2-06, and now it has been stipulated that the payment to workers under the scheme would be only on the basis of the work turned out. Thus the State Government has now switched from time rate to piece rate system of payment.

5.3.4.1.2 Piece rate system

a. Payment is based on the amount of work turned out. This necessitates measurement of the amount of work.

b. The amount of work is measured in terms of physical parameters, such as volume of the pit dug, quantity of soil carried for a given distance, length of road laid etc.

c. The amount of work is converted from

Box 5.3 – Desilting of a channel in village Ranjanthraju (NREGA)

The estimate for this work was prepared for an amount of Rs 1.00 lakh. The work involved two main items (i) clearing and removing of bushes and debris and (ii) excavation of earth. At the time of inspection, the work was under progress and about 50 workers were working on it (18-3-06). The work had started on 17-2-06. The first measurement of work was carried out on 25-2-06. The measurement indicated that 1015 cubic metres of earth had been excavated. The total excavation required for completion of work was 3240 cubic metres. The measured amount of work i.e. 1015 cubic metres was converted into monetary terms (using the Schedule of Rates (@Rs 26.62 per cubic metre). Thus the monetary vale of work turned out came to Rs 28398. As per the muster rolls 422.5 person days were used to turn out this amount of work. Thus the payment per person was worked out as 28398/422.5=Rs 67.21. **In other words, the workers were paid wages @Rs 67.21 per day.**

physical to monetary terms using the Schedule of Rates. In fact the work estimates are prepared and sanctioned based on the Schedule of Rates.

d. If only one person is engaged in work, then payment becomes easier as he/she gets the entire amount as per the Schedule of Rates. But in real situations this would seldom happen. The problem would then arise as to how this total amount of compensation has to be distributed among the workers. A contractor does this through an informal mechanism, where he makes payment to the gang leader and the gang has internal norms for its distribution. (The muster rolls would never be able to capture this).

Box 5.4 – Deepening of village pond (NREGA) in Thandrampattu

This work was sanctioned for an amount of Rs 50,000. the work involved excavation of earth. It was estimated that a total quantity of 1657 cubic metres of earth has to be excavated @Rs 25 per cubic metre. Including some other minor items the total estimate for the work was worked out at Rs 50,000 based on PWD schedule of rate. The work started on 17-2-06. The first measurement of work was carried out on 27-2-06. At that time it was recorded that 207 cubic metres of excavation has been completed. Accordingly, using the PWD schedule of rates the value of work turned out was arrived at Rs. 6693. As per the muster rolls 162 person days were required to achieve this work turn out. 90% of the workers were women. **Thus the payment per person per day worked out as 6693/162=Rs 41.31 per day**.

e. Under an employment generation scheme a cross section of workers would be applying for work whose physical strength and skills may vary. Discrimination based on the amount of output would go against the basic principles of the Scheme.

f. Another problem could be that the Schedule of Rates is prepared assuming that persons of normal physical strength would be executing the works. In reality the combination of workers (men and women) who report for work may vary. And at the end it is quite possible that when payments are made as per the Schedule of Rates, workers would get less than the prescribed minimum wages (Boxes 5.3 & 5.4).

5.3.4.1.3 *Time rate system*

a. Under the time rate system, payment is made in proportion to the time spent by a worker at the workplace. Simply stated, payment is made on the basis of attendance.

b. This type of system is best suited for employment generation works as all the workers get paid equally irrespective of their physical strength, their skills and most importantly irrespective of the actual physical work done by them.

c. Since payment is not made on the basis of the work turned out, measurement of work is not required (at least for making payments).

d. Thus under this system it is difficult to establish a linkage between the amount paid and the quantity of work. A basic question that arises under such circumstances is how will an estimate for works be prepared?

Box 5.5 – Basis for preparation of estimates under NREGA

S.No	State	Basis
1	Karnataka	PWD Schedule of Rates
2	Tamil Nadu	PWD Schedule of Rates
3	Rajasthan	Special Schedule of Rates (Grameena Karya Nirdeshika)
4	Andhra Pradesh	Modified PWD Schedule of Rates
5	Bihar	The scheme prescribes the minimum wages and quantity of work for earth cutting
6	Jharkhand	PWD Schedule of Rates
7	Orissa	PWD Schedule of Rates

e. Scope for misuse of funds is very high for the reasons indicated at (c) and (d) above.

f. Influential villagers may not work themselves and instead make others work, but still get paid, defeating the self targeting nature of the scheme.

g. Under this system, the scheme may become a mere dole scheme.

5.3.4.1.4 Several State Governments have in fact adopted the piece rate system. Rajasthan, which had initially adopted the time rate system, has now switched over to the piece rate system (Box 5.2). The Commission has examined the merits and demerits of both the systems, and on balance, finds that it would be better to follow a piece rate system, since the possibility of misuse would be much less in this system.

Box 5.6 – Earthwork excavation (for 10 cubic metres) in hard soil with lead of 50 metres and lift of 1.5 meters. (CPWD rates)

Description	Person days required	Daily wages in Rs	Total labour cost in Rs
1 beldar	2.65	80	212.00
2 coolie	1.8	80	144.00
		TOTAL	356.00
		Add 1% water charges	3.56
		Add 10% contractors margin	35.96
		Grand total	395.22

5.3.4.1.5 Recommendation:

a. Payments should be made, based on the piece rate system, and not the time rate system.

5.3.4.2 *Schedule of Rates*

5.3.4.2.1 The Schedule of Rates establishes a relationship between the physical quantity of work and funds required to execute that work. The Schedule of Rates is used as the basis for preparation of estimates for work and once the work is executed, for converting the quantity of work into monetary value. Each state has got its own Schedule of Rates, which is prescribed by the state PWD and followed, by and large, by all the State Government departments.

Table 5.4: Comparative Analysis of the Schedule of Rates

Excavation in soft soil for 1 cubic metre with a lead of 50 m and a lift of 2 m

Sl. No.	State	Labour required in person-days	Labour wages per day in Rs	Amount required in Rs (only for the labour component)
1	Tamil Nadu	0.20	82.50	16.60
2	Andhra Pradesh	0.75	80.00	60.00
3	Rajasthan	0.52	73.00	30.02
4	Bihar	0.31	68.00	37.00
5	CPWD	0.45	80.00	36.00

Even in the past all the employment generation schemes like NREP, RLEGP, EAS, SGRY, NFFWP etc., generally used the PWD Schedule of Rates. If the piece rate system is adopted, estimates of works would have to be based on the Schedule of Rates. The state-wise position (for some states) in this regard is summarized in Box 5.5. The Commission has examined the question of applicability of PWD Schedule of Rates to NREGA (Boxes 5.3 & 5.4). The two case studies reveal that, if one strictly goes by the PWD Schedule of Rates, workers would not get the prescribed minimum wages. A sample procedure of how the PWD Schedule of Rates is arrived at is given in Box 5.6. It is clear that this is prepared by assuming that "standard beldars" and "standard coolies" work on the project. Such an assumption would not be valid in the case of NREGA works. (In the case studies mentioned in Box 5.3 and Box 5.4, 90 per cent of the workers were women).

Box 5.7 – NREGA work in village Dilia (District Bhojpur, Bihar)

This village is not connected with any pucca road. An estimate was prepared under SGRY for an earthwork road connecting it to NH 30. This work was taken as the first work in the whole Block under NREGA by the Intermediate Panchayat (Panchayat Samiti). Work on the site commenced on 21st March, 2006 and the first measurement was taken on 23rd March, 2006. As per the Measurement Book, earthwork of 10730 cubic feet was done. The guidelines issued by the Rural Development Department, Govt. of Bihar provide for the quantity of earthwork to be done in a day for three types of soils : (a) hard soil-90 cft (b) medium soil-100 cft, and (c) soft soil-110 cft. In the present case, soil has been classified as medium soil. Person-days have been computed in the following manner : 10730/100 = 108 (sic). The State Government has fixed the wage rate of **Rs.68** per 100 cft which is also the **minimum wage** under State Guidelines. The amount for payment to workers was thus determined at Rs.7,297/-(sic) (108x68 = 7344), and payments were made to the labourers on 23rd March itself. The Muster Roll revealed that the total number of person-days is 112. Thus, average wage paid to a worker comes out at **Rs.65.15**, which is lower than the minimum wage prescribed for unskilled agricultural labour.

5.3.4.2.2 Some states like Andhra Pradesh have sought to resolve the issue by adopting a special Rural Schedule of Rates, which is more realistic than the PWD Schedule of Rates. Though such a measure helps in making the rates more realistic, they are not a substitute

for working out a separate rural Schedule of Rates for NREGA. The Commission carried out a comparative analysis of the number of workers needed and the funds required to carry out the same amount of work in different states. The findings are presented in Table 5.4.

Box 5.8 – Need for special arrangements for physically challenged and elderly people

During a field visit, some elderly people and also physically challenged people expressed their concern as to what kind of wages would be paid to them. Since they would not be able to conform to the productivity norms of an able bodied person there is a need to some mechanism so that they also get a far wage.

5.3.4.2.3 Clearly, there is significant inter-state variation in the quantum of labour required for carrying out the same amount of work. The amount of money required to carry out the same task also varies from State to state. The Table also establishes the necessity for evolving an exclusive rural Schedule of Rates. This exercise will not be as comprehensive and cumbersome as for a regular Schedule of Rates since the list of works permissible under NREGA is comparatively limited (Schedule-I, NREGA).

Box 5.9 – Were contractors eliminated in the past?

Under SGRY or NFFW, the use of contractors was prohibited. The works were carried out by the village panchayat. Records show that muster rolls were maintained and payments were made accordingly. But a closer look reveals that the middleman was not always eliminated. The modus operandi often was that after the approval of work a sponsor or 'mistri' or a gang leader would be chosen. He/She would be assigned the work for the total estimated amount. He/She in turn would organize labour, procure materials etc. and would also divide the work among the workers. The payment to workers would be a form of group payment based on the work turn out. The workers would distribute the wages amongst themselves based on some informal norms. This would often result in workers getting less than the statutory minimum wage per day (This would not be captured by the muster rolls, which would indicate uniform payments to all workers).

5.3.4.2.4 The Operational Guidelines provide that the State Governments should undertake comprehensive work, time and motion studies and evolve the District Schedule of Rates (DSR). These studies should observe out-turn and fix rates after detailed location specific observations. This implies that productivity norms must follow possible out-turn under different geo-morphological and climatic conditions, across and within districts. The Commission agrees that a district-wise Schedule of Rates needs to be evolved rather than adoption of the existing PWD Schedule of Rates.

Box 5.10 – Findings of social audit

The social audit also brought out some crucial inadequacies of the scheme in its practical nitty-gritties. The most common and justifiable complaint that surfaced was with regard to the "task" a *mazdoor* had to complete in order to earn the daily minimum wage of Rs. 73 (and now with the Centre's move, a possible reduction to Rs. 60). Unlike drought works, under the EGS labourers are paid a wage that is linked to the task they perform. So it becomes crucial that these norms are fixed fairly and implemented properly. But there are problems aplenty. *Frontline: Volume 23 - Issue 09 :: May 06 - 19, 2006; http://www.frontline.in/fl2309/stories/20060519002903500.htm*

5.3.4.2.5 While developing the district-wise Rural Schedule of Rates, States should ensure that inter district variations in the quantum of labour required for the same work are kept within an acceptable band. Similarly, the Union Government can coordinate with the State Governments so that the inter state variations are also within acceptable bands.

Thus it would be possible to rationalise the amount of labour required for a given work across the country.

5.3.4.2.6 The normal Schedule of Rates is prepared on the basis of an average worker. In case of works under NREGA there would be a substantial proportion of women workers. This should be kept in mind while preparing the Schedule of Rates for NREGA and should be fixed after carrying out Time & Motion studies for men and women workers.

5.3.4.2.7 Another problem related to measurement of works is payments to be made to women, physically challenged or elderly people. NREGA does not make any distinction between applicants. During field visits of the Commission, some elderly and physically challenged persons expressed concern and apprehension that they would be paid very low wages under NREGA since they do not conform to the productivity norms applicable for able-bodied persons. The Commission feels that this factor needs to be taken into consideration while preparing the district-wise Schedule of Rates for such persons. Moreover, they could be assigned light duties like supervision work, looking after crèches, measurements of works etc. Additionally, the money for a particular work should be equally distributed to all members of the group. This would also help in generating positive group dynamics which, in turn, would facilitate better work turn out and minimize misuse of funds.

Box 5.11 Gender equality

Ramesh (real name is different) is now a successful non-resident businessman settled outside India. He hails from a dry district of Telangana. Years ago, at Hyderabad's Osmania University, he was a student leader actively associated with a radical communist group. Ramesh married a feminist women's leader who was also active in her college student union movement. Both were student leaders. For a variety of reasons they left India and settled abroad.

Now in his middle age, and a prosperous businessman, Ramesh has invested in his village in Telangana with the intention of creating some local employment. He bought a large plot of land and started cultivating cash crops on his farm. He employs several dozen men and women wage labourers.

Given his radical past, his still deep seated commitment to the poor and to gender equality, Ramesh decided to pay equal wages to both his men and women labourers. At the end of the second or third month of his employing these labourers, the women labourers came to him and pleaded with him that their husbands should be given a higher wage.

"Sir, Please don't treat us on par with our husbands. It hurts their ego. They get very angry and we have problems at home. They are also angry with you because they think you are insulting them. Please pay us a lower age. This will restore peace to our families".

Ramesh was shocked. He never thought that his attempt at gender equality would have this reaction from the womenfolk of the village. Ramesh is now old enough to understand these things and decided to compromise. He reduced the wage being paid to the women labourers. However, his conscious would not allow him to perpetuate this gender discrimination, even if the social rigidities of the village necessitated it.

So, Ramesh decided to gift his women workers a saree at every festival. Since there is some festival or the other practically every month, he managed to compensate them in kind, while he could not do so in cash. The men labourers were paid a higher wage, but gender equality was ensured in kind!

Ramesh's experience shows the practical social barriers that are still encountered in ensuring gender equality in our rural areas.

5.3.4.2.8 The concept of 'People's estimates' has been experimented in certain cases for other developmental programmes. The estimates prepared for works by the technical staff should be explained to the Panchayats in a manner that is understood by them. The estimates should be broken into material and labour components. The cost of each type of material

used should also be indicated. This would help in verifying whether the price rate of the materials are realistic. The Panchayats should be authorised to affect savings in the material components. This would make the estimates more realistic and acceptable.

5.3.4.2.9 The Operational Guidelines provide for setting up District Technical Resources Support Groups. Such Groups have been assigned tasks of identifying labour intensive technologies, standardizing estimate procedures, training field staff etc. The Commission is of the view that the task of preparing the district schedule of rates for NREGA should be carried out under the supervision of District Technical Resources Support Groups.

5.3.4.2.10 Preparation of proper estimates is necessary for the success of NREGA. It is of utmost importance that Panchayat functionaries as well as workers fully understand how these rates are fixed. So far, the Schedule of Rates has been the exclusive preserve of engineers and not shared. As the works under NREGA are simple in nature, it should not be difficult to make the Panchayat functionaries and workers understand how the rates have been determined. But, when it comes to extracting the labour component from a given Schedule of Rates, it is found that even engineers are not fully knowledgeable. This is because the Schedule of Rates does not give the break up of the labour required for carrying out the given work. It is to be noted that the rate indicated in the schedule, includes labour component, material component, contractor's margin etc. Unless the details of these components are made available it would be difficult to bring in total transparency.

5.3.4.2.11 Recommendations:

a. State Governments should evolve a more realistic rural Schedule of Rates for NREGA in each district. These rates should be so evolved that, workers both men and women, get the prescribed minimum wage. The prescribed minimum wage should be taken as the base and the Schedule of Rates should then be worked out. Adequate allowance should be provided as there would be a substantial proportion of women workers. This could be achieved by conducting a gender specific Time & Motion study at the district level.

b. The district Schedule of Rates for NREGA should be prepared under the supervision of the District Technical Resources Support Group.

c. State Governments should ensure that inter-district variations are within a permissible band.

d. A mechanism whereby the schedule of rates is harmonized across states needs to be put in place. There is also need to rationalise the quantity of

labour required for a given job. The Ministry of Rural Development should coordinate this process.

e. As regards elderly and physically challenged people, it is suggested that while prescribing norms for a realistic Schedule of Rates the productivity of such persons should be kept in mind. They should be assigned works such as supervision, assistance in taking measurements and overseeing the amenities at the worksite.

f. The Schedule of Rates needs to be made transparent. It should clearly spell out the amounts required for the material as well as labour components in each item of work.

g. The Ministry of Urban Development should coordinate the larger issue of rationalisation of the PWD Schedule of Rates in various states.

5.3.5 Maintaining Labour Material Ratio

5.3.5.1 The guidelines stipulate that the ratio of 60:40 for labour and material respectively should be maintained at Gram Panchayat/block/district level (cost of material involved should not exceed 40 per cent of the total project cost). This may however be misused for balancing of certain works in order to manipulate the ratio. For example, at the Gram Panchayat level, if out of three works to be taken up in a year, two are estimated to have a labour component of 80 per cent, the Panchayat would be free to select the third work which could have a material component of almost 80 per cent. This would defeat the basic objective of the scheme as the third work would generate hardly any employment. Worse still, if the balancing takes place at the block level, it would cause serious administrative problems. The Commission is of the view, that as far as possible the material component should not exceed the prescribed percentage (40 per cent) of the total cost for each work. If there is difficulty in achieving the ratio in each work the ratio should be maintained at the level of the Gram Panchayat/Block Panchayat.

5.3.5.2 **Recommendation:**

a. **The stipulation that the material component should not exceed 40 per cent of the total cost should be strictly adhered to for each work. In exceptional cases, if it is not possible to maintain this for each work it should be maintained at the Gram/Block Panchayat level.**

5.3.6 Mechanism for Procurement

5.3.6.1 Since the scheme provides for up to 40 per cent of the outlay to be used towards

meeting the cost of the material component, purchases of a substantial magnitude would be required. It is necessary for all State Governments to evolve and disseminate sound procurement procedures, which are totally transparent and ensure that these are meticulously followed by the Panchayats.

5.3.6.2 **Recommendation:**

a. **State Governments should evolve transparent procurement procedures under the scheme, and ensure that they are followed by the Panchayats in a transparent manner.**

5.4 Administrative and Institutional Arrangements

5.4.1 Strengthening Local Governments

5.4.1.1 *Building Institutions*

5.4.1.1.1 As stated earlier, the 200 districts selected in the first phase would receive a massive inflow of funds in the coming years. Availability of funds, though necessary, is not a sufficient condition for the successful delivery of basic public services. The capability of the system to optimally use the funds and realize results on the ground is equally important. Delivery of basic public services in these backward districts has suffered due to weak administration, on the one hand, and lack of motivation in the staff and large-scale leakages of funds on the other.

5.4.1.1.2 The Gram Sabha, the Gram Panchayat, the Intermediate Panchayat and the District Panchayat have all been given important roles for planning as well as implementation of NREGA. As per Section 16 of NREGA the Gram Panchayat is responsible for identification and execution of works and the Gram Sabha is responsible for monitoring and social audit. In states like Jharkhand, these institutions have not yet been constituted. Therefore the first step should be to ensure that institutions are duly constituted in all districts. The Commission found that in some states, even though these institutions exist they have not been sufficiently empowered to implement such large schemes, and it is the Collector who supervises the implementation of the Act as often the Chief Executive Officer (CEO) of the District Panchayat is a relatively junior officer._ The first step would be to empower these institutions in the true spirit of the 73rd Amendment and this empowerment would have to be both administrative and financial. Panchayati Raj Institutions, apart from being units of local self governance should evolve as institutions which can plan and execute development programmes in their areas; all developmental schemes which are better implemented at the local level should be transferred to the Panchayats along with their implementing staff. With this enhanced responsibility it would be necessary to have an officer of appropriate

seniority as the CEO of the District Panchayat and the Block/Intermediate Panchayat. This would empower the Panchayati Raj Institutions and also rationalize the workload of the Collector.

5.4.1.1.3 Recommendations:

a. Panchayats should be empowered by transferring all development schemes which are better managed locally, to them. This transfer should also include the commensurate transfer of administrative and financial power and the implementation machinery.

b. District Rural Development Agencies (DRDA) should be subsumed in the District Panchayat.

c. Officers of adequate seniority should be posted as CEOs of District Panchayat and the intermediate level Panchayat.

5.4.1.2 *Capability Building*

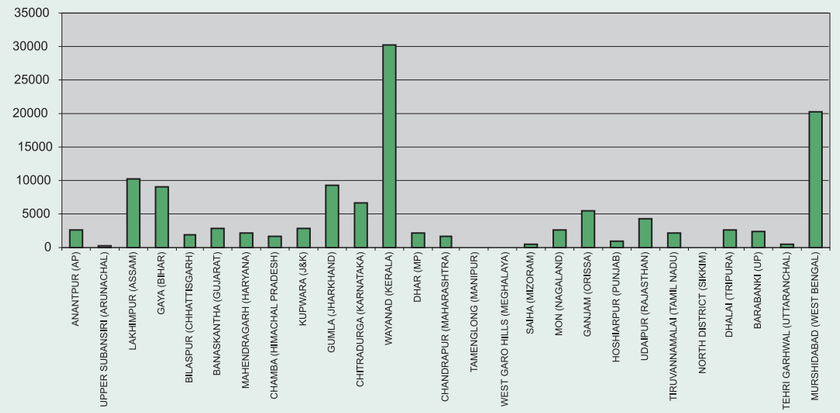
5.4.1.2.1 Positioning the right personnel in adequate numbers would be another pre-requisite for successful implementation of NREGA and other programmes. It has been observed that generally Panchayats are understaffed and the quality of the staff leaves much to be desired. It has been noted that very often officials posted in difficult areas do not reside there and prefer to function far from their place of work. As a result programmes suffer. The Commission feels that innovative procedures and tools such as appointment to a particular post rather than to a service cadre and appointment from amongst local people would be an effective way to ensure that the implementation staff stays in their respective place of work. Contractual appointments with liberal incentives could also be thought of to fill these posts. If persons of requisite qualifications are not locally available, it may be worthwhile to relax the qualifications and make up this deficiency with strong capability building programmes.

Box 5.12 – Paucity of staff at field level

Ghagra block of Gumla district in Jharkhand with a population of 87309 has just 2 Junior Engineers (JEs) to look after all the schemes of rural development. Right from preparation of project estimates, to supervision and monitoring of schemes and their measurement, these are the two technical personnel who are supposed to cover all these 120 villages across the entire block. Indeed an uphill task! At a still lower level i.e. at the level of a Gram Panchayat there is a govt. functionary known as Panchayat Sewak who has to handle all the rural development works in 6 to 7 villages under his jurisdiction often spread across a considerable distance in the hilly terrain of Jharkhand. To add to the problems, since many of these posts are vacant, often a Panchayat Sewak may often have to handle 2 Panchayats simultaneously.

5.4.1.2.2 As a substantial share of the responsibilities under NREGA devolves on the Gram Panchayat, it is important that the administrative machinery at the Gram Panchayat level is adequately staffed. The requirement of staff is two-fold: administrative and technical. The

Fig. 5.4 - INTER-STATE VARIATION IN POPULATION PER PANCHAYAT



administrative staff looks after all the administrative functions under the scheme while the technical staff carries out functions such as preparing estimates, supervising the execution of work, giving technical advice, measuring work, quantifying the value of work etc. It has been brought to the notice of the Commission that there is acute shortage of technical staff in some areas. Positioning well qualified and trained engineers would be a pre-requisite for the success of NREGA. However, there may not be adequate numbers of qualified engineers available locally nor would there be enough work for an engineer within a Gram Panchayat. A good option in such cases would be to have a panel of engineers at the block level. These engineers need not be engaged on a full time basis, but could help in preparing and approving estimates for works. Educated youth (non-engineers) may be trained in preparing draft estimates, to be finally approved by the panel of engineers at the block/intermediate level.

5.4.1.2.3 The guidelines authorise 2 per cent of the annual allocation to be used for meeting the administrative costs. Expenditure on a full complement of administrative and technical staff which is commensurate with the

Box 5.13 – Administrative expenses

In Thiruvannamalai, Tamil Nadu each panchayat has been provided with the services of an additional data entry operator who would also maintain the records about the work such as the muster rolls (Rs 2000 pm). Besides, a diploma holder engineer (Rs. 4000 pm) is being appointed for a group of 10 panchayats. Going by these norms, the district would require about Rs. 2.5 crores annually for meeting their expenditure. In addition, the expenses on staff required at Block and District levelS, office and traveling expenses, expenses on computers etc. would total up to another Rs. 2.5 crores. Thus the total administrative expenditure would be 5 crores per annum. The District may get about Rs. 100 crores under the scheme in a year. The existing norms allow an expenditure of only 2 per cent of the scheme funds on administration.

responsibilities devolving on the Panchayats would, however, call for a higher percentage of the allocation being earmarked for the purpose. Field officers felt that the existing provision is not adequate and there is need to revise it upwards (Box 5.12).

5.4.1.2.4 Moreover, having a uniform norm of administrative expenditure to be kept at a fixed percentage of the total utilization may not be practical. The staff required would also depend on the population in each Panchayat, its density, the terrain, climatic conditions and frequency of droughts. Such differential planning exists in other sectors. For example in the health sector there are different population norms for Primary Health Centres (PHCs) and Sub-health Centres (SHCs) in normal and difficult hilly areas. Some of the States have very small panchayats. Having a full complement of staff in each of these small Gram Panchayats may not be financially viable. In such cases the State Government may group these Gram Panchayats into compact administrative units for the purpose of staffing.

Box 5.14 – Capability building in Village Babburu (Distt Chitradurga, Karnataka)

The NREGA programme was inaugurated on 02.02.2006 in the Gram Panchayat. A Hand Book published by the District Panchayat, Chitradurga has been given to all the members of the Panchayat. Bills have been printed and distributed. Publicity by beat of drums has been undertaken. A one-day workshop was conducted on 26.01.2006 involving the members of the Gram Panchayat, Vice President and President. But the present level of awareness and understanding of roles and responsibilities amongst the members of the Panchayat and the staff is low. There is need for more intensive training and orientation for the Panchayat functionaries.

5.4.1.2.5 Another factor is that the demand for employment is seasonal and usually coincides with the period having minimal agricultural activities. Therefore the demand for employment would not be uniform throughout the year. Obviously the staff requirement for implementation of NREGA would follow a similar pattern. Such variability in the number of staff required cannot be matched by conventional cadre service based appointments. At the same time the entire personnel cannot be on a temporary basis. Therefore the Commission feels that NREGA would have to be implemented by an imaginative mix of permanent and contractual staff based on ground realities. At the same time it needs to be ensured that systems are put in place to ensure objectivity and transparency in the recruitment process.

5.4.1.2.6 As described in Chapter 4, there are several districts infested with extremism and violent activities disrupting normal administration. In such areas, officials often work through proxy and 'remote control'. Special incentive packages need to be devised to motivate officials to work in these areas. Also the District Collectors would have to be made responsible for proper implementation of the Act. The Commission feels that a District Task Force comprising the District Collector, the Superintendent of Police, Chief Executive of District Panchayat and other concerned officers should be constituted to ensure that the provisions of NREGA are implemented properly.

5.4.1.2.7 The Act provides both an opportunity and a challenge to the Panchayats; the greatest challenge being to ensure that they have the capability to discharge their responsibilities under NREGA. Effective implementation of NREGA calls for capability building of a high order in the Panchayats for both members of Panchayat and the staff, through training and orientation.

5.4.1.2.8 Recommendations:

a. NREGA should be implemented by a judicious mix of permanent and contractual staff. Staff required for implementation of NREGA at sub-district levels should, be engaged locally. This appointment may not be to a service but to a particular post. This could be achieved through contractual engagement. The process should be totally objective and transparent.

b. There should be a provision to relax qualifications in the case of local candidates to be backed by capability building programmes for them.

c. Services of Non Governmental Organisations with proven track records could also be used to supplement staff deficits.

d. The norms for engaging staff, both technical and administrative, should be linked to the average population per Panchayat (village/block and district). In hilly terrain the area per Panchayat should also be a criterion.

e. In case of smaller Gram Panchayats where each Panchayat cannot financially support a full complement of staff, the State Government may group them into compact administrative units for staffing purposes.

f. The following incentives may be provided to officials working in difficult areas:

   i. Liberal life insurance cover.

   ii. Hardship allowance.

   iii. Retention of government accommodation for family if required outside the place of posting.

   However, all these incentives should be linked to performance which should be reviewed each year.

g. In case of acute shortage of engineers in the field, a panel of non-government engineers may be engaged at the block level. Educated youth could be identified and trained to prepare estimates for works. These

draft estimates would then be scrutinized and approved by the panel of engineers at the block level.

h. The limit of administrative expenses should be raised from the existing 2 per cent to 6 per cent of the total expenditure under the Scheme. Out of this 1 per cent of the total funds should be earmarked for concurrent monitoring and audit, and 2 per cent for training. Additional funds for meeting enhanced administrative expenses should be provided in difficult areas. (This could be 2 per cent of the total expenditure under the Scheme, in addition to what is provided for normal districts).

i. Training should not be envisaged as a one time intervention but should be a continuing process. (2 per cent of the total funds should be earmarked for training activities).

j. The following subjects should inter alia be covered in the training programmes:

   i. The concept of poverty, its dimensions, causes and possible solutions.

   ii. The problems of gender inequality.

   iii. An overview of Panchayati Raj.

   iv. NREGA and the processes involved in it.

   v. Associated laws such as Right to Information, Minimum Wages Act etc.

k. A cascading approach should be adopted for training. Pools of resource persons should be created at the state, district and block levels.

l. Distance learning technology should be used for imparting training in remote and inaccessible areas.

m. There should be evaluation of training activities through independent agencies.

n. The services of NGOs and SHGs should be used to impart trainings.

o. In violence affected areas, a District Task Force headed by the District Collector having the Superintendent of Police, Chief Executive of District Panchayat and other concerned officers, as members should be constituted to ensure that the provisions of NREGA are implemented properly, and to help the Panchayats.

p. In areas where the Panchayats are non-functional, the District Collector should be made responsible for implementation of REGS. In areas which are not covered by Part IX of the Constitution, local bodies under the State law which may or may not be traditional institutions, can be used. State specific solutions will have to be evolved since the situation varies from state to state.

5.4.2 Selection and Maintenance of Works

5.4.2.1 NREGA makes the Gram Panchayats responsible for identification of projects in their areas on the basis of recommendations of the Gram Sabha. Similarly, the Block/ Intermediate Panchayats are responsible for approving the block level plan and forwarding it to the District Panchayat (Zila Parishad). The District Panchayat finalises and approves block-wise shelf of projects. Article 243ZD of the Constitution provides for the constitution of a District Planning Committee to consolidate the plans prepared by the Panchayats and Municipalities in the district and to prepare a draft development plan for the district as a whole (para 5.2.3.6.c). It needs to be ensured that the selection of shelf of projects at the Gram (village) and Intermediate Panchayat levels is done in such a way that it harmonises and merges with the district development plan. Special attention needs to be given at the village and block levels so that the selection of works is in harmony with the watershed(s) development in the area. Stand-alone works need to be discouraged.

5.4.2.2 As most of the works pertain to drought proofing, irrigation and land treating, these would necessarily have to follow the principles of watershed management and since the boundaries of watersheds would transcend the geographical boundaries of Panchayats it would be necessary to have a coordinated action plan. The Block/Intermediate Panchayat should ensure this and also see to it that the works in one Gram Panchayat do not adversely affect the adjoining Gram Panchayat. The same principle should be followed by the District Panchayat to ensure coordination between works having inter-block ramifications. Works pertaining to both inter-Panchayat and inter-block should be taken up only after due approval of the respective Gram and Block Panchayats.

5.4.2.3 Section 16(5) of NREGA stipulates that at least 50 per cent of the works in terms of its cost should be implemented through Gram Panchayats. All efforts should be made to ensure that most of the works are executed through the Gram Panchayats and the need to take up works by the Block Panchayat should arise only in case of inter-Panchayat works or where the Gram Panchayats have not been able to meet the demand for employment.

5.4.2.4 As most of the activities under NREGA pertain to earthwork, periodic maintenance

would be required so that the assets are productively used. Therefore maintenance of works created under NREGA should be a permissible activity. This provision has already been made under the Operational Guidelines.

5.4.2.5 Recommendations:

a. Selection of shelf of works at the Gram Panchayat and Block/Intermediate Panchayat level should be in harmony with the district development plan. The shelf of works should be such that watershed development is ensured and water resources are enhanced. Stand-alone works should be discouraged.

b. The Block/Intermediate Panchayat should ensure that the works of one Gram Panchayat do not adversely affect the adjoining Gram Panchayat. The same principle should be followed by the District Panchayat to ensure coordination between works having inter-block ramifications. Inter-Gram Panchayat works should be taken up after the approval of the concerned Gram Panchayats involved. Similarly, works of inter-block nature should be taken up after the approval of the concerned Intermediate/Block Panchayats.

c. It should be ensured that most of the works are executed through Gram Panchayats and need for works to be taken up by the Block/Intermediate Panchayats should arise only in case of inter-Gram Panchayat works or where the Gram Panchayats have not been able to meet the demand for employment.

5.4.3 Block Resource Centre

5.4.3.1 The operational guidelines provide for setting up of a Technical Resource Support Group at the Government of India, state and district levels. Implementation of the Scheme under NREGA and even other national or state level programmes requires availability of technical expertise of planners, water resources experts, agricultural scientists etc. These are now required at the block level to extend the planning and execution of schemes to the next level. Therefore, a Block Resource Centre should be constituted in each block. This Centre should provide technical advice and support to the Block Panchayats. The Block Resource Centre should work under the overall guidance of the District Technical Resource Support Group. In para 5.4.1.2.8.g, it has been suggested that a panel of non-government engineers be maintained at the block level where there is general shortage of engineers in the field. This panel should be a part of the Block Resource Centre. The Block Resource Centre should perform functions similar to those assigned to the District Technical Resource Support

Group. Thus, the block should become the hub of activities if rural self government is to be given a viable and vibrant form.

5.4.3.2 Recommendation:

a. To augment the technical resources of Panchayats at the village and intermediate levels, a Block Resource Centre may be set up which would include a panel of experts and professionals available at the block level. This Centre would perform functions at the block level, similar to those of the District Technical Support Group at the district level.

5.4.4 Entrepreneurship Institutes for the Rural Poor

5.4.4.1 As stated, NREGA, over a period of time, would spell its own demise by achieving the objective of lifting the rural poor above the poverty line and providing them with the much needed livelihood security. While this would be no mean achievement, it is equally necessary to equip the beneficiaries under NREGA with knowledge based skills which will enable them to achieve livelihood security of a much higher order. The Rural Development and Self Employment Training Programme (RUDSET) in Karnataka is an excellent example of having achieved this by training over one lakh persons at entrepreneurial institutes set up in every block. These training institutes were set up with public-private-civil society partnership and because of the knowledge and skills that they were able to impart, over 70 per cent of those trained could set up their own enterprises.

5.4.4.2 Viewed from this perspective, the RUDSET type of knowledge intensive training programmes would be a logical step in the chain of employment creation triggered by NREGA.

5.4.4.3 It is therefore proposed that entrepreneur training institutes be set up in every block to be financed as a part of the earmarked administrative costs of NREGA. These training institutes, apart from imparting necessary skills to the rural poor to set up enterprises in the post NREGA scenario, would also be instrumental in documenting knowledge, innovation and practices in rural societies, identifying the best practices, pooling them to develop new products, and consequently generating enterprises around knowledge based products, and thus helping to control migration to urban areas.

5.4.4.4 Recommendation :

a. Entrepreneurship training institutes should be set up in every block to train and impart skills to the rural poor so that they get the opportunity to be self employed. This should be financed out of the funds earmarked for administrative expenses under NREGA.

5.4.5 Monitoring Systems

5.4.5.1 Chapter 8 of the Operational Guidelines prescribes the monitoring and evaluation system to be adopted. It is also stated that a comprehensive Monitoring and Information System (MIS) will be developed by the Ministry of Rural Development, and a national online monitoring system for key performance indicators will be evolved.

5.4.5.2 The guidelines call for submission of three monthly reports, namely (i) Employment generation report (ii) Financial progress report (iii) Physical progress of works report. These three reports do not however capture all the parameters necessary to monitor the functioning of the Scheme. This underscores the need for evolving a more comprehensive set of parameters, which could, then, be closely monitored. These additional parameters could include the following:

a. Average amount being spent on generation of work equivalent to one man-day in each district.

b. Month-wise generation of employment and its correlation with agricultural seasons.

c. Average wage received by a worker.

d. Ratio of State share to the Central share each year.

e. Ratio of male and female workers.

f. Quality of assets.

The challenge of monitoring the implementation of NREGA can be judged by the spatial diversity of the districts notified under the Act (Table 5.5).

Table 5.5 - Spatial Distribution of Districts notified under NREGA

State	Number of Districts	Number of Block Panchayats	Number of Gram Panchayats
Andhra Pradesh[28]	13	418	7763
Arunachal Pradesh	1	6	145
Assam	7	36	254
Bihar	23	208	3582
Chhattisgarh	11	96	5729
Gujarat	6	49	2878
Haryana	2	5	340
Himachal Pradesh	2	7	270
Jammu & Kashmir	3	30	486
Jharkhand	20	127	1905
Karnataka	5	17	590
Kerala	1	3	25
Madhya Pradesh	18	120	7309
Maharashtra	12	111	7585
Manipur	1	4	NA
Meghalaya	2	4	60
Mizoram	2	2	79
Nagaland	1	6	91
Orissa	19	198	3425
Punjab	1	10	1308
Rajasthan	6	34	1435
Sikkim	1	2	0
Tamil Nadu	6	64	2983
Tripura	1	5	111
Uttar Pradesh	22	182	11048
Uttaranchal	4	13	1211
West Bengal	10	137	1151
Total	**200**	**1894**	**61763**

[28] In Andhra Pradesh, a Block is a smaller administrative unit as compared to other states.

5.4.5.3 As can be seen from Table 5.5, out of the 200 districts, 119 of them fall in seven states, viz., Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh. These states rank low in socio-economic development. Many of the districts in Andhra Pradesh, Bihar, Jharkhand, Orissa and Chhattisgarh are affected by extremism. In these areas, block officials, engineers and even panchayat secretaries do not freely venture out to visit the sites for preparation of estimates, inspection of muster rolls and job cards, measurement of work, payment of wages etc. In one of the blocks in Bhojpur district of Bihar (Box 5.15), it was found that that measurements were not made even after seven days of work and muster rolls were not available on the site. Although these are initial days, monitoring of works and ensuring proper utilization of funds under NREGA in extremism affected districts is going to be a major challenge.

5.4.5.4 In the Section dealing with Financial Management Systems, Concurrent Monitoring and Audit by independent agencies has been suggested. Although the focus here will be on financial transactions, examining the physical status of works and other parameters is also required. It would therefore be advisable if the same agencies are assigned the task of validating monitoring reports prepared by the village and block and district Panchayats. This would help in generation of reports without inconsistencies. These agencies could also do 'handholding' for the Panchayat officials in maintenance of records and preparation of reports.

Box 5.15 – NREGA work in Bhojpur Distt. (Bihar) – earthwork excavation in water channel and embankment work

Work was initiated on 13.03.06. Even after seven days of work, measurements were not taken. Junior Engineer was absent from the site. Muster roll was also not available at the site. Due to pressure from the workers for wages, muster roll was filled up subsequently and the Mukhiya (Panchayat President) demanded for payments to be made to the workers for at least two-to-three days of the work on the basis of this muster roll, without waiting for measurement of the work done.

5.4.5.5 Recommendations:

a. **The monitoring mechanism as prescribed under the guidelines should be enriched by incorporating those features which capture information about the crucial parameters of the Scheme.**

b. **For the purposes of record keeping, 'employment generation' shall be deemed to have taken place only when the workers have received their wages. This would ensure that (a) the functionaries make prompt payment to the beneficiaries, and (b) the financial and physical progress complement each other.**

c. **Independent monitoring and auditing agencies should be engaged to carry out concurrent monitoring and audit. These agencies should visit Panchayats at least once a month, check the records, verify the periodical reports and set right any inconsistencies. The reports should be submitted only after validation by these agencies. These agencies should also guide the Panchayat staff in maintenance of records and preparation of reports.**

d. **Within the permissible administrative expenditure of 6 per cent (recommended) of total expenditure, 1 per cent should be earmarked for monitoring and evaluation (Refer para 5.4.1.2.8.h).**

5.4.5.6 *IT System for monitoring and evaluation {Included in the para on use of IT (para 5.4.8)}*

5.4.6 Curbing Corruption and Leakages

5.4.6.1 The shift of programmes from allocation based to entitlement based programmes poses a challenge to prevent leakages. Allocation based programmes have a built-in check (although to a limited extent) against leakages. The very fact that the resources are limited, forces the implementing agencies to use the resources properly. Also, misuse of resources lessens the availability of funds thereby depriving the society of some benefits, e.g. if funds for construction of school rooms are misused, the society will get less number of rooms, and thus would exert pressure to prevent any such misuse. However, in case of NREGA, theoretically since there is no limit on funds which may be drawn, the potential for misuse is high. Added to these, is another aspect that all the works prescribed have earthwork as a major component which makes them less durable and difficult for future verification. Another associated issue is inflation of the estimated cost of the works selected by the technical staff. In order to address this problem, a four-pronged approach would be suitable. First of all, templates of cost estimates for most general works identified to be accomplished in a block should be prepared. This should give a fair picture of number of days of work for men and women labour, skilled persons, material inputs etc. along with the technical plan. Such data and cost estimates should be displayed at the Gram Panchayat level. Secondly, the documentation of all works and payments should be made perfect. Thirdly, a very strong community control and audit mechanism should be put in place. Fourthly, an independent set of monitors should carry out verification of all records and their reconciliation with the assets. All these should be backed up by an effective grievances redressal mechanism.

Box 5.16 – Social Audit in Dungarpur

At 98.9 per cent of the work sites, muster rolls were available - an unheard-of phenomenon in drought relief works in the past. Of course, the fact that the social audit was undertaken with the full cooperation of the district administration played a huge role in this. But this reasoning only reinforced the proposition that if people were willing to monitor the scheme from the start, and the administration was supportive, such positive outcomes were not unattainable. In this instance, the argument that corruption would ruin the scheme stood totally unfounded. The important thing that this social audit established was that such an instance was possible and real for those willing to go beyond armchair criticism.

Frontline: Volume 23 - Issue 09 :: May 06 - 19, 2006; http://www.frontline.in/fl2309/stories/20060519002903500.htm

5.4.6.2 *Developing Standardized and Simplified Procedures for Preparation of Estimates*

5.4.6.2.1 As stated earlier, preparation of an estimate for the work to be carried out is crucial. This requires adequate technical knowledge since it is a complicated process and needs to be understood by the implementing agency and the Panchayats. If the process could be simplified, it would have the dual advantage of requiring less technical staff and

being transparent. This could be achieved if standardized templates for preparation of estimates are developed. The process could also be computerized.

5.4.6.3 *Muster Roll and Measurement Book*

5.4.6.3.1 The two most important records to be maintained under NREGA are the muster roll and the measurement book. The procedure for keeping the muster rolls has been described in the Operational Guidelines (9.4). Works could be executed either by the Gram Panchayats themselves or through other implementing agencies. The muster rolls would have to be maintained by the respective implementing agency. But since funds are with the Gram Panchayats, payments should invariably be made by the Gram Panchayats. This would mean that on completion of a cycle of a week or fortnight, the certified muster roll would be passed on to the Gram Panchayat for payment. As the system for payment would be the piece rate system, after completion of each work cycle, the measurement of work will have to be carried out and the total monetary value would have to be proportionately distributed to the workers based on their attendance. In order to ensure that there is a linkage between the work turned out and the total payment made, it would be better if an abstract of the measurement book giving out the details of the work measurement is incorporated in the muster rolls. If a photograph of the actual work done during the cycle is also attached with the muster roll, it would help in making the system even more leak proof.

5.4.6.4 *Community Control and Social Audit of All Works*

5.4.6.4.1 The operational guidelines stipulate that there should be a local vigilance and monitoring committee composed of members of the locality or village where the work is undertaken, to monitor the progress and quality of work. The Gram Sabha has to elect the members of this committee and ensure adequate representation of SC / ST and women on the committee.

5.4.6.4.2 Section 17 of NREGA stipulates that Gram Sabhas shall conduct regular social audits of all projects under REGS. Social audit is a process in which, details of the resource, both financial and non-financial, used by public agencies for development initiatives are shared with the community, often through a public platform. Social audits allow people to enforce accountability and transparency, providing the ultimate users an opportunity to scrutinize development initiatives.[29] Chapter 11 of the Operational Guidelines has emphasized the importance of social audit for the proper implementation of NREGA. It has prescribed a continuous audit and a mandatory social audit forum once in six months. The guidelines also prescribe the methodology for publicity, the documentation required and the mandatory agenda. Following these guidelines, in letter and spirit, would go a long way in enforcing social accountability.

[29] "Social Audit, Gram Sabha and Panchayati Raj"; A report submitted to the Planning Commission by Vision Foundation.

5.4.6.4.3 For an effective social audit, the essential requirements would be a proper information recording and dissemination system, expertise to conduct audit and awareness among the Gram Sabha members about their rights. Thus proper record keeping, capability building and awareness generation would be required. All these aspects have been dealt with under respective paras.

5.4.6.5 *Independent Verification of Records and Works*

5.4.6.5.1 Although perfect documentation is a necessary condition to prevent leakages it is not sufficient by itself. It would have to be backed by an independent field monitoring system which would verify the veracity of records. This field monitoring system should carry out concurrent monitoring so that corrective steps could be taken immediately. (This has been dealt with, in detail, under the Financial Management Systems and Monitoring Systems).

5.4.6.6 *Grievances Redressal Mechanism*

5.4.6.6.1 The Operational Guidelines have prescribed an elaborate grievances redressal mechanism. The Programme Officer at the block level is designated as the Grievance Redressal Officer and the District Programme Coordinator is designated as Grievance Redressal Officer at the district level. The guidelines have also prescribed the procedure for receipt, examination and disposal of grievance petitions. Although an elaborate mechanism for grievances redressal has been prescribed, it has to be ensured that it is proactive and effective. The Grievances redressal machinery should reach out to the people in order to redress the grievances as the poor workers who are denied their rights may not be easily forthcoming in complaining against established authorities.

5.4.6.7 Recommendations:

a. **Templates of estimates of general works should be prepared showing the inputs of labour and material required. This should act as an aid for preparation of estimates.**

b. **The muster roll should incorporate the physical dimensions of work that has been carried out in the work cycle. To the extent possible, it should be backed with a photograph of the work executed, at different stages.**

c. **The Grievances Redressal Mechanism as provided under NREGA should proactively reach out to the people to redress their grievances.**

5.4.7 Transparency and Right to Information Act

5.4.7.1 Each Panchayat (village, block and district) is a public authority under the Right to Information Act. This implies that the Panchayat has to discharge all the obligations which

have been placed on it by the Right to Information Act. For this, the Panchayat members and the functionaries need to be fully aware of the provisions of the Right to Information Act. During its field visits, the Commission found that many Panchayat members, villagers and even officials did not have adequate knowledge about these two important legislations. To address this, the Commission suggests the following strategy:

a. Raising awareness levels, and

b. Conducting continuing training programmes.

5.4.7.2 This would call for earmarking of adequate funds for the purpose and preparation of focused training materials based on Training Needs Assessment (TNA). The Ministry of Rural Development and Department of Personnel & Training could identify institutions to develop such materials. Awareness campaigns as well as training programmes should be goal oriented. A mechanism enabling an independent impact evaluation of these programmes needs to be put in place. The Commission suggests outsourcing these activities to NGOs and Self Help Groups with adequate expertise.

5.4.7.3 There should be emphasis on disclosure of information suo-motu under Section 4 of the Right to Information Act, so that the need to respond to requests for information is minimized. All transactions and records should be available in public domain and people should be encouraged to access them. A large number of public authorities take recourse to disclosure through web. Though this is a cost-effective solution, the limited access to internet especially in the rural areas continues to be a hurdle. Therefore, the State Governments must evolve norms for the mode of publication of suo motu information.

5.4.7.4 The Act provides for inclusion of any non-governmental organization authorized by the Union or State Government as 'implementing agency' for any work taken up under the Scheme. In many parts of the country, a number of Non-Governmental Organizations have a presence even in very remote areas, where generating awareness and creating capabilities solely by or through government agencies would be a daunting task not to speak of the financial costs involved. Such NGOs need to be identified for utilization of their spatial reach and credibility towards achieving this goal.

5.4.7.5 **Recommendations:**

a. **A continuing process of training and awareness generation about the NREGA and RTI is essential. The impact of such programmes should be assessed through an independent evaluation, and officials should be required to qualify in a test after their training.**

b. **NGOs with credibility and spatial reach should be identified and entrusted with the task of creating awareness and capability building.**

c. **All documents should be prepared in local language. The estimates and measurement books are generally written in English. These need to be written and recorded in the official language of the state. In case of difficulty, at least, a summary of such documents should be prepared in local language.**

d. **State Governments should evolve norms about the mode of publication of suo motu disclosures by the Panchayats.**

5.4.8 Use of Information Technology

Given the scale of the Rural Employment Guarantee Scheme, and the possibility that its complexity may grow over time, it is important that operations be backed by a robust technology backbone. The key objectives that the IT system for the REGS should facilitate are efficiency, accountability, and flexibility to different administrative demands. Several states like Tamil Nadu, Andhra Pradesh, Orissa, Karnataka have taken initiatives in this direction but the extent of computerization varies from state to state. The design for an Information Technology (IT) framework for such a system is proposed here.

5.4.8.1 *Blocks as Nodal, Fully-Electronic Points*

5.4.8.1.1 It is widely understood that information technology can be a powerful tool in administration, especially in areas that use large and complex systems. The REGS, with its wide range of responsibilities for many role-players at different levels of government, and its benefits for tens of millions of citizens, is certainly of the scale and complexity that demands a robust IT system.

5.4.8.1.2 The strength of the electronic system is derived partly from its ability to aggregate information from multiple sources, and thereafter to perform the computationally intensive analysis needed to judge the efficiencies of operation through monitoring and checks. This advantage of information technology, however, can only be derived fully if the data that is collected is itself in electronic form. It is imperative therefore that records of work taken up under the REGS – project details, workers' records, finances, etc. – should all be digital. However, the districts around the country in which the scheme will be implemented initially have different levels of internet connectivity, access to computing technologies, reliable data transmission capacities, and so on. While there is an ongoing national effort to increase the penetration of PCs, the Internet is yet to reach many locations, in particular the ones in which citizens will need the benefit of an employment guarantee the most.

5.4.8.1.3 The IT system for REGS, therefore, needs to be forward looking. While anticipating that all levels of government will eventually be wired and able to communicate through high-speed networks, the system must nonetheless be currently designed to ensure that any data that is manually created today can be converted into electronic form swiftly and reliably.

5.4.8.1.4 The lowest level of government at which near-complete availability of information technology within government offices can be assumed is the block. While some blocks covered by the REGS may not be fully wired, the total number of blocks is sufficiently small that a rapid computerisation programme in these blocks can set the necessary base for an IT system for REGS quickly. Blocks are also ideal nodal points within a distributed system like the REGS. Aggregation of data from lower levels of government (e.g. the Panchayats) and reporting this to higher levels (e.g. state and GOI) are both well served by such an intermediate node.

5.4.8.1.5 While it is being ensured that blocks are fully wired, the IT system should be deployed in a phased manner, so as to take advantage of computerization wherever it exists, and to anticipate the eventual computerization of all levels of government. In particular, the lack of computerization at any level of implementation should not be used as a reason to avoid collecting and storing data in a manner to be suitable for transfer to electronic form later.

5.4.8.1.6 Recommendations:

(a) **Blocks must be the nodal levels of government at which all information is electronic. This should be achieved within a year.**

(b) **Any information collected in non-electronic form at this or a lower level of government must be digitised at block level.**

5.4.8.2 *A Minimum and Common Set of National Standards for Data*

5.4.8.2.1 The staff entrusted with implementation issues will also have familiarity with a variety of different software for data storage and retrieval. Administrators, data-entry operators, and others responsible for creating and maintaining the records in the IT system may also need adequate training to understand their tasks. It is impractical, given this, to expect a uniform implementation for the IT system for NREGA. It may also be quite late to require a uniform approach, given that the scheme itself is already in implementation, and that extensive records are already being collected.

5.4.8.2.2 The Union and State Governments, however, have a compelling interest in ensuring transparent and accountable functioning of the system. Government of India also has an interest in being able to compare the functioning of NREGA in different parts of the country,

so that best practices developed in one location can also be adopted elsewhere. This will be difficult unless the data reported to higher levels of government are of uniform format. Similarly, a countrywide system can allow difficulties encountered in one state to be pre-emptively addressed before similar problems occur in other states.

5.4.8.2.3 What is needed, therefore, is an implementation system that reconciles these two competing interests. States must be able to adopt the most pragmatic implementation of the REGS, as determined by each state, and at the same time, ensure the highest standards of accountability. This can be best achieved through the establishment of standards for reporting. Standards must be established both for the types of data to be collected (i.e. the particular fields to be included in every database) as well as the formats in which the data is reported to higher levels of government. States may use the software that they deem appropriate for record-keeping of projects taken up under the REGS, but any software so chosen must then report the data that is gathered in a nationally uniform format that includes fields that are specified. This will allow the Government of India to collate information from different sources more easily, and apply its analytical efforts to them.

5.4.8.2.4 An example of this is as follows: The implementing agency may collect its list of beneficiaries and store these in a particular brand of spreadsheet software, but this list of beneficiaries, when submitted to a higher level of government, must be only in the form and format specified for reporting, and not in the format used for implementation.

5.4.8.2.5 Similarly, other documents – financial data, muster rolls, expense accounts, etc. – can all be in whatever format is convenient during operations, but when reported into the electronic NREGA IT system, should be in the specified format. A key restriction on the software used for each function is that it must be able to generate the necessary 'fields' for complying with the reporting requirements.

5.4.8.2.6 Recommendations:

a. **A common minimum set of NREGA reporting standards should be established for Gram Panchayats, blocks, districts, states and Government of India. Specifically, the particular fields of data to be reported at every level must be identical. Where data is collected in manual form, the process for data conversion to electronic form should be based on standard forms, so as to ensure their uniformity.**

b. **So long as the above condition is fulfilled, states need not be constrained to use the same software for implementation everywhere. If, over time, some software is found to be more advantageous, a transition towards that can be considered.**

5.4.8.3 *Architecture for Deployment*

5.4.8.3.1 Proper distribution of computing systems for the REGS also needs to be developed. It must be recognised that the distribution of software and hardware skills needed for such an extensive system is highly skewed, with most professionals based in cities and towns. It may be difficult to staff individual implementing locations with technical personnel needed to create and manage digital data. Fortunately, this may also not be necessary if an appropriate mix of distributed vs. centralised hardware is selected for the system. Central locations can act as repositories of the data, provided the data gathered through distributed systems locally contain at least the minimum expected in the National Standards list, and are in a format appropriate to enter the data into the reporting application locally or at the block.

5.4.8.3.2 At block and higher levels, the IT system should comprise essentially of servers designed to facilitate monitoring and analysis at higher levels of government. Thin clients or PCs should only be needed at lower levels of government. However, since data is first captured at the implementing level, there must be adequate alternate options available for data capture at this level even when electronic systems are fully in place.

5.4.8.3.3 Recommendations:

(a) Data from the blocks should be aggregated in central repositories in each of the states. A single data centre may be adequate for each state, and transmission to this centre from each of the blocks should be enabled. District-wise aggregation of the data reported from the blocks should be taken up to facilitate monitoring at this level too, although no data centres are necessary at this intermediate level.

(b) A pre-determined format for bulk transmission of data should also be established, as also the frequency for such transfers.

(c) Dedicated transmission networks for government data are not necessary. Wide area networks established by private entities will suffice. Nonetheless data encryption and network security levels should be set high enough to ensure the integrity of the data from creation to analysis and archival.

(d) The Union Government should maintain its own data centre, aggregating data from each of the state repositories.

5.4.8.4 *Assessment of Initial Deployment by Ministry of Rural Development*

5.4.8.4.1 The Ministry of Rural Development has begun implementing an IT system for the Scheme. This was studied by the Commission. To this end, the ARC sent the Ministry of

Rural Development, a number of questions, and answers to these questions have been obtained {these are both attached in *Annexure V(1)*}. It is understood that the System is in its initial months of deployment, and refinements to the System are being made on the basis of experience at the field level.

5.4.8.4.2 The rapidity with which the IT system for this large scheme has been developed is impressive. Moreover, it is understood that the system is in its initial months of deployment, and refinements to the system are being made on the basis of experience at the field level. Nonetheless, the many observations of the ARC developed in the course of its consultations have thrown up areas that need attention in the design and development of the IT system.

5.4.8.4.3 **Recommendations:**

(a) **A unique identification should be issued not to each household, but to each individual. The members of each household should be tracked together to ensure that each household receives the appropriate benefit under the Scheme, but the identities of each individual should be kept separate.**

(b) Computerisation of records at the Block/Mandal level is being achieved. It is commendable, further, that Gram Panchayat-level computerisation is possible in some states; this should be the eventual goal for all states.

(c) Periodic reviews should be conducted, nonetheless, to determine whether the uniformity and standardisation are adequate, and any necessary revisions should be made.

(d) The central storage of data in electronic form is at Delhi. Access to the data in the IT system, however, should be possible for officials at all levels of government with due access authority.

(e) While social audits are required for transparency under the Scheme, these should not be the only ones, or even the primary ones. Voluntary disclosure should be the norm for informing citizens about the functioning of NREGA; this will considerably reduce the onus on social audits.

(f) Alerts are being generated using trigger points that ensure compliance with the rules and guidelines of REGS. By periodic reviews, it should be determined what additional alerts are needed so that these too could be incorporated.

(g) A Geographic Information System for visualisation of data on map spaces must be developed. Given the scale and complexity of the records being

maintained, their analysis solely from databases will limit the efficiency of scrutiny; visualisation to identify strengths and weaknesses in geographic terms is therefore needed.

(h) Rankings of districts based on outcome-based monitoring should be included along with other voluntary disclosures, and made available to the public, including on the website of REGS.

5.4.8.5 *Unique Identification System*

5.4.8.5.1 To be able to unambiguously establish identity of each beneficiary in the REGS, there needs to be a citizens' database with unique identifiers assigned to each participant. However, given the proliferation of other identities used by many other systems – e.g. driving license number, PAN, passport, voter ID, ration card, etc. – it will be pointless to add yet another identifier through a new system. Instead, citizen identification in the REGS must establish a new direction – that of establishing unique identities for citizens in a manner that is usable by all other government systems too, and thus drive convergence towards the establishment of a national identification number for all citizens. The difficulty in establishing such a system is to determine where to begin. Most identification documents are issued only to a fraction of the population. For instance, PAN cards and passports may only be available with the better off classes, driving licenses may largely be absent in rural areas, etc. What is needed to overcome such difficulties is the following: large national systems that include participation from hundreds of millions of citizens should be selected for the first use of a national identification number, and this should progressively be turned to wider use in all computerized records of citizens with the governments at all levels.

5.4.8.5.2 The REGS could potentially reach tens of millions of citizens even in the first phase of implementation, and if extended to the other two-thirds of the districts in the country, the number of participants will be much more. It is also a national system for which a uniform format can be developed and applied. The REGS, with its scale and reach, is the kind of national programme in which such identification should begin. It is especially advantageous that the REGS is a rural programme, for it is in rural areas that many other identity systems do not have participants.

5.4.8.5.3 Recommendation:

a. The identification of participants in the REGS should be developed nationally, in preparation for wider use of a national citizen identification number. The potential for such identity to be developed congruently with other systems of nationwide participation – e.g. elections – should be explored along with appropriate representatives from such other arenas as well.

5.4.8.6 *IT System for Financial Management*

5.4.8.6.1 The cost of delivering benefits through wage employment programmes has historically been found to be much higher than the benefits themselves. Implementation of NREGA is too big a scheme to afford that risk, and therefore every effort must be made to keep its costs under control. Technology has an important part to play in this, by providing an effective monitoring platform for expenditures, and by allowing unnecessary levels of financial administration to be bypassed.

5.4.8.6.2 Each implementing agency will likely have an expenditure management process to maintain records of the funds it receives for particular projects and the expenditure against such funds. Through a number of standardised reporting documents, the data in the expenditure management process, whether manual or electronic, can be standardised and aggregated at the block level. Integration at a non-implementing level can provide multiple points of checks and balances which cannot be interfered with by officials at any single level.

5.4.8.6.3 To facilitate both responsiveness and monitoring, money transfers between levels of government should be automatic and through an electronic system. Funds flow for the projects can also be based on triggers set to initiate the transfer of money, and such transfers can be made directly to the lowest level of financial management from the Government of India wherever possible. Automatic triggers for keeping operational accounts funded will allow local implementers to respond quickly to needs.

5.4.8.6.4 The accuracy of information in the system is highest when it has multiple points of verifiability. Also, being able to identify each transaction uniquely is key to preserving a robust monitoring capability. Aggregated financial information can make it difficult to detect leakages, and to avoid this, all information in the financial management system should be disaggregated at the level of individual transactions.

5.4.8.6.5 Recommendations:

(a) The IT system should maintain numbered records of all transactions, and the specific fields to be contained in each transaction type should be pre-determined as part of the NREGA standards.

(b) Specific triggers for replenishment of funds for implementers should be set in the IT system.

(c) Direct transfer of money from the origin of funds to the implementer's account should be possible. Intermediate levels of government should have access to this information, but for informational purposes only.

(d) **Requests for replenishment should also be enabled without triggers, so that exigencies can be managed. A login-based system to facilitate this is needed, to ensure its security. Digital signatures could also be created for officers identified as vested with such authority.**

5.4.8.7 *IT System for Monitoring and Evaluation*

5.4.8.7.1 As the REGS comes into full operation in all the designated districts, it will become important to be able to judge its operational efficiency and effectiveness. Such judgements can be made during operations as well as through analysis of data reported by various implementing governments. The former is critical to detecting errors before they are magnified, while the latter will be important to correct systematic inefficiencies and adopt the best practices.

5.4.8.7.2 The rules established for the implementation of NREGA identify key yardsticks that must be adhered to – in prioritising work to be taken up, rates of wages to be paid, compensation in lieu of wages, timeliness of payments, maximum eligibility of individuals and households, etc. In addition, the reporting standards to be established for implementing agencies will require compliance with specific formats for data storage and transfer. Each of these requirements creates an opportunity for an 'in-process' check by which to monitor adherence to the legal bounds of the Scheme. Such triggers, if established within the IT system itself, can help detect impermissible or unexpected operations quickly, thus facilitating action to remedy them.

5.4.8.7.3 In addition to in-process monitoring, it will be important to periodically assess the performance of the NREGA using aggregate data from disparate regions. Once key variables to be monitored are identified, the IT system can aggregate these variables at different levels of government and provide system-generated rankings of Panchayats, blocks, districts and states periodically; these can even be made available to the public. The methods and practices adopted in the most efficient regions can then be studied, and their suitability for adoption elsewhere can be examined.

5.4.8.7.4 Certain kinds of information are also more meaningful when visualised in map spaces, rather than as fields in databases. In addition to tabulation of information for analysis, the IT system must include a Geographic Information System with uniform and common identification of administrative units (Gram Panchayats, blocks, districts, states) using which aggregate information about NREGA implementation can be seen on maps and understood accordingly. For this, the jurisdiction of each implementing level of government (the districts, blocks and Gram Panchayats) must be stored in geo-coded form, and the relationship between the different jurisdictions (e.g. blocks within districts) known. Maps can then be created

from the same base data at different aggregate levels. This will improve administrators' ability to understand the effectiveness of the implementation and identify particular areas that need special attention on an ongoing basis.

5.4.8.7.5 Recommendations:

a) **A comprehensive list of quantitative measures for the detection of inconsistencies between operations and rules should be established within the IT system. These should be directly derived from the rules themselves – each of the rules/guidelines should be considered alongside the question "can this be monitored in real-time?" and the appropriate measure of detection should be developed.**

(b) **Violations of the rules using any of the quantified measures should trigger alerts in the IT system, which should be routed to the appropriate supervisory official.**

(c) **Performance variables for the REGS as a whole should be identified, and these should be applied to data at all implementing levels. In addition to the implementing levels, the data should also be aggregated by jurisdiction and ranks established for all blocks, districts and states according to the measures of performance. Such output should be public as part of the Government's disclosures under the RTI law.**

(d) **A Geographic Information System for the REGS should be developed and information that is developed through aggregation should be presented through this system as well. A zoom-able and pan-able interface should allow performance to be understood at different levels of administration from the same base data. Wherever possible, suo motu disclosures should be in GIS format also, in addition to their other means of dissemination.**

5.4.8.8 *Right to Information in NREGA and Use of IT*

5.4.8.8.1 Information Technology would be of great help in not only storing and processing data but making intelligible information available on demand. The IT system for the REGS should therefore anticipate and embed the requirements for disclosure and reporting into the implementation of the system itself.

5.4.8.8.2 A simple approach to this may be to use a set of rules that assure the accuracy of responses to requests under the RTI Act. These are (a) the information that is required to be in the public domain should be auto-generated by the IT system; and (b) information

that is sought by the public should be studied continuously to determine whether this too should be added to the auto-generation modules. Together, these will ensure ongoing responsiveness to RTI requests. Auto-generation is key to suo motu disclosures particularly, and over time should become key to all RTI responses. System-integrated data is less likely to contain inadvertent or other errors, thus enhancing the reliability of information provided to citizens.

5.4.8.8.3 A second principle to mitigate errors is 'coupling administration with disclosure'. If the data that is reported in response to mandates of the RTI Act is unreliable, then it will not serve the purpose of the Act. Additionally, the government's interest in ensuring integrity will be undermined. Fortunately, an IT system provides an excellent opportunity to tackle this, by simply linking the use of IT for administrative functions to the use of IT for reporting and RTI compliance. The same data – not copies, but the same datasets – if used for both administrative and citizen-facing purposes, will ensure that officials are diligent in creating data accurately.

5.4.8.8.4 **Recommendations:**

a. **Information that is required to be disclosed suo motu by various implementing arms of government should be clearly identified for each level of government, and wherever possible, the IT system should be able to integrate the data necessary for such reporting, and generate suo motu reports automatically.**

b. **A list of questions that the IT system should be able to answer, to assure compliance with the RTI Act, must be created. This list must be periodically revised to include additional questions and make higher standards of disclosure possible.**

c. **The same data should be used for administrative purposes as well as RTI-related disclosure. The government, citizens and other stakeholders should all have information based on the same set of data, and the information available with each should be created from a common database.**

5.4.8.9 *Smart Cards*

5.4.8.9.1 A suggestion has been made that Smart Cards should be used in the implementation of NREGA. Smart Card is a powerful electronic device which finds its use in various places like credit cards, access control, public transport ticketing, etc. Smart Card is basically a plastic card roughly of the size of a credit card with a micro-chip embedded. This micro-chip

could be a mere data storage device and in advanced versions this may also incorporate a micro-processor. The card has the potential of being used as a job card under NREGA, as it can store the particulars of the individuals and each transaction about NREGA pertaining to the individual could be stored on it. There is even possibility of storing bio-metrics of the individuals in order to confirm the identity of individuals.

5.4.8.9.2 Smart Cards by themselves cannot serve any purpose unless they are backed by the required infrastructure which includes access facilities like kiosks equipped with card reading and writing devices, card issuing and updating systems, data managing systems etc.

5.4.8.9.3 Having a Smart Card merely for the purpose of NREGA may be an underutilization of this powerful tool. Moreover with single utilization, the transactions costs would be quite high. Therefore, the card should be a multiple use card. Besides, there are issues like absence of universal standards in Smart Cards which need to be addressed.

5.4.8.9.4 The Commission therefore is of the view that Smart Cards should be tried on a pilot basis in a cluster of villages. Efforts should be made to make the cards to be put to multiple use. It would be better if a viable business model is worked out in the pilot projects so that the infrastructure for Smart Card comes as a part of initiative of the private sector.

5.4.8.9.5 Recommendation:

a. **A few pilot projects in different regions may be taken up in a cluster of villages using SMART Cards. Such SMART Cards should store information about the person's identity (including biometrics) and should have the capacity of recording transactions under NREGA and even authorize payments. In the long run, a viable business model needs to be developed so that the private sector can participate.**

5.4.9 Implementation of NREGA in Fifth and Sixth Schedule Areas

5.4.9.1 As per Article 243ZC, Part IX of the Constitution is not applicable to areas included in the Fifth and Sixth Schedules. The Fifth Schedule provides for the administration and control of Scheduled Areas and Scheduled Tribes excluding those of the states of Assam, Meghalaya, Tripura and Mizoram. The Sixth Schedule stipulates provisions for the administration of tribal areas in the states of Assam, Meghalaya, Tripura and Mizoram. However, Parliament may by Law extend the provisions of Part IX to these Scheduled Areas {Article 243ZC(3)}. Accordingly, Parliament has enacted 'The Provisions of the Panchayats (Extension to the Scheduled Areas) Act 1996' (PESA), extending the provisions of Part IX to areas under the Fifth Schedule. However, it has been mandated that the

legislature of a state shall not make any law which is inconsistent with the customary law, social religious and traditional practices of the community. But no law has been passed for extending provisions of Part IX to the areas included in the Sixth Schedule. Out of the 200 districts, 63 districts have areas in the Fifth Schedule and 6 districts have areas in the Sixth Schedule. The development of model guidelines for conferring original jurisdiction on Gram Sabhas as envisaged in PESA was examined by the expert group on "Planning at the Grassroots Level". In the Report, it has been highlighted that powers statutorily devolved upon Gram Sabhas and Panchayats are not matched by the concomitant transfer of funds and functionaries resulting in the making the Panchayats ineffective. The Commission studied the recommendations and suggestions relating to PESA and the Fifth Schedule, and agrees with these.

5.4.9.2 The National Commission to Review the Working of the Constitution (hereafter NCRWC) examined the issue of local governments in the North East. In its Report it has stated *"To tackle the problems of this unique area and to preserve the democratic traditions and cultural diversity of its people, the framers of the Constitution conceived of the instrument of tribal self-rule. This stands embodied in the Sixth Schedule to the Constitution".*

5.4.9.3 The tribal areas in the Sixth Schedule are organized as autonomous districts. If there are different Scheduled Tribes in an autonomous district, the areas are divided into autonomous regions. The administration of these districts/regions is vested in District Councils/Regional Councils, which also have powers to make laws regarding the management and use of local resources, village administration, appointment and succession of Chiefs or Headmen etc. Keeping in mind the special self-governing traditions of the tribal areas falling under the Sixth Schedule, the NCRWC has made specific recommendations for these areas:

(i) *"Careful steps should be taken to devolve political powers through the intermediate and local-level traditional political organisations, provided their traditional practices carried out in a modern world do not deny legitimate democratic rights to any section in their contemporary society. The details of state-wise steps to devolve such powers will have to be carefully considered in a proper representative meeting of traditional leaders of each community, opinion builders of the respective communities and leaders of state and national stature from these very groups. A hasty decision could have serious repercussions, unforeseen and unfortunate, which could further complicate and worsen the situation. To begin with, the subjects given under the Sixth Schedule and those mentioned in the Eleventh Schedule could be entrusted to the Autonomous District Councils (ADCs). The system of in-built safeguards in the Sixth Schedule, should be maintained and strengthened for the minority and micro-minority groups while empowering them with greater responsibilities and opportunities, for example, through the process of Central funding for Plan expenditure instead of routing all funds through the State Governments. The North Eastern Council can play a central role here by developing a process of public education on the proposed changes, which would assure communities about protection of their traditions and also bring in gender representation and give voice to other ethnic groups.*

(ii) *Traditional forms of governance must be associated with self-governance because of the present dissatisfaction. However, positive democratic elements like gender justice and adult franchise should be built into these institutions to make them broader based and capable of dealing with a changing world.*

(iii) *The implementation of centrally funded projects from various departments of the Union Government should be entrusted to the ADCs and to revived village councils with strict audit by the Comptroller and Auditor-General of India".*

The Commission agrees with the recommendations of NCRWC.

5.4.9.4 **Recommendations:**

a. **The recommendations of the expert group on "Planning at the Grassroots Level" (March, 2006) should be implemented in a time bound manner. {The recommendations are at Annexure V(2)}**

b. **The recommendations of the NCRWC contained in para 9.23(i) to (iii) of their Report, should be acted upon immediately.**

5.4.10 Implementation of NREGA in Areas Affected by Natural Calamities

5.4.10.1 Relief employment is currently financed from Relief Funds viz. the Calamity Relief Fund (CRF), the normal source of meeting cost of calamity relief and the National Calamity Contingency Fund (NCCF) the source of meeting additional fund requirements when balances in the CRF do not suffice. At present, "relief employment" is arranged and administered in most of the states by Relief / Revenue Department. It offers 10-12 days of employment every month to a beneficiary, as the numbers to be covered are often very large and it is not practicable to have more than a certain number of "work sites". The wage package for 10-12 days, a mix of cash and foodgrains, generally gives enough resources to a typically rural poor household to fend for itself for a month.

5.4.10.2 As the National Rural Employment Guarantee Act does not have an 'enabling provision' for relief employment, it is anticipated that its operation will lead to the administrative difficulties during the out break of a serious natural calamity particularly in areas where the Guarantee Scheme strikes roots. The following issues may arise:

a. If "Relief" and "Guaranteed" employments are allowed to run parallel, it will lead to considerable scope for corruption and wastage.

b. As the scope for 'guaranteed employment' is much larger than 'relief employment', in a majority of cases, the former can easily subsume the latter.

c. Periods of distress are bound to escalate the demand for employment in rural areas. In what manner should this enhanced demand for employment be met?

5.4.10.3 When a major drought broke out in 1987 in Maharashtra, relief employment was not dovetailed in the 'normal' scheme of Employment Generation and the Irrigation Department was asked to run 'stand alone' drought relief schemes. These arrangements turned out to be administratively cumbersome and resulted in considerable wastage and duplication. During subsequent droughts, including the extraordinarily severe episode of 2003-04, the EGS was used as the vehicle of providing relief employment by suitably supplementing the EGS Fund by transfers from CRF and NCCF.

5.4.10.4 The Commission is of the view that simultaneous execution of works under NREGA and 'Calamity Relief' would lead to duplication as well as confusion. Therefore, demand for employment in any area should be first met through works under NREGA, since the works are from a shelf of projects and are a part of an overall plan and they have been selected by the Gram Panchayats. Relief works (in cases of natural calamities) should be taken up only if demand for work exists and the households have exhausted their entitlements under NREGA.

5.4.10.5 Recommendations:

a. Demand for employment in any area should be first met through works under NREGA. Relief works (in cases of natural calamities) should be taken up only if demand for work exists and the households have exhausted their entitlements under NREGA.

5.4.11 Relaxation of Certain Restrictive Provisions

5.4.11.1 *Revision in the List of Permissible Works*

5.4.11.1.1 Schedule-I of the Act lists out the types of works that can be taken up under the scheme. While it is true that these works are ideally suited for the drought prone and dry areas and should, therefore, constitute the core of activities under the Scheme, the list would need supplementing, depending on the local requirements of the area where the Scheme is proposed to be implemented. For example, during its interaction with the State Government of Jammu & Kashmir, the Commission was informed that during winter, none

of the works listed in Schedule-I could be undertaken in many districts. It was suggested that works such as clearing of snow etc. could be taken up during this period. Similarly, the works listed in Schedule-I would be untenable in areas of high rainfall. With the expansion of the Scheme to cover the entire country, demand for work could occur in any season and the Scheme should be in a position to provide employment without the constraints of seasonality.

5.4.11.1.2 Schedule-I of NREGA allows for provision of irrigation facility to land owned by households belonging to the SC/ST or to land of beneficiaries of land reforms or that of the beneficiaries of the Indira Awas Yojana. As the focus of the Scheme is on works related to watershed development, drought proofing, afforestation and land development, these works should also be permitted in the lands of small and marginal farmers. This will not only extend the reach of the Scheme but also be an aid to watershed development as private lands of these farmers generally lie in the upper reaches of a drainage system.

5.4.11.1.3 Recommendations:

a. The list of works in Schedule I needs to be enlarged. For the purpose, suggestions should be obtained from State Governments and the list should be made comprehensive to meet the demands of topography and climate.

b. Land development activities may be permitted in the lands of small and marginal farmers.

5.4.11.2 *Number of Workers to Commence a Work*

5.4.11.2.1 The Act stipulates that a minimum a batch of 50 workers is required except in case of hilly areas and in respect of afforestation works. Para 13 of the Schedule-II states:

A new work shall be commenced only if

a. at least 50 labourers become available for such work; and

b. the labourers cannot be absorbed in ongoing works.

Provided that this condition shall not be applicable for new works, as determined by the State Government, in hilly areas and in respect of afforestation.

This implies that if the number of workers who are available is less than 50 and there is no ongoing work, then the only work that the Gram Panchayat is permitted to take up is afforestation. Since afforestation cannot be taken up throughout the year and more so under drought conditions, it could effectively mean denial of employment opportunities if the number of interested workers is less than 50.

5.4.11.2.2 Recommendation:

a. The minimum number of workers required for commencing a work may be reduced from the present number of 50 to 20.

5.4.12 Records

5.4.12.1 Chapter 9 of the Guidelines emphasizes the importance of recordkeeping and states that entitlements under the Act are legally justiciable. It is thus important to maintain accurate records of all aspects of implementation. This is also required by the Right to Information Act, 2005. Chapter 9 prescribes, in an elaborate manner, the records which should be maintained at different levels and also prescribes the formats which are very well designed and capture most of the crucial data required in the implementation of the NREGA. However, the Commission suggests some further improvements which are mentioned in the following paragraphs.

5.4.12.2 The most important document in the Scheme is the job card. The entries in the card can be classified into static and dynamic. While the static entries are to be made only occasionally, the dynamic entries are to be made more often. Dynamic entries are presently made in the following format:

Sl. No.	Month & Year	Name of Family Member to whom Employment Provided	No. of Days and Date for which Empoyment Provided			Details of Work on which Employment Provided	Muster Roll Number by which wages paid	Signature of Authorised Officer
			Date					
			From	To	No. of Days			

5.4.12.3 In the interest of better monitoring, the process of making entries in the job card should be linked to an event in the payment cycle. At present the entries are made once a month, whereas the payment to the workers is made once a week/fortnight. It would make sense to synchronise the entries in the job card with the time of payment of wages. An added reason is that the muster roll is prepared weekly/fortnightly, and this would enable linking of the payment with the preparation of the muster roll. The dynamic entries should therefore be made in the following format:

Proposed Format :

Sl. No	Month Year	Name	Week-wise details of workdays										Signature
			W1		W2		W3		W4		W5		
			D	M	D	M	D	M	D	M	D	M	

W1, W2,W3,W4,W5 are the weeks in a month

D gives the number of days worked in that week by the member of household

M gives the Muster Roll No. (In case of fortnightly payment, weeks may be substituted with fortnight)

5.4.12.4 The job card is also the sole document, which keeps track of the entitlements of the household. The procedure followed by commercial banks, of depending on ledgers maintained by them even when the account holders have passbooks, should be emulated by the Panchayats in respect of job cards. It is therefore proposed that Panchayats maintain a Job Card Ledger which is a "shadow" of the job cards. This would have two advantages: (a) any tampering in the job cards can be detected (b) the Panchayat would be a repository of comprehensive information on the employment generated. In Panchayats, which have computers, this would not require any extra effort. In Panchayats, which do not have computers, this could be designed as a simple register, which could carry the same entries as in the job card. This register would have to be updated every week when wages are paid.

5.4.12.5 The Asset Register records details of works taken up under the Scheme. Since the muster roll is the basic document for maintaining record of employment, it would be of use if details of such information as in the muster roll are captured in the asset register, muster roll-wise, so that the process can (a) facilitate the cross-referencing of vital parameters, and (b) enable the avoidance of mistakes while making entries. The existing format for recording details of employment is as follows:

	Person days	Total No. of persons given work	No. of persons on work	
			Highest	Lowest
Unskilled				
Semi-skilled				
Skilled				

Instead of the existing format the following is proposed because it would result in improved accounting practices and be compatible with computerisation:

Sl.No	Muster Roll No.	Person days			Amount paid
		Skilled	Semi-skilled	Unskilled	
	TOTAL LABOUR				

It is also suggested that, instead of having a single composite entry on materials, it should be voucher-wise, so that at a later date, each voucher could be traced, should the need arise.

5.4.12.6 Recommendations:

a. **Each Gram Panchayat should have a Job Card Ledger in the Panchayat, which should be a shadow of the job cards. This would have the dual advantage of preventing any tampering in the job cards and also having the entire information available in the Panchayat. In Gram Panchayats, which have computers, this would not be an extra effort. In Panchayats, which do not have computers, this could be a simple register, which would have the same entries as in the job cards. This register should be updated every week whenever payment of wages is made.**

b. **Records should be kept in a manner that enables accounting of each work voucher-wise, so that it is possible to track every voucher to a work and also get voucher-wise utilization of funds for each work.**

c. **Formats of some registers need to be amended as suggested in para 5.4.12.**

5.4.13 Coordination Mechanism

5.4.13.1 Various agencies/authorities have been set up at Government of India, state and district levels in order to ensure proper implementation of NREGA. Under the Act, a Central Employment Guarantee Council (CEGC) has to be set up by the Union Government. The purpose of this Council would be to advise Government of India on all matters concerning the implementation of the Act, establishing and evaluating the monitoring system and

preparation of annual reports to be laid before Parliament by the Union Government. Similarly, the State Employment Guarantee Council (SEGC or 'State Council' for short) is to be set up by every State Government under Section 12 of NREGA. The SEGC shall advise the State Government on the implementation of the Scheme, and evaluate and monitor it. Other roles of the State Council include deciding on the 'preferred works' to be implemented under REGS, and recommending the proposals of works to be submitted to the Union Government by the State Government under Schedule I Section 1 (ix) of the Act. The State Council will prepare an Annual Report on REGS, to be presented to the State Legislature.

5.4.13.2 Similar institutional arrangements have been prescribed under other flagship programmes and the Bharat Nirman Programme. The Commission feels that over and above the standing or adhoc committees in each ministry, there is need for one common inter-ministerial, empowered steering committee for NREGA, other flagship programmes and the Bharat Nirman Programme. The Cabinet Secretary may be the Chairman with the concerned Secretaries as Members of this Committee.

5.4.13.3 This Empowered Committee may be given adequate powers to oversee the work of Ministerial/Departmental Committees taking an integrated approach and bring about better coordination in implementation of the Act at various levels. It should also ensure the centrality of local governments in the implementation of these programmes. The Empowered Committee may be required to submit periodic reports to the Prime Minister and concerned Ministers. The Committee may raise specific issues for decision at a higher level, along with a detailed analysis and recommendations on such issues. These may be placed before a Cabinet Committee headed by the Prime Minister, for decision.

5.4.13.4 Similar empowered committees may be set up at the state and district levels.

5.4.13.5 Recommendations:

a. **A common inter-ministerial, empowered steering committee for NREGA, other flagship programmes and the Bharat Nirman Programme may be set up with the Cabinet Secretary as the Chairman and Secretaries of concerned Ministries/Departments as members. The Committee may be given adequate powers to:**

(i) **oversee the work of sectoral ministerial committees in order to remove differences, bottlenecks and lack of synergy and issue directions to bring about an integrated approach.**

(ii) **take timely and appropriate decisions for effective and accountable implementation of the concerned programmes.**

(iii) bring about better coordination in implementation.

(iv) ensure the centrality of local governments in the implementation at the local levels and also as part of the local planning process mandated by the Commission.

b. Similar empowered committees may be set up at the state and district levels.

5.4.14 Building a National Identity

5.4.14.1 The NREGA is a landmark initiative which enshrines a 'rights-based' approach to development. Apart from livelihood security, if implemented in letter and spirit, it will strengthen Panchayati Raj Institutions, enable participatory planning at grass-roots level, empower women and bridge gender gaps, energise decentralization and administrative and institutional structures consequently leading to good governance particularly in the more backward districts, and redress unequal power structures. In order to fully capture all these facets, it would be appropriate to call the initiative 'Rashtriya Sukshema Abhiyan'. It will give the legislation, its various schemes and all its stakeholders a common national identity.

5.4.14.2 Recommendation:

a. This initiative taken up through NREGA may be called 'Rashtriya Sukshema Abhiyan'.

6

CONCLUSION

1. The National Rural Employment Guarantee Act of 2005 represents a paradigm shift. It makes employment a right; something that people can expect, demand and enforce. The legislation is a landmark initiative in yet another way. It not only deals with the vulnerability of the rural poor by assuring wage income to a household for 100 days, it also addresses the basic cause of chronic poverty by taking up works that promote sustainable livelihood systems. In that sense, the Act provides a safety net for the rural poor.

2. Much depends on how the Act is implemented. While deliberating on implementation challenges, the Commission has focused on three broad areas. The first relates to the aspect of entitlements and universalisation that calls for guaranteeing the reach and the outcomes of the scheme. The second is about the issue of Union funding and execution by the State Governments; the challenge, then, becomes one of maintaining the ease and regularity of fund flow and ensuring accountability while eschewing moral hazards and distorted incentives. The third stems from a variety of constraints arising out of the implementation of the scheme in backward districts where poor governance systems, low organizational capacity, weak infrastructure and unequal power structures are the norm. As a solution, the Commission has recommended comprehensive institutional, administrative and financial reforms so that the Act can be implemented seamlessly to achieve the intended programme outcomes.

3. The Commission has every reason to hope that, if successfully implemented, the Act can be the harbinger of transformative changes in rural India. It would energize the rural economy by providing assured employment and generating a large pool of durable assets to promote sustainable growth. It would strengthen the process of decentralization and enable participatory planning at the grassroots level. It would change the unequal power structure in the rural areas of the country. But, then, NREGA should ideally create conditions for its own demise. The litmus test for the success of NREGA would be when its implementation, over a period of time, so transforms rural India that the poor would no longer need the assurance of guaranteed employment for securing their livelihood.

7 SUMMARY OF RECOMMENDATIONS

The shift in government's approach from allocation based development programmes to those based on entitlements has increased the emphasis on balanced development of all regions and substantially enhanced funding by the Union. These have necessitated strengthening of institutional, administrative and financial management systems. The Commission has analysed the NREGA and given recommendations in this regard. These recommendations (with suitable modifications) would be valid for other flagship programmes and related programmes. The analysis and recommendations are presented in the previous chapter. All the recommendations are consolidated and listed in the following paras:

1. Guaranteeing Reach (Para 5.2.1.6)

a. Awareness generation programmes should be taken up by all State Governments. The publicity and guidance material should be available in local languages. The effectiveness of these programmes should be measured through independent sample surveys.

b. Intensive use of All India Radio and Doordarshan should be made in local languages as is done in the case of Sarva Siksha Abhiyan and National Rural Health Mission.

c. In order to ensure proper coverage, voters' lists may be used for ascertaining the number of eligible households. This however, should not be the sole basis for registering households under NREGA. The number of households registered should be monitored and compared against other data like census, BPL survey etc, so that affirmative action could be taken wherever the participation is not satisfactory.

d. Independent monitors, wherever necessary, should be deployed in areas where participation of vulnerable sections is not adequate, to ensure that the weaker sections are participating and getting their entitlements. It also needs to be ensured that all habitations/hamlets get fully covered.

e. Special norms should be worked out for various parameters of the Scheme for difficult areas.

f. 'Household' should be defined to mean a nuclear family i.e. husband, wife and minor children, and may include any person wholly or substantially dependent on the head of the family.

g. Job-cards should be issued separately to each adult physically challenged person.

2. Guaranteeing Outcomes: (Para 5.2.2.6)

a. An evaluation should be carried out to assess the socio-economic impact of NREGA. This evaluation should encompass the following activities:

a1. *Identifying the parameters to be evaluated:* These parameters should capture the livelihood security. The following parameters are suggested

(i) Average annual income of households.

(ii) Prevalent market wages for agricultural labour.

(iii) Average number of days a family migrates in search of labour.

(iv) Productivity of small and marginal land holdings.

(v) Quality and contribution of assets.

Before finalizing the list of parameters, each of them should be validated after a field study.

a2. *Conducting a baseline survey:* This should be concluded within three months.

a3. *Fixing threshold levels for parameters to signal successful implementation of NREGA.*

a4. *Impact evaluation:* The first evaluation should be carried out on completion of three years of implementation of the NREGA.

b. This outcome evaluation could be done as part of the expanded task of the National Sample Survey Organisation (NSSO) to develop district and sub-district level data.

3. Ensuring Convergence (Para 5.2.3.6)

a. Baseline performance indicators should be worked out for important services such as health and education and efforts should be made to improve them continuously.

b. Rural development programmes, which could be best managed at the local level, should be transferred to the Panchayati Raj institutions.

c. There should be only one Plan for an area so that an integrated view of development of the area could be taken. All sectoral/schemewise plans should be culled out from this plan.

d. To the extent possible, the earthwork components of other asset creation programmes should be taken up under NREGA. Specifically, the projects under Bharat Nirman may be dove-tailed with NREGA.

4. Expanding the Scheme (Para 5.2.4.2)

a. The extension of NREGA to remaining areas should be taken up in a phased manner. While expanding the coverage of the NREGA, the block should be taken as the unit instead of the district, with the most backward blocks to be included first. In order to bring objectivity, the expansion plan should be finalized within six months and announced well in advance.

5. Fixing Wage Rates (Para 5.3.2.7)

a. The provisions regarding prescription of wages under NREGA and the Minimum Wages Act would require detailed examination. A task force comprising representatives of the Ministry of Rural Development, Ministy of Labour, Ministry of Law and Justice and a few State Governments may be constituted to examine and make recommendations on this issue.

6. Financial Management System (Para5.3.3.15)

a. Funds from Government of India should be transferred directly to the districts.

b. The State Government's contribution may be fixed at 10 per cent of the total cost of REGS in a year, and may be made annually. If the state does not make this contribution, it may be deducted from its 'Central Assistance for State Plans'.

c. Target (maximum) levels of funds should be fixed for Panchayats (village, block and district levels). Government of India should release funds to districts every month, so that the target levels are restored. The district in turn should release funds to blocks to bring their funds upto the prescribed target levels. Finally the blocks should replenish the funds at the Gram Panchayats.

d. The system of releasing funds based on utilization certificates should be replaced with a system of concurrent monitoring and audit through an independent agency.

e. The audit should be taken up every quarter, and if major irregularities are found, the concerned Panchayat should immediately make good the misutilised amounts from its own funds (not NREGA funds). It should initiate action for recovery against those concerned. If there is a prima facie case of corruption, criminal cases should be launched against the concerned persons.

f. The target (maximum) level of funds required for Gram Panchayats may be fixed at two months requirements, and so also for the blocks and districts.

g. A uniform financial information flow system should be prescribed for the entire country.

7. Mode of payment to workers : (Para 5.3.3.16.3)

a. The ultimate choice of the mode of payment should be left to the workers; payment in cash may be the preferred option. The person/agency preparing the muster roll must be different from the person/agency making payment to the workers.

b. In drought prone and remote areas (tribal and hilly areas), a part of the wages may be disbursed in terms of foodgrains. In all cases, quality and timely availability of foodgrains should be ensured.

8. Role of Banks and Post Offices in Fund Flow: (Para 5.3.3.18.5)

a. The post office network should be used along with the bank network for flow of funds and the procedural bottlenecks addressed.

b. Banks and post offices would have to play a more proactive role in handling these accounts. Procedures, especially in post offices need to be simplified.

c. Opening of zero balance accounts in post offices by both individuals and institutions may be permitted by the competent authority. If the enhanced costs of opening zero balance accounts cannot be borne by the post offices, the amount required may be quantified and examined if remuneration can be given to selected post offices in difficult areas where the bank network is not easily accessible.

d. To avoid leakages, payment through banks and post offices is a better option. Banks and the post offices need to be reoriented to handle this task.

9. Time rate Versus Piece Rate (Para 5.3.4.1.5)

a. Payments should be made, based on the piece rate system, and not the time rate system.

10. Schedule of Rates (Para 5.3.4.2.11)

a. State Governments should evolve a more realistic rural Schedule of Rates for NREGA in each district. These rates should be so evolved that, workers both men and women, get the prescribed minimum wage. The prescribed minimum wage should be taken as the base and the Schedule of Rates should then be worked out. Adequate allowance should be provided as there would be a substantial proportion of women workers. This could be achieved by conducting a gender specific Time & Motion study at the district level.

b. The district Schedule of Rates for NREGA should be prepared under the supervision of the District Technical Resources Support Group.

c. State Governments should ensure that inter-district variations are within a permissible band.

d. A mechanism whereby the Schedule of Rates is harmonized across states needs to be put in place. There is also need to rationalise the quantity of labour required for a given job. The Ministry of Rural Development should coordinate this process.

e. As regards elderly and physically challenged people, it is suggested that while prescribing norms for a realistic Schedule of Rates the productivity of such persons should be kept in mind. They should be assigned works such as supervision, assistance in taking measurements and overseeing the amenities at the worksite.

f. The Schedule of Rates needs to be made transparent. It should clearly spell out the amounts required for the material as well as labour components in each item of work.

g. The Ministry of Urban Development should coordinate the larger issue of rationalisation of the PWD Schedule of Rates in various states.

11. Maintaining Labour Material Ratio (Para 5.3.5.2)

a. The stipulation that the material component should not exceed 40 per cent of the total cost should be strictly adhered to for each work. In exceptional cases, if it is not possible to maintain this for each work it should be maintained at the Gram/Block Panchayat level.

12. Mechanism for procurement (Para 5.3.6.2)

a. State Governments should evolve transparent procurement procedures under the scheme, and ensure that they are followed by the Panchayats in a transparent manner.

13. Strengthening Local Governments - Building Institutions (Para 5.4.1.1.3)

a. Panchayats should be empowered by transferring all development schemes which are better managed locally, to them. This transfer should also include the commensurate transfer of administrative and financial power and the implementation machinery.

b. District Rural Development Agencies (DRDA) should be subsumed in the District Panchayat.

c. Officers of adequate seniority should be posted as CEOs of District Panchayat and the intermediate level Panchayat.

14. Strengthening Local Governments - Capacity Building (5.4.1.2.8)

a. NREGA should be implemented by a judicious mix of permanent and contractual staff. Staff required for implementation of NREGA at sub-district levels should, be engaged locally. This appointment may not be to a service but to a particular post. This could be achieved through contractual engagement. The process should be totally objective and transparent.

b. There should be a provision to relax qualifications in the case of local candidates to be backed by capability building programmes for them.

c. Services of Non Governmental Organisations with proven track records could also be used to supplement staff deficits.

d. The norms for engaging staff, both technical and administrative, should be linked to the average population per Panchayat (village/block and district). In hilly terrain the area per Panchayat should also be a criterion.

e. In case of smaller Gram Panchayats where each Panchayat cannot financially support a full complement of staff, the State Government may group them into compact administrative units for staffing purposes.

f. The following incentives may be provided to officials working in difficult areas:

   i. Liberal life insurance cover.

   ii. Hardship allowance.

   iii. Retention of government accommodation for family if required outside the place of posting.

   However, all these incentives should be linked to performance which should be reviewed each year.

g. In case of acute shortage of engineers in the field, a panel of non-government engineers may be engaged at the block level. Educated youth could be identified and trained to prepare estimates for works. These draft estimates would then be scrutinized and approved by the panel of engineers at the block level.

h. The limit of administrative expenses should be raised from the existing 2 per cent to 6 per cent of the total expenditure under the Scheme. Out of this 1 per cent of the total funds should be earmarked for concurrent monitoring and audit, and 2 per cent for training. Additional funds for meeting enhanced administrative expenses should be provided in difficult areas. (This could be 2 per cent of the total expenditure under the Scheme, in addition to what is provided for normal districts).

i. Training should not be envisaged as a one time intervention but should be a continuing process. (2 per cent of the total funds should be earmarked for training activities).

j. The following subjects should inter alia be covered in the training programmes:

   i. The concept of poverty, its dimensions, causes and possible solutions.

   ii. The problems of gender inequality.

   iii. An overview of Panchayati Raj.

   iv. NREGA and the processes involved in it.

   v. Associated laws such as Right to Information, Minimum Wages Act etc.

k. A cascading approach should be adopted for training. Pools of resource persons should be created at the state, district and block levels.

l. Distance learning technology should be used for imparting training in remote and inaccessible areas.

m. There should be evaluation of training activities through independent agencies.

n. The services of NGOs and SHGs should be used to impart trainings.

o. In violence affected areas, a District Task Force headed by the District Collector having the Superintendent of Police, Chief Executive of District Panchayat and other concerned officers, as members should be constituted to ensure that the provisions of NREGA are implemented properly, and to help the Panchayats.

p. In areas where the Panchayats are non-functional, the District Collector should be made responsible for implementation of REGS. In areas which are not covered by Part IX of the Constitution, local bodies under the State law which may or may not be traditional institutions, can be used. State specific solutions will have to be evolved since the situation varies from state to state.

13. Selection and maintenance of works : (Para 5.4.2.5)

   a. Selection of shelf of works at the Gram Panchayat and Block/Intermediate Panchayat level should be in harmony with the district development plan. The shelf of works should be such that watershed development is ensured and water resources are enhanced. Stand-alone works should be discouraged.

   b. The Block/Intermediate Panchayat should ensure that the works of one Gram Panchayat do not adversely affect the adjoining Gram Panchayat. The same principle should be followed by the District Panchayat to ensure coordination between works having inter-block ramifications. Inter-Gram Panchayat works should be taken up after the approval of the concerned Gram Panchayats involved. Similarly works of inter block nature should be taken up after the approval of the concerned Intermediate/Block Panchayats.

c. It should be ensured that most of the works are executed through Gram Panchayats and need for works to be taken up by the Block/Intermediate Panchayats should arise only in case of inter-Gram Panchayat works or where the Gram Panchayats have not been able to meet the demand for employment.

14. Block Resource Centre : (Para 5.4.3.2)

a. To augment the technical resources of Panchayats at the village and intermediate levels, a Block Resource Centre may be set up which would include a panel of experts and professionals available at the block level. This Centre would perform functions at the block level, similar to those of the District Technical Support Group at the District level.

15. Entrepreneurship Institutes for the Rural Poor : (Para 5.4.4.4)

a. Entrepreneurship training institutes should be set up in every block to train and impart skills to the rural poor so that they get the opportunity to be self employed. This should be financed out of the funds earmarked for administrative expenses under NREGA.

16. Monitoring Systems: (Para 5.4.5.5)

a. The monitoring mechanism as prescribed under the guidelines should be enriched by incorporating those features which capture information about the crucial parameters of the Scheme.

b. For the purposes of record keeping, 'employment generation' shall be deemed to have taken place only when the workers have received their wages. This would ensure that (a) the functionaries make prompt payment to the beneficiaries, and (b) the financial and physical progress complement each other.

c. Independent monitoring and auditing agencies should be engaged to carry out concurrent monitoring and audit. These agencies should visit Panchayats atleast once a month, check the records, verify the periodical reports and set right any inconsistencies. The reports should be submitted only after validation by these agencies. These agencies should also guide the Panchayat staff in maintenance of records and preparation of reports.

d. Within the permissible administrative expenditure of 6 per cent (recommended) of total expenditure, 1 per cent should be earmarked for monitoring and evaluation. (Refer para 5.4.1.2.8.h)

17. Curbing corruption and leakages (Para 5.4.6.7)

a. Templates of estimates of general works should be prepared showing the inputs of labour and material required. This should act as an aid for preparation of estimates.

b. The muster roll should incorporate the physical dimensions of work that has been carried out in the work cycle. To the extent possible it should be backed with a photograph of the work executed, at different stages.

c. The Grievances Redressal Mechanism as provided in the NREGA should proactively reach out to the people to redress their grievances.

18. Transparency and Right to Information Act (Para 5.4.7.5)

a. A continuing process of training and awareness generation about the NREGA and RTI is essential. The impact of such programmes should be assessed through an independent evaluation, and officials should be required to qualify in a test after their training.

b. NGOs with credibility and spatial reach should be identified and entrusted with the task of creating awareness and capability building.

c. All documents should be prepared in local language. The estimates and measurement books are generally written in English. These need to be written and recorded in the official language of the state. In case of difficulty, at least, a summary of such documents should be prepared in local language.

d. State Governments should evolve norms about the mode of publication of suo motu disclosures by the Panchayats.

19. Use of IT - Blocks as Nodal, Fully-Electronic Points (Para 5.4.8.1.6)

(a) Blocks must be the nodal levels of government at which all information is electronic. This should be achieved within a year.

(b) Any information collected in non-electronic form at this or a lower level of government must be digitised at block level.

20. Use of IT - A Minimum and Common Set of National Standards for Data (Para 5.4.8.2.6)

a. A common minimum set of NREGA reporting standards should be established for Gram Panchayats, blocks, districts, states and Government

of India. Specifically, the particular fields of data to be reported at every level must be identical. Where data is collected in manual form, the process for data conversion to electronic form should be based on standard forms, so as to ensure their uniformity.

b. So long as the above condition if fulfilled, states need not be constrained to use the same software for implementation everywhere. If, over time, some software is found to be more advantageous, a transition towards that can be considered.

21. Use of IT - Architecture for Development (Para 5.4.8.3.3)

(a) Data from the blocks should be aggregated in central repositories in each of the states. A single data centre may be adequate for each state, and transmission to this centre from each of the blocks should be enabled. District-wise aggregation of the data reported from the blocks should be taken up to facilitate monitoring at this level too, although no data centres are necessary at this intermediate level.

(b) A pre-determined format for bulk transmission of data should also be established, as should the frequency for such transfers.

(c) Dedicated transmission networks for government data are not necessary. Wide area networks established by private entities will suffice. Nonetheless data encryption and network security levels should be set high enough to ensure the integrity of the data from creation to analysis and archival.

(d) The Union Government should maintain its own data centre, aggregating data from each of the state repositories.

22. Use of IT - Assessment of Initial Deployment by Ministry of Rural Development (Para 5.4.8.4.3)

(a) A unique identification should be issued not to each household, but to each individual. The members of each household should be tracked together to ensure that each household receives the appropriate benefit under the Scheme, but the identities of each individual should be kept separate.

(b) Computerisation of records at the Block/Mandal level is being achieved. It is commendable, further, that Gram Panchayat-level computerisation is possible in some states; this should be the eventual goal for all states.

(c) Periodic reviews should be conducted, nonetheless, to determine whether the uniformity and standardisation are adequate, and any necessary revisions should be made.

(d) The central storage of data in electronic form is at Delhi. Access to the data in the IT system, however, should be possible for officials at all levels of government with due access authority.

(e) While social audits are a required measure for transparency under the Scheme, these should not be the only ones, or even the primary ones. Voluntary disclosure should be the norm for informing citizens about the functioning of the NREGA; this will considerably reduce the onus on social audits.

(f) Alerts are being generated using trigger points that ensure compliance with the rules and guidelines of the REGS. By periodic review, it should be determined what additional alerts are needed so that these too could be incorporated.

(g) A Geographic Information System for visualisation of data on map spaces must be developed. Given the scale and complexity of the records being maintained, their analysis solely from databases will limit the efficiency of scrutiny; visualisation to identify strengths and weaknesses in geographic terms is therefore needed.

(h) Rankings of districts based on outcome-based monitoring should be included along with other voluntary disclosures, and made available to the public, including on the website of the REGS.

23. Use of IT - Unique Identification System (Para 5.4.8.5.3)

a. The identification of participants in the REGS should be developed nationally, in preparation for wider use of a national citizen identification number. The potential for such identity to be developed congruently with other systems of nationwide participation – e.g. elections – should be explored along with appropriate representatives from such other arenas as well.

24. Use of IT - IT System for financial management (5.4.8.6.5)

(a) The IT system should maintain numbered records of all transactions, and the specific fields to be contained in each transaction type should be pre-determined as part of the NREGA standards.

(b) Specific triggers for replenishment of funds for implementers should be set in the IT system.

(c) Direct transfer of money from the origin of funds to the implementer's account should be possible. Intermediate levels of government should have access to this information, but for informational purposes only.

(d) Requests for replenishment should also be enabled without triggers, so that exigencies can be managed. A login-based system to facilitate this is needed, to ensure its security. Digital signatures could also be created for officers identified as vested with such authority.

25. Use of IT - IT System for monitoring and evaluation (Para 5.4.8.7.5)

(a) A comprehensive list of quantitative measures for the detection of inconsistencies between operations and rules should be established within the IT system. These should be directly derived from the rules themselves – each of the rules/guidelines should be considered alongside the question "can this be monitored in real-time?" and the appropriate measure of detection should be developed.

(b) Violations of the rules using any of the quantified measures should trigger alerts in the IT system, which should be routed to the appropriate supervisory official.

(c) Performance variables for the REGS as a whole should be identified, and these should be applied to data at all implementing levels. In addition to the implementing levels, the data should also be aggregated by jurisdiction and ranks established for all blocks, districts and states according to the measures of performance. Such output should be public as part of the Governments disclosures under the RTI law.

(d) A Geographic Information System for the REGS should be developed and information that is developed through aggregation should be presented through this system as well. A zoom-able and pan-able interface should allow performance to be understood at different levels of administration from the same base data. Wherever possible, suo moto disclosures should be in GIS format also, in addition to their other means of dissemination.

26. Use of IT - Right to Information in NREGA and use of IT (Para 5.4.8.8.4)

a. Information that is required to be disclosed suo motu by various implementing arms of government should be clearly identified for each level of government, and wherever possible the IT system should be able to integrate the data necessary for such reporting, and generate suo motu reports automatically.

b. A list of questions that the IT system should be able to answer, to assure compliance with the RTI Act, must be created. This list must be periodically revised to include additional questions and make higher standards of disclosure possible.

c. The same data should be used for administrative purposes as well as RTI-related disclosure. The government, citizens and other stakeholders should all have information based on the same set of data, and the information available with each should be created from a common database.

27. Use of IT - Smart Cards (Para 5.4.8.9.5)

a. A few pilot projects in different regions may be taken up in a cluster of villages using SMART Cards. Such SMART cards should store information about the person's identity (including biometrics) and should have the capacity of recording transactions under NREGA and even authorize payments. In the long run, a viable business model needs to be developed so that the private sector can participate.

28. Implementation of NREGA in Fifth and Sixth Schedule Areas (Para 5.4.9.4)

a. The recommendations of the expert group on "Planning at the Grassroots Level" (March, 2006) should be implemented in a time bound manner. {The recommendations are at Annexure V(2)}

b. The recommendations of the NCRWC contained in para 9.23(i) to (iii) of their Report, should be acted upon immediately

29. Implementation of NREGA in areas affected by natural calamities (Para 5.4.10.5)

a. Demand for employment in any area should be first met through works under NREGA. Relief works (in cases of natural calamities) should be taken up only if demand for work exists and the households have exhausted their entitlements under NREGA.

30. Relaxation of Certain Restrictive Provisions. (Para 5.4.11.1.3)

a. The list of works in Schedule I needs to be enlarged. For the purpose, suggestions should be obtained from the State Governments and the list should be made comprehensive to meet the demands of topography and climate.

b. Land development activities may be permitted in the lands of small and marginal farmers.

31. Number of workers to commence a work (Para 5.4.11.2.2)

a. The minimum number of workers required for commencing a work may be reduced from the present number of 50 to 20.

32. Records (Para 5.4.12.6)

a. Each Gram Panchayat should have a Job Card Ledger in the Panchayat, which should be a shadow of the job cards. This would have the dual advantage of preventing any tampering in the job cards and also having the entire information available in the Panchayat. In Gram Panchayats, which have computers, this would not be an extra effort. In Panchayats, which do not have computers, this could be a simple register, which would have the same entries as in the job card. This register should be updated every week whenever payment of wages is made.

b. Records should be kept in a manner that enables accounting of each work voucher-wise, so that it is possible to track every voucher to a work and also get voucher-wise utilization of funds for each work.

c. Formats of some registers need to be amended as suggested in para 5.4.12.

33. Coordination Mechanism (Para 5.4.13.5)

a. A common inter-ministerial, empowered steering committee for NREGA, other flag-ship programmes and the Bharat Nirman Programme may be set up with the Cabinet Secretary as the Chairman and Secretaries of concerned Ministries/Departments as members. The Committee may be given adequate powers to:

(i) oversee the work of sectoral ministerial committees in order to remove differences, bottlenecks and lack of synergy and issue directions to bring about an integrated approach.

(ii) take timely and appropriate decisions for effective and accountable implementation of the concerned programmes.

(iii) bring about better coordination in implementation.

(iv) ensure the centrality of local governments in the implementation at the local levels and also as part of the local planning process mandated by the Commission.

b. Similar empowered committees may be set up at the state and district levels.

34. Building a national identify (Para 5.4.14.2)

a. This initiative taken up through NREGA may be called 'Rashtriya Sukshema Abhiyan'.

Annexure-I(1)

Workshop on
"Strengthening Financial Management for Rural Employment Guarantee Scheme"
at the National Institute of Public Finance and Policy, New Delhi
on 19th & 20th December, 2005

List of Participants

Sl. No.	Name	Designation
1	Dr. C. Rangarajan	Chairman, Economic Advisory Council to the Prime Minister
2	Shri Pratyush Sinha	Secretary, Department of Rural Development, Government of India
3	Dr.U.S. Raghavan	Secretary, Department of Posts, Government of India
4	Dr. M. Govinda Rao	Director, NIPFP
5	Ms. Amita Sharma	Joint Secretary, Department of Rural Development, Government of India
6	Shri T.R. Raghunandan	Joint Secretary, Ministry of Panchayati Raj, Government of India
7	Shri Vidyasagar	Vice Chairman and Managing Director, Girijan Co-operative Corporation, Visakhapatnam, Andhra Pradesh
8	Shri S.M. Vijayanand	Secretary, Local Self Government Department, Government of Kerala
9	Shri N. Sivasailam	Secretary, Rural Development & Panchayati Raj Department, Government of Karnataka
10	Shri S.N. Tripathi	Commissioner-cum-Secretary, Panchayati Raj Department, Government of Orissa
11	Shri Brajendra Ganesh	Secretary, Rural Development, Government of Bihar

Annexure-I(1) Contd.

Workshop on
"Strengthening Financial Management for Rural Employment Guarantee Scheme"
at the National Institute of Public Finance and Policy, New Delhi
on 19th & 20th December, 2005

List of Participants

Sl. No.	Name	Designation
12	Shri V.P. Sharma	Officer on Special Duty, Indian Banks Association
13	Shri D. Bandopadhyay	Former Secretary, GOI
14	Ms. Vasudha Mishra	Deputy Director, LBS NAA, Mussoorie
15	Shri K.S. Gopal	Centre for Environment Concerns, Hyderabad
16	Ms. Madhuri Krishnaswamy	Jagrit Adivasi Dalit Sangathan, Barwani, Madhya Pradesh
17	Shri D. Rajesham	Joint Commissioner (RD), Government of Andhra Pradesh
18	Prof. Indira Rajaraman	RBI Chair Professor, NIPFP
19	Shri Partho Mukhopadhyay	Centre for Policy Research
20	Shri Krishna Rupanagunta	eGovernments Foundation, Bangalore
21	Ms. Anuradha Talwar	JSK, Kolkata
22	Dr. E. Ramesh Kumar	Additional Collector, Dhar, Madhya Pradesh
23	Shri Jayant Gaikwad	District Collector, Nandurbar, Maharashtra
24	Shri Chandrapaul Arun	Additional Commissioner, Rural Development Department, Government of Uttar Pradesh
25	Shri Ashwin Mahesh	eGovernments Foundation, Bangalore
26	Shri Pankaj K. Hazarika	Sr. Finance & Accounts Officer, Directorate of P&AD, Assam
27	Shri Kamal Kishore Soan	Deputy Commissioner, Latehar, Jharkhand

Annexure-I(1) Contd.

Workshop on
"Strengthening Financial Management for Rural Employment Guarantee Scheme"
at the National Institute of Public Finance and Policy, New Delhi
on 19th & 20th December, 2005

List of Participants:

Sl. No.	Name	Designation
28	Shri Sanjay Singh	Director, Department of Rural Development, Government of India
29	Shri C.S. Kumar	Director, Special Projects, Government of Orissa
30	Ms. Smita Gupta	Fellow, Institute of Human Development
31	Smt. Gopinath	Department of Posts, Government of India
32	Shri Pinaki Chakraborty	NIPFP

Administrative Reforms Commission:

Sl. No.	Name	Designation
1	Shri M. Veerappa Moily	Chairman, ARC
2	Shri V. Ramachandran	Member, ARC
3	Dr. A.P. Mukherjee	Member, ARC
4	Dr. Jayaprakash Narayan	Member, ARC
5	Smt. Vineeta Rai	Member-Secretary, ARC

Annexue-I(2)

Inaugural Address by Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister on December 19, 2005 at the National Institute of Public Finance and Policy, New Delhi

The Employment Guarantee Scheme (EGS) underlying the National Rural Employment Guarantee Act is by far one of the largest social safety-net programmes launched anywhere in the developing world. The EGS is also historic for we now have for the first time a demand driven scheme across the country unlike the several supply driven schemes of the past. It is ambitious in its scope and size, and is an affirmation of our collective desire that the benefits of growth must be broad based and inclusive, and that growth can be sustainable only when the poor contribute *to* growth and benefit *from* growth. Let me also add that having some people left behind while others move on is not only unacceptable but also destabilizing.

2. The EGS guarantees a minimum of 100 days of wage employment in every financial year to every rural household as an employment of last resort. In the lead up to the adoption of the bill by the parliament, there was a lot of debate and discussion in the media and in public fora on almost every aspect of the bill. I personally found following that debate to be very rewarding, as it was rich, informed, educated and, of course, contentious. This debate was a testimony not only to the intellectual capital that goes into the shaping of our public policy but also reflective of our commitment to openness, freedom of expression and pluralism of ideas.

3. Just to recapitulate, the following are some of the main issues that drove and shaped the debate:

(i) Should the wage rate under the EGS be the minimum wage rate, or some other rate that will be above or below the minimum wage? What is the wage rate that will be optimal in terms of making the scheme self-selecting?

(ii) Should the guarantee be restricted to 100 days per year or should it be open-ended?

(iii) Should the scheme be restricted to only one adult per household regardless of the size of the household?

(iv) Should the scheme be restricted to families below the poverty line or should it be open to all?

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(v) Should the scheme be implemented in 150 or 200 districts to start with or should it cover entire country in one go?

(vi) What exactly will be the cost of the scheme and where will the funds come from? Given that the estimated cost of the scheme varies from Rs.10000 to Rs.36000 crores – roughly one per cent of GDP – is the most efficient use of the money? Are there better and more effective ways of spending such a large amount of money to achieve the objective of poverty reduction? Will welfare be maximized if we spend this money on education and health instead?

(vii) What will be the implications of such a large and open-ended expenditure commitment to managing the fiscal and revenue deficits especially in the context of the obligations under the Fiscal Responsibility and Management Act (FRMA)?

(viii) Do we have the administrative capacity, and the monitoring and accountability systems to implement a scheme of this size?

(ix) Given our experience with similar schemes such as food for work and drought relief, should we not be concerned about waste, leakage and corruption, especially given the weak monitoring systems and lax accountability mechanisms?

(x) To what extent should the EGS focus on asset creation? Furthermore, does the focus on asset creation erode the guarantee dimension of the EGS?

(xi) What should be the role and responsibilities of the Panchayati Raj institutions in the EGS? In particular, should the Gram Panchayats uniformly be the only instrumentality for delivering the EGS regardless of the varied track record and capacity levels in the PR institutions across the country or should we settle for asymmetric decentralization?

4. The listing of issues will not be complete unless I also mention that some economists and commentators have even called into question the justification for an open-ended universal employment guarantee scheme of this type on the ground that there is no evidence to show that the rural employment situation has worsened in the recent period.

5. Several analysts have drawn attention to the fact that National Sample Survey Estimates of unemployment rates show that in 1999-2000 those who reported themselves as being 'usually unemployed' during the year were barely 2 per cent of the male labour and less than one per cent of the female labour force. The 'usual' unemployment rates have not shown any sustained trend either for males or females over the 20 year period. The NSS surveys,

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however, show that under employment figures – as measured by the proportion of days in a year in which those actively seeking working do not find it – are much higher around 7 per cent for both males and females. These figures nevertheless do not show any definite trend. The levels in 1999-2000 were the same as in 1977-78 for males. There was, however, an improvement in the case of females. While there has been no deteriorating trend and in fact there may have been some improvement, the levels are still a cause for concern and redressing this remains a major challenge. While the lasting solution to employment generation will lie in accelerating over all growth, this may happen only slowly. Targetted employment schemes such as the EGS become necessary till such time the over all growth is able to fully meet the demand for work from rural labour force.

6. Now that the parliament has enacted the legislation, many of the policy issues have been settled. The Act, as finally passed, guarantees at least 100 days of wage employment per year on demand to every rural household. The wages to be paid are the minimum wages applicable for agricultural labour in the respective states till such time that the central government specifies a wage rate which will not be less than Rs 60 per day. In the event of failure to redeem the guarantee, the state government is mandated to pay an unemployment allowance to the employment seeker. The scheme is to be implemented in 200 poor and backward districts in the first phase. The central government bears the cost of guaranteed wages, up to three fourths of the cost of material, and the wages of skilled and semi-skilled workers. The state governments are to meet the balance one fourth of the costs of material and semi-skilled and skilled labour as well as the payment of employment allowance.

7. The Act as finally passed by the parliament balances the various trade offs and reflects some of the advice that emerged from the public debate. For example, at the draft stage there was debate, as I said earlier, on whether the scheme should be restricted to households below the poverty line which would have entailed elaborate mechanisms for means testing. Under the Act as finally passed, the scheme is open to all with no restrictions on whether the household is below or above the poverty line. This is wise as this is an acknowledgement that only the poor with no alternative will come forward to undertake unskilled labour and the scheme will run on a self-selecting basis. Also this will eliminate the huge transaction costs underlying means testing.

8. With the policy issues behind us, the task ahead is to move on to implementation so as to deliver the intended benefits to the poor and unemployed in the country. The important components involved in the implementation of EGA are, (a) selection of beneficiaries and the wage rate; (b) design of system and institutions for implementation of the scheme;

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(c) provision of resources and the pattern of funding; (d) capacity building for effective implementation of the scheme; and (e) safeguard against corruption with regard to the use of fund and the selection of beneficiaries. By any reckoning this is a complex and formidable challenge and requires 'out of the box' thinking and action. I am very happy therefore that the Administrative Reforms Commission has thought it fit to address this issue on a priority basis. This is a tribute to your sense of purpose and result orientation and I want to commend you for this initiative.

9. I want to use the opportunity that you have so kindly provided me to raise some issues that we should be addressing on the way forward to implementation of the EGS. For conceptual clarity I will group them under four headings: (i) physical and financial planning; (ii) delivery systems and capacity building; (iii) asset creation; and (iv) monitoring and experience sharing.

Physical and Financial Planning

10. In order to deliver on the guarantee, it is imperative that at the field level there is an understanding of the supply and demand patterns of labour. Needless to say, the supply of labour is region specific and is a function of the seasonal pattern, seasonal conditions, the ruling market wage and the general outlook of the economy. Some of these are obviously more variable than others. We learn from the Maharashtra experience, for example, that in times of distress it is the women who seek the protection of the employment guarantee while the men-folk move on to neighboring villages or districts in pursuit of wage rates which are higher than the wage rates under the employment guarantee scheme. It is lessons of experience such as this that we need to factor into in planning for the implementation of the EGS. From the supply side it is necessary to have a shelf of schemes with all the necessary physical and financial estimates done so that they are ready for grounding at short notice. Failure to be ready will entail not only waste and inefficiency but also payment of unemployment allowance. Minimizing the amount of unemployment allowance paid should, in fact, be one of the yardsticks for measuring the efficiency of implementation. Perhaps this workshop will spend some time thinking about the monitoring indicators and criteria for judging the success of the EGS.

11. Streamlining financial systems and procedures will be another complex task. There should be enough funds at the field level for payment of wages in the context of an uncertain estimate of how many people will in fact be seeking the guaranteed employment. This

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means that the flow of funds from the state to district to the village level should be smooth. An important question in this context is should funds be channeled through the existing systems or is there need to design alternate systems? How can this be done without eroding fiduciary accountability? Non-availability of funds at the required time can seriously impair the effectiveness of the Scheme. We should avoid such a contingency.

Delivery Systems and Capacity Building

12. Let me now turn to some thoughts on delivery systems and capacity building. Gram Sabhas and Panchayat Raj institutions have been given a pivotal responsibility under the Act. The village, intermediate and district panchayats are designated principal authorities for planning and implementation of the EGS. The Gram Panchayats, GPs for short, are responsible for the identification of schemes acting upon the recommendations of the Gram Sabha, for vetting and costing them and for having them approved by the programme officer. Gram Panchayats also have to register eligible adults of every household in their jurisdiction and issue registration cards to each of them. Gram Panchayats are also responsible for monitoring and social audit.

13. Criticism for the role assigned to the Gram Panchayats in the implementation of the EGS has come from two sides. From one side it has been argued that the Gram Panchayats have been given a very limited role in the EGS and have been subordinated to the programme officer. It is contended that the programme officer, being an official of the state government not owing any allegiance to the panchayat, can undermine the autonomy and accountability of the panchayats and thereby the implementation of the EGS. The arguments in favour of giving a larger role to the panchayats are the standard ones: greater accountability, better appreciation of local needs and lower transaction costs. From the other side, there has been criticism that panchayats have been made the main delivery system for the EGS uniformly across the country ignoring the reality that the Panchayat Raj system has not evolved to the same degree of experience, capacity and awareness across the country. In some states and in parts of some states, GPs have come into their own exercising autonomy and managing finances responsiby and rendering accountability with a sense of integrity. On the other hand, there are states and pockets of states where GPs have been captured by powerful elites to the detriment of democratic decentralization. Given this reality, should we have a uniform pattern of delivery of EGS by the GPs across the country or should we settle for asymmetric decentralization whereby the role to be performed by the GPs depends on their proven capacity and demonstrated track record? I am aware this is a sensitive and contentious issue but one that needs to be debated transparently. I hope this workshop will give some

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thought to this. My own personal view is that Panchayati Raj institutions constitute the most effective vehicle for the implementation of the Employment Guarantee Scheme and we need to make all efforts to strengthen them. We should explore alternatives only if GPs fail in their performance.

14. No matter whether the EGS is delivered through the GP or through some other mechanism, its implementation demands a significant amount of record keeping and documentation. For example, documentation is necessary for identification and registration of eligible beneficiaries, the number of days of employment delivered to each household, the list of persons to whom unemployment allowance, if any, has been paid and the quantum thereof, the man-days of work invested in each project, etc. Similarly, capacity is required at the GP level for identifying projects, preparing the cost and labour demand estimates and in measuring physical outturns.

15. The need for training in a variety of skills, techniques and management practices is quite obvious. What are the areas in which training will be required? How can it be best delivered? How can the lessons of experience in one district or state be documented and disseminated widely? These are some questions which I hope will engage your attention as you go into detailed discussions over these two days.

16. There is the question of accountability both for efficiency in the utilization of funds as well as fiduciary integrity. There are some inbuilt safeguards in the EGS such as the requirement that all wages in cash or unemployment allowance shall be made directly to the person concerned in the presence of independent persons of the community on pre-announced dates. There is also a requirement for monitoring by state and district level agencies as well as by NGOs. Even as these are improvements over many of our existing practices, they are by no means foolproof. There is no substitute for continued vigilance and threat of serious penalty in case of corruption, waste or leakage. Technology in general and e-governance practices in particular may help us in this regard. This is another area where we need to do innovative thinking.

Asset Creation

17. Let me now move on to issues under the broad area of asset creation. Schedule 1 (clause 1) of the Act says: (I quote) "Creation of durable assets and strengthening the livelihood resource base of the rural poor shall be an important objective of the scheme." (unquote) Clause 2 of the schedule also indicates nine focus areas of the scheme in order of priority. The

Annexure-I(2) Contd.

list of focus areas includes water conservation and water harvesting, drought proofing, flood control and road connectivity.

18. Drawing from the Maharashtra experience, some commentators have suggested that emphasis on asset creation might compromise the guarantee dimension of the scheme. This is so because of the unpredictability of the demand for EGS work with respect to location, timing, number of workers and duration of their seeking the employment guarantee. The tension between employment guarantee and asset creation is a valid concern and needs to be acknowledged. The statutory obligation to guarantee employment should get priority over asset creation. Nevertheless the huge outlay on the scheme, which could potentially go up to as much as one per cent of GDP, cannot be justified unless there are assets to show for it. De-emphasis of asset creation can also encourage corruption. In fact, we should use the opportunity provided by the new scheme to improve rural infrastructure which is imperative for accelerating growth.

19. While on the subject of asset creation, it is also necessary to pay attention to maintaining the assets created under the EGS because every rupee spent on maintenance has a higher benefit-cost ratio than a rupee spent on investment. Should EGS funds not be used for maintenance of assets created under the EGS or indeed under any other scheme?

Monitoring and Experience Sharing

20. Finally, let me turn to monitoring the implementation of the EGS. The importance of monitoring hardly bears any reiteration. India is a vast and complex country which in many ways is an advantage. It offers scope for a diversity of experiences and practices. We should capitalize on this, by initiating right at the beginning of implementing the EGS, a monitoring system which will be a repository of the experiences and best practices across the country so that these can then be disseminated to all others. I also want to add that we have to do a lot of "learning by doing". It is not as if every detail of EGS has been thought through and every question resolved. Implementation will throw up hundreds of issues for which we need to find answers efficiently and flexibly. The EGS is not meant to be and should not be converted into a top driven programme where every minute detail is predetermined in a straitjacketed fashion. Indeed I believe there will be a lot of lessons thrown up from the bottom. We will have to keep our eyes and ears and importantly our minds open, reflect on these experiences, respond flexibly to the operational challenges and refine the implementation of the EGS as we move on.

Annexure-I(2) Contd.

Conclusion

21. Despite several weaknesses, our administration has proved that it can deliver on the most exacting tasks under challenging circumstances. Our administration conducts elections and carries out census in the remotest parts of the country in inhospitable terrain and unfriendly climate. Our administration delivers relief and rehabilitation in times of natural disasters such as floods, droughts or earthquakes with commendable efficiency. Indeed, the way we responded to the task of tsunami relief where other affected countries have fallen short is a tribute to the talent and capacity in our administration. Woefully the same administration fails us in the routine tasks of day-to-day implementation of development programmes. This certainly is not for want of capacity but because of system shortcomings. The task for the Administrative Reforms Commission is to see how the enormous talent and capacity available in our administration can be constructively deployed for the collective good of the nation. Managing the EGS is a challenge set in that context.

22. The tasks that lie ahead in implementing the Employment Guarantee Act are enormous. Effective implementation requires (a) demand based budgeting, (2) advanced planning to offer work on demand, and (3) inter-sectoral planning of projects. There is also need for a clear definition of the roles and responsibilities of the various agencies involved in the process of implementation. I am confident that you will come up with imaginative solutions to the many tasks ahead in operationalizing the EGS. I wish your deliberations a success.

Annexure-I(3)

Speech of the Chairman, Administrative Reforms Commission
at
National Workshop on "Strengthening the Financial Management Systems for Implementation of the National Rural Employment Guarantee Act"
held at
the National Institute of Public Finance and Policy
on 19th & 20th December, 2005

Mahatma Gandhi had once said,

"A nation may do without its millionaires and without its capitalists, but a nation can never do without its labour".

The recently passed National Rural Employment Guarantee Act has been said to be one of the "most important pieces of legislation" in independent India. It marks a new beginning in the efforts for social equity and justice. The Act stipulates that the State Governments have to provide 100 days of work to a member of every rural household in a financial year in accordance with the Scheme made under this Act. The Act provides for a phased roll out with 200 backward districts covering a third of the country being taken up initially. The Act will be expanded to cover the entire country over the next five years. Thus the objective of the Act is 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 a financial year to every household whose adult members volunteer to do unskilled manual work. Under guidelines of the Centre, states are expected to prepare locally relevant schemes to generate employment and create productive assets. It is up to the states to make this a creative agenda for rural transformation utilizing the large pool of human resources that is available in rural areas along with the funds that will flow under this programme.

Tackling rural poverty and unemployment has been uppermost in the minds of our development planners. Productive absorption of under employed and surplus labour force in the rural sector has been a major focus of planning for rural development. In order to provide direct supplementary wage employment to the rural poor through public works, many programmes were initiated by the Government of India, namely, National Rural Employment Programme (NREP), Rural Landless Employment Guarantee Programme (RLEGP) and Jawahar Rozgar Yojana (JRY), National Programme of Food for Work and Sampoorna Gramin Rozgar Yojana[1]. Though these programmes have provided relief to the rural areas, their reach has been inadequate in view of the magnitude of unemployment in rural areas. Moreover there is no guarantee that employment will be available to the rural

[1] Job Guarantee for the poor by E.C Thomas. PIB Press Release 26-9-05: http://pib.nic.in/release/release.asp?relid=11820

Annexure-I(3) Contd.

households on demand as all these programmes were allocation based programmes. This situation of unemployment has been compounded by the absence of any social security mechanism.

The National Rural Employment Guarantee Act brings in a paradigm shift. The key to this legislation lies in the word 'guarantee'.[2] As I have mentioned earlier, there have been multitude of employment generation and poverty eradication schemes in the country. But none of these schemes gave a right to the rural poor to demand work. But the word guarantee in the Act makes it a right, something that people will expect and demand, something they can complain about[3], It has the potential to profoundly alter the way government officials treat the people they are supposed to serve.

The enactment of this law has been necessitated due to several factors. The problem faced by a large number of rural folk was lack of employment, especially during the dry season. In dry and drought-prone areas, many communities had to habitually migrate to other parts of the country in search of work, a painful and disruptive process. It destroyed the fabric of the community, the family lives of the migrants, the possibility for education of the children. These forced migrants were subject to some of the worst exploitation in their new workplaces. Those left behind did not have enough to eat or the barest of money for other basic necessities.[4]

The main importance of this Act is that it is a good social safety net. The problem faced by a large number of people in the rural areas is the lack of employment.

The case for an employment guarantee arises from other considerations also. First, mass poverty and deprivation in India are *structurally caused* and *socially determined*. Millions are forced into chronic poverty for no fault of theirs other than their birth in underprivileged conditions. A person who is willing to perform even the most unskilled of manual labour cannot find work. Society has failed to redress this for decades. This is an unacceptably unjust waste of valuable human potential. It is society's *duty* to empower the most unfortunate among the poor by providing employment to them.[5]

Second, "normal" economic processes cannot resolve the problems of chronic poverty, unemployment, all-round low social indicators, and depleted human capacities. Such processes will perpetuate or reinforce, they won't redress, the underlying *structural* causes—irrespective of the volume of GDP growth! *Public action* is absolutely essential. This can best take the form of special programmes to create capacities and provide a modicum of social security. An employment guarantee is a worthy form of public action.[6]

[2&3] Ibid

[4] Extracted from SEWA's Electronic Newsletter, May 2005: http://www.sewa.org/newsletter/newsletter3.html

[5] India's Employment Guarantee: An Antidote to Neoliberalism? by Praful Bidwai http://www.ased.org/artman/publish/article_719.shtml

[6] Ibid

Annexure-I(3) Contd.

Just as the proof of pudding lie in eating, the success of this enactment would depend upon its implementation. The Prime Minister has said:

> *"Our performance in these 200 districts will yield useful insights and lessons while extending it across the country. Therefore, the quality of implementation of the Act in its initial phase is of critical importance. We need to translate the legal commitment of the Act into an effective programme of action that delivers the benefits as guaranteed,"*

The Prime Minister has stressed upon the need to establish institutional mechanisms for implementing the guarantee. He has further stated:

> *"The Panchayati Raj institutions, with the assistance of government agencies, are central to this. The Panchayati Raj institutions will have to be geared up for it. You would need to ensure capacity building of these institutions so that they may discharge their responsibilities effectively,"*

The implementation challenge can be assessed by the magnitude of the problem itself. The percentage of people below the poverty line is estimated to be around 25. That is, India has about 250 million people who are so poor that they can't cross the poverty line that is set way below what can be considered necessary for a human existence. This number is about 8 times the total population of Canada.[7] Implementation of this Act in all 600 districts, would mean coverage of about 6 lakhs villages. The scheme would be implemented by more than 2.5 lakhs Panchayats. The planning process, release of funds, supervision and monitoring of this nationwide scheme would really be a mind boggling exercise. Even the funds involved are estimated to be in the range of 40,000 crores per annum, and this makes it by far the biggest scheme ever implemented in the country.

Today we have assembled to find out ways of strengthening the financial management systems required for effective implementation of the Act. But the financial management systems cannot be viewed in isolation. The financial management process is a function of the planning process, institutional mechanisms, the accountability systems, and the monitoring and evaluation systems. Thus in fact we will have to look into all aspects of implementation of the Act.

The first and foremost task before us would be to evolve the institutional mechanisms required. The Act envisages a collaborative partnership between the Central and the State Governments, the Panchayats and the local community. The Act has specifically defined the roles and responsibilities of different tiers of the Panchayats, the State Governments and the Central Government. A structural mechanism needs to be put into place. Each level of Panchayat has to be provided with appropriate technical and administrative assistance, the

[7] Extracted from http://www.deeshaa.org/category/development/: Atanu Dey on India's Development.

Annexure-I(3) Contd.

details of fund flow have to be worked out and so also the delegation of authority and fixing of responsibility. The task gets further complicated because of the diversities and the differences in the level of development that prevail across the country. Information Technology could provide efficient solutions to most of the problems. But the IT penetration is not uniform throughout the country. In areas where IT has not reached, the manual systems will have to continue but they should be so designed such that switching over to IT systems becomes easier at a later date.

Community participation holds the key to the success of this scheme. The Act confers entitlements upon people and puts their demands centre stage.[8] The Act envisages involvement of community at almost all stages. Planning is critical to the successful implementation of the Employment Guarantee Scheme. The first step in the planning process has to be initiated at the Gram Sabha level. Even the identification of the beneficiaries is to be done by the Gram Sabhas. Last but not the least, the Gram Sabhas have to carry out a social audit of all the projects, within their jurisdiction. The Act brings in a reversal of roles for the community and the government functionaries. Earlier the people would depend upon the government functionaries for getting employment. Now the people would demand work as matter of right and the government functionaries would be duty bound to provide employment. For this paradigm shift, the community would have to be prepared. This would include measures for awareness generation, to begin with, but later on these would have to graduate to capacity building measures. Capacity building measures would also be required for the panchayat members and the government officials. The real challenge would be to develop and implement the capacity building programmes and awareness generation campaigns.

The Prime Minister has described NREGA as a unique social safety net as its beneficiaries are not passive recipients of doles, but will become active participants in the creation of rural assets. The Prime Minister has emphasized that methods of estimation and measurement of works and rates of payment for each task should be made transparent. He has said:

> *"The labour that seeks work must understand what is offered, on what terms and demand its full entitlement. Similarly, there should be complete transparency in maintenance of muster rolls and payment of wages. There should be fairness all around" .*

Further, the Prime Minister said the Right to Information Act would cover every aspect of the implementation of NREGA.

> *"People will have general access to public records and information pertaining to NREGA. We must not forget that eternal vigilance is the price of liberty,"*

[8] Operational Guidelines NREGA

Annexure-I(3) Contd.

The Act would have to be seen against the background of the Right to Information Act, which would enable social audits and greater public scrutiny of the programmes. It will ensure greater accountability of panchayat bodies and the district administration as well. For example, muster rolls will no longer be secret, and budget and works will be public knowledge[9]. All this will ensure that only those who really need work will be employed, and only those schemes required by the community are taken up. Public access to key records and key information would have to be ensured at all levels. This would be possible only if the records are maintained in a proper format. We will have to evolve systems wherein most of the information is put in the public domain through "Voluntary disclosure".

The salient feature about the implementation of the Act would be the total elimination of middlemen and contractors. The works would be directly entrusted to various line agencies, NGOs and Self Help Groups. But this would another problem, how to assess the quantum of work contributed by the worker. Under the earlier system, the Schedule of Rates prescribed by the state PWD is followed. Now norms for arriving at the estimates and norms for measurement would have to be evolved by the States. These norms once again may vary from district to district. This would involve carrying out time and motion studies and establishing productivity norms, and ultimately devising a district Schedule of Rates. More important would be to convert these norms into locally understandable terminology of 'People's estimates".

The financial flow arrangements would have to be especially designed for effective implementation of the Act. As payments have to be made within a fortnight, this would entail rapid flow of funds to the panchayats on one hand and rapid flow of progress related information from the panchayat to the Block Programme Officer, on the other. The accounting system at the panchayat as well as at the intermediate and the District levels would have to be totally harmonized. The fund flow monitoring system should be able to track all movements of funds and their utilization.

An efficient Management Information System would be required for constant monitoring of the implementation process. This is all the more needed as the benefits under the Act are legally justiceable. A key aspect of management will therefore be maintaining data on all aspects of implementation. Who would maintain and update this database? Could it be outsourced? These would be the issues, which have to be answered.

As major investments would be made under this Scheme, therefore linking asset creation under Employment Guarantee Scheme to human development efforts such as education, healthcare and provision of water supply would be very necessary. Funds are available with

[9] Job Guarantee for the poor by E.C Thomas. PIB Press release 26-9-05: http://pib.nic.in/release/release.asp?relid=11820

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the Panchayats from various sources such as the National Finance Commission, State Finance Commission, State Departments, Central and Centrally Sponsored Schemes, DPAP, DDP etc. the funds available under these schemes could be dovetailed for construction of durable assets under the NREGA. What mechanism would be required to bring about convergence between various schemes on one hand and avoid duplication on the other? This needs to be deliberated upon.

A country-wide scheme with huge investment would require that a perfect monitoring and evaluation framework is put in place. Various aspects of the scheme would have to be monitored regularly. The monitoring system should be able to provide the required information to the different levels. The works will be physically monitored by the gram sabhas and the gram panchayats. The process of registration of the households, issue of job cards, timely payment of wages etc would be monitored by the Gram Sabhas. The next level i.e. the intermediate panchayat would monitor social audit, flow of funds, progress and quality of work. The State Government would monitor the performance of all districts and the pace of implementation. The real issue would be how to capture the data on these different aspects and then to process this data.

The National Rural Employment Guarantee Act differs from earlier schemes in that its starting point is the empowerment of rural people, rather than "providing" employment to the poor.[10] The new Act is expected to break the vicious circle of poverty in case of below the poverty line (BPL) families. This would increase their purchasing power and thereby give a big push to the overall economic development. The scheme will also help check migration from rural to urban areas and solve the problem of urban slums.[11] No doubt, it is a visionary attempt to remove poverty, but how to ensure its sustainability would depend upon its implementation. The guarantee is a small step towards the goal of empowering the rural power.[12] It will depend crucially on the way rural society engages with government functionaries when it is implemented.

Implementation of this Act poses a big challenge. But it is not insurmountable. I hope the Workshop would deliberate on all aspects of its implementation with focus on the financial management systems, and come up with findings and recommendations, with which we can strive to achieve the objectives of this Law.

[10] Empowering the Rural Poor: V Sridhar : Frontline-Sept. 10-23, 2005; http://www.hinduonnet.com/fline/fl2219/stories/20050923005402200.htm
[11] Make the job guarantee Act sustainable by Janak Raj Gupta http://www.tribuneindia.com/2005/20051030/edit.htm
[12] Empowering the Rural Poor: V Sridhar : Frontline-Sept. 10-23, 2005; http://www.hinduonnet.com/fline/fl2219/stories/20050923005402200.htm

Annexure-I(4)

Report on the Workshop on
"Strengthening Financial Management for Rural Employment Guarantee Scheme"
by NIPFP

The National Rural Employment Guarantee Act (NREGA), 2005 has been enacted by the Parliament to provide a minimum guaranteed wage employment of hundred days in every financial year to rural households with unemployed adult members prepared to do unskilled manual work. The Prime Minister while launching the programme in the Bandiapalli village of Anantpur district on February 2 stated that the programme, "…gives a chance for all to live a life of self-respect and dignity". The Chairperson of United Progressive Alliance (UPA) termed this as a "…a revolutionary programme that is set to transform rural India".

The programme has indeed had its share of controversies. There were many who doubted the effectiveness of the programme and the ability of the government to target it to the poor. The problems have been pointed out both in the design and implementation mechanism. In terms of the programme design, it has been pointed out that the workable model is to identify the major public works programmes that would improve the long term productivity of the economy and then to fund them to create sustainable employment rather than creating employment to create assets that may or may not improve long term productivity in the economy and bring the poor out of the vicious cycle of poverty. Questions also have been raised about the appropriate wage rates, implementation capacity and possibility of misuse and corruption. On the other hand, the protagonists have hailed this as "one of the most important pieces of legislation in independent India", an important means of empowering the poor through decentralised development and therefore, consider this as a harbinger of change in rural India. Thus, the view on REGA depends on which side of the debate one positions himself or herself. Whatever view one takes, now that REGA is a reality, it is important to ensure that all efforts are made to implement it effectively to achieve the desired objectives in terms of designing the programme to reach the intended groups, building administrative capacity to implement the programme at decentralised levels and create a proper information system not only to implement the programme effectively but also to ensure accountability.

Notably, REGA will be implemented in the 200 poorest districts in the country and therefore, focuses on areas with high concentration of poverty. Admittedly, these are the most difficult districts to implement the programme due to poor governance systems and practices, information availability and implementation capacity. Therefore, if we implement the programme with some measure of success, it would be the harbinger for mainstreaming development in the poorest and most populous parts in the country. It is also important to note that this could change the power structure in rural areas of the country, and will bring about social and economic changes as well.

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The scheme will also help to strengthen the decentralisation process and enable grass-roots level participatory planning. Furthermore, if carefully calibrated, the programme will help these districts to build community assets and infrastructure and enable better connectivity and market access to bring about a sustainable development of these poorest districts in the country. Finally, with active participation of women, the programme could be an important means of empowering women and mainstreaming gender in development.

The legislation is a major initiative as it provides assured employment for hundred days to a rural household, though as the 'employer of last resort'. It is hoped that this will ensure sustained employment opportunity for the poor unskilled labourers. This will also deal with vulnerability of the poor by assuring wage incomes to a member in a family for a minimum of 100 days. The choice of works under the programme suggested also try to address basic causes of chronic poverty such as droughts and flood. The programmes to be taken up under the scheme also can promote sustainable development and livelihood systems such as rural roads, arrest deforestation and soil erosion, water harvesting and watershed development and minor irrigation. This way, it provides a safety net to the rural poor.

As specified in the Act, for the purpose of funding and the implementation of NREGA, the central government will set up National Employment Guarantee Fund. Individual state governments will also have to set up the State Employment Guarantee Fund for matching contribution under this scheme. The funding pattern as laid down in the Act specifies that the centre's obligation would be to allocate payments of wages for unskilled manual workers under the scheme, up to three-fourths of the material costs of the scheme including wages to skilled and semi-skilled workers and a certain percentage of the total cost of the schemes determined by the centre. The state government shall have to make payments of the cost of unemployment allowance, one-fourth of the material costs and the administrative expenses of the state council. Apart from the mandatory provision of resources required for the implementation of the NREGA, its success in enhancing the "livelihood security" of rural households would critically depend on the effective implementation of the scheme.

Even as the NREGA provides opportunities for the rural households to assure livelihood security, it presents formidable challenges in implementation. Not surprisingly, the entire debate on the desirability of implementing NREGA in its present form that preceded its legislation is an ample testimony to the persisting doubts on the ability of the system to effectively implement the scheme. The challenge is truly formidable because the 200 districts chosen for implementing the Act are the most difficult as they have low organisation capacity, governance structures and nature of power structure in rural areas. There are also serious questions of potential for pilferage of funds.

Annexure-I(4) Contd.

NREGA provides for a multi-tier structure of authority for implementation and monitoring of the scheme with specified functions and duties for each authority. The agencies involved are Central Employment Guarantee Council, State Employment Guarantee Council, District Programme Coordinator, Programme Officer appointed by the State government and the Gram Panchayat. The responsibility of the Gram Panchayat will be the identification, execution and supervision of projects as per the recommendations of Gram Sabha and the Ward Sabhas. Gram Sabhas and Ward Sabhas have the responsibility of not only choosing the list of projects for implementation under the scheme but also in ensuring accountability. For accountability and transparency purposes, the Gram Sabhas are given the power to conduct regular social audit of individual schemes. The structure of the implementation as laid down indicates that a coordinated approach of different tiers of governments or vertical coordination is critical for successful implementation of the scheme. Also, the horizontal coordination across departments for programme identification and execution of work through Panchayat assumes critical importance. Before we go into the details of the implementation issues discussed, we need to understand what prompted the enactment of NREGA, the economic rationale behind it and its implication on rural livelihood and asset creation.

I. Rationale for NREGA

There are differences in views in regard to the desirability of NREGA, its design and implementation mechanism and systems. While sceptics considered it as populist measure and would result in significant loss of resources, the protagonists have considered it as a landmark initiative in providing livelihood security in rural areas and providing empowerment to rural poor. It is argued that this would not only increase the income of the poor, but the asset creation through the process of employment would generate much needed productive infrastructure for poverty alleviation on a permanent basis. It is also seen as an initiative to operationalise the concept of the right to work enshrined in the Constitution under the Directive Principles of State Policy (Papola: 2005) by guaranteeing those who are demanding employment.

However, if one looks at the employment scenario in the country during the 1980s and 1990s one would observe that during the Tenth Five Year Plan the growth rate of employment has slowed down considerably[1]. In that context, the enactment of NREGA is appropriate and timely. Although, the aggregate employment figure shows a decline, National Sample Survey Estimates of unemployment rates in 1999-2000 showed that the rate of unemployment in 'usually unemployed' category in 1999-2000 was only 2 per cent for the male labour force and less than 2 per cent for the female labour force. Despite low

[1] Hirway (2005) noted that though the average annual rate of growth of GDP is higher in the nineties (6.7 per cent) than in the eighties (5.2 per cent), the rate of growth of employment has been much lower (1.07 per cent) in the nineties than in the eighties (2.7 per cent).

Annexure-I(4) Contd.

unemployment rate, the incidence of income poverty in rural areas is, at least, four times the incidence of unemployment as per the current daily status, which, implies that the number of poor far outweighs the number of poor for want of work (Kannan: 2005). In other words, this implies that the quality of employment is so low that the wage rate is inadequate to take care of even the limited notion of income poverty. Thus, if NREGA has to make a perceptible dent on poverty, the applicable wage rate assumes paramount importance.

II. NREGA and Issues Related to Wage Rate

Statutory minimum wage rate for agricultural labourer in a state will be offered under NREGA. Though there is a cost implication of a particular wage rate from the budgetary point of view, if it has to make a significant impact on rural poverty, it should be such that it provides 'livelihood security'. In this context, Papola (2005) emphasises that (a) wages should be high enough to meet the daily subsistence need of the workers' households and (b) in order that really needy, avail of the guaranteed work and no diversion of labour takes place from other regular productive work, wages should not be significantly higher than the market wage rate. The second proposition would hold good theoretically, if the prescribed wage rate under NREGA is higher than the market wage rate.

A state-wise comparison of the average daily rural wages for casual worker and the statutory minimum wage rates in the respective states reveal that in many of the states, statutory minimum wage rate is much lower than the market wage rate. It is to be noted that the statutory wage rate data pertain to the June 2001 and the market wage rate data pertain to the year 2004. Thus, they are not strictly comparable. However, even an annual 4 per cent increase in the statutory wage rate to keep the real wage constant would not have brought it up to market wage rate of 2004 in most of the states. Given this large positive differential between market and the statutory wage rate, the demand for work under NREGA may not be as high as one would assume and the possibility of labourer shifting from other sectors to NREGA based employment may not be significant in many of the states. Nevertheless, there could be significant seasonal differences in market wage rates. However, in the off season the lower market wages are indicative of lower demand for labour and providing wage employment at minimum wages helps to reduce seasonal variations in demand for labour and wage rates.

The regional variations in market wages in some states where market wages may be broadly equal to or even be lower than the minimum wage rate have been referred to. In Bihar for example, both the market wage rates and statutory minimum wage rates are more or less equal and in Madhya Pradesh and Uttar Pradesh where the statutory wage rate is higher than the market wage rate. Given the imperfections in the labour market for unskilled labour including intergenerational contracts in labour supply (bonded labour) and constraints

Annexure-I(4) Contd.

on labour mobility, it is possible that even within the states, the market wage rates could be lower than the minimum wage rate stipulated in some areas. In such cases, the demand for work under NREGA will be high and there may even be substitution of private activity with public activity. Even so, increase in the demand for labour during off season and in areas where demand for labour is low can help to stabilise the labour market and help to ensure livelihood security to the poor, unskilled labour in these places.

Table 1: Average Daily Wages for Casual Workers: Rural (In Rs.)

	Male	Female	Persons	St. Min. Rate
Andhra Pradesh	48.32	31.08	40.86	25.96
Assam	58.88	54.17	57.98	33.10
Bihar	44.29	37.46	42.91	41.02
Chhattisgarh	35.40	30.21	33.19	
Gujarat	49.22	36.31	45.20	46.80
Haryana	79.92	67.65	78.00	73.65
Himachal Pradesh	83.21	72.51	82.29	51.00
Jammu & Kashmir	94.79	77.64	93.58	30.00
Jharkhand	53.53	42.00	51.48	
Karnataka	50.61	31.27	43.67	40.55
Kerala	123.65	68.15	112.20	30.00
Madhya Pradesh	46.56	31.47	41.36	51.80
Maharashtra	51.48	35.48	44.94	8.46
Orissa	46.72	29.48	43.22	40.00
Punjab	78.37	59.57	77.07	70.85
Rajasthan	64.68	48.73	61.55	47.05
Tamil Nadu	71.35	35.52	57.78	32.00
Uttaranchal	60.88	52.69	58.65	
Uttar Pradesh	58.84	39.80	56.22	58.00
West Bengal	49.96	40.36	48.60	48.22
North Eastern States	66.22	48.97	63.27	
All India	56.53	36.15	50.70	47.53

Note: St. Minimum wage pertains to June 12, 2001
Source: Average Daily wage data from NSS 60th Round (January 2004-June 2005)
Published in November 2005 and http://labourbureau.nic.in/wagetab.htm

The argument that NREGA will reduce poverty through guaranteed employment may not happen at the statutory minimum wage rate as in many states it is so low that it cannot bring particular households out of the income poverty line with this prescribed wage rate. Nevertheless, this is only a step in providing livelihood security to unorganised and unskilled

Annexure-I(4) Contd.

labour in rural areas.

However, the implementation of the NREGA can energise the rural economy by not only providing the guaranteed employment but through the process of employment creation generating a large pool of durable assets, particularly rural infrastructure to promote growth. Thus, in this context, asset creation and management becomes critically important. Keeping these objectives in mind and to facilitate a better understanding of the NREGA and its design for effective implementations, we have organised two days workshop on the broad themes mentioned above on 19th and 20th December, 2005. The title of the workshop was *"Strengthening Financial Management for Rural Employment Guarantee Scheme"*.

IV. Employment Guarantee Act and Implementation Issues: An Overview

In his inaugural address, Dr. C. Rangarajan described the scheme as historic and an affirmation of the "collective desire that the benefits of growth must be broad based and inclusive". Shri Veerappa Moily, Chairman, Administrative Reforms Commission, in his presidential address, emphasised that though there is plethora of schemes for rural employment generation, the NREGA 'brings in a paradigm shift' where right to work is given a legal guarantee. In this context, the task for implementation as emphasised by him "would be to evolve the institutional mechanisms required" so that a well co-ordinated structural mechanism can be put in place for co-operation at all levels of governments including Panchayats and communities. To put the debate in a macro-perspective, Dr. C. Rangarajan summarised the main issues that came up before enacting and for implementation of NREGA in the following broad heads:

- ✓ Should the wage rate under the EGS be the minimum wage rate, or some other rate that will be above or below the minimum wage? What is the wage rate that will be optimal in terms of making the scheme self-selecting?
- ✓ Should the guarantee be restricted to 100 days per year or should it be open-ended?
- ✓ Should the scheme be restricted to only one adult per household regardless of the size of the household?
- ✓ Should the scheme be restricted to families below the poverty line or should it be open to all?
- ✓ Should the scheme be implemented in 150 or 200 districts to start with or should it cover entire country in one go?
- ✓ What exactly will be the cost of the scheme and where will the funds come from?

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- ✓ What will be the implications of such large and open-ended commitment to managing the revenue and fiscal deficits especially in the context of the obligations under the Fiscal responsibility and Management Act (FRMA)?
- ✓ Do we have the administrative capacity, and the monitoring and accountability systems to implement a scheme of this size?
- ✓ Given our experience with similar schemes such as food for work and drought relief, should we not be concerned about waste, leakage and corruption, especially given the weak monitoring systems and lax accountability mechanisms?
- ✓ To what extent should the EGS focus on asset creation? Furthermore, does the focus on asset creation erode the guarantee dimension of the EGS?
- ✓ What should be the role and responsibilities of the Panchayati Raj Institutions in the EGS? In particular, should the Gram Panchayats be the only instrumentality for delivering the EGS regardless of the varied track record and capacity levels in PR Institutions across the country or should we settle for asymmetric decentralisation?

As the Parliament has enacted the legislation, which guarantees at least 100 days of wage employment on a self-selection basis, most of the issues highlighted above are settled. Now, the issue of effective implementation assumes paramount importance. According to Dr. C. Rangarajan, the important components involved in the implementation of the NREGA are (a) selection of beneficiaries and the wage rate; (b) design of system and institutions for implementation of the scheme; (c) provision of resources and the pattern of funding; (d) capacity building for effective implementation of the scheme; (e) safeguard against corruption with regard to the use of fund and the selection of beneficiaries.

While discussing the issues in implementing the NREGA, Amita Sharma from Ministry of Rural Development, (the implementing ministry) highlighted that earlier Wage Employment Programmes (WEP) have helped in many ways in stabilising wages and food grain prices in rural areas. However, the coverage of the scheme remained poor and more than 50 per cent of the beneficiaries were not from the most economically vulnerable sections in rural areas. Other than these, there were issues line corruption in the form of underpayment of wages, differential wage payment to male and female and proliferation of contractors in the implementation of the schemes.

She emphasised unlike in the past WEP, the distinguishing feature of the EGA is that it provides legal guarantee to individual and Government's commitment to honour that legal guarantee within a specified time frame. It has been specified in the Act that "if an applicant

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under this Act is not provided such employment within fifteen days of his application seeking employment", he shall be entitled to a daily unemployment allowance which will be paid by the State government. This implies an in-built structure of incentive for performance and disincentive for non-performance for the State government, as inability to provide employment would cost the State government to pay unemployment allowance for which there is no contribution from the Centre. In other words, individual State government will have to evolve a well coordinated approach to equate supply of employment in accordance to the demand. This becomes all the more important as there is no supply side selection of beneficiaries. In this context, Ms Sharma argued the need for in-depth understanding of region specific labour demand and its seasonality so that a demand based scheme of projects can be implemented at a frequency matching with the demand for work instead of supply side provisioning. Failure to do that may result in imprudent use of funds, as inability to provide employment on demand will impose the burden of compensation in the form of unemployment allowance to the state government. Thus, there is a need to design a monitoring mechanism by strengthening institutional structure at local level so that resources can be used optimally for the purpose of employment and asset creation. As it is a demand based provisioning, the flow of resources from the higher level of governments to the Panchayats needs to be ensured according to the demand. Thus, we need to evolve a clear mechanism of flow of funds as needed according to the demand rather than through the normal bureaucratic procedure. This would also require a good coordination between providing work and provisioning of funding.

On the issue of evolving a mechanism of distribution of wages, Secretary, Department of Posts, Government of India suggested the use of the network of post offices where he mentioned that Department of Posts has been approached by Ministry of Rural Development and IDBI to draft a proposal for beneficiary payment. In this regard, he mentioned that Post Office Savings Bank Network of 155193 villages could be used to deposit the wages on a fortnightly basis in the Savings Bank Account of NREGA Beneficiaries. According to him, this is feasible due to the spread of the network of post offices at the remotest corner of the country and the trust post offices enjoy at the village and community level. He also mooted the idea of cash payment through post office if the muster roll of employment is sent by Gram Panchayat to post office to effect fortnightly payment of wages to beneficiaries once he shows his NREGA job card. As a pre-requisite to implement NREGA payment through post office, among other things, he suggested amendment to Allocation of Business Rules to operate NREGS Payment Scheme by the Department of Posts, remunerate DOP for NREGS Savings Bank Account at approved rates, approving

Annexure-I(4) Contd.

opening of Zero Balance Account, opening of Institutional Account to park Cash Payment Advance and opening of Institutional Account by Gram Panchayat.

The presentation by Indira Rajaraman and Abhiroop Mukhopadhyay on "Implementation of the NREGA: Findings from the NSS Employment Survey of 1999-2000" brought out certain important implementation dimensions relating to the selection of districts, identifying the unemployed, seasonality of employment and wage rate. Analysis based on the NSS Employment Survey data of 1999-2000, it was shown by them that 200 districts selected for the purpose of implementation of the scheme though backward, are not the districts with the highest incidence of unemployment. It was also argued that the reference wage rate of Rs. 60, if enforced, may actually push up the market wage rate in many regions, which, in turn, may make agricultural activity uneconomic at higher wage rate and the net impact could reduce rather than increase employment of rural unskilled labour. In this context, they argued that if operated during the lean season, the impact on the market wage may not matter. Thus, according to them, the timing of the scheme is of paramount importance.

In the course of his presentation T. R. Raghunandan highlighted that in many places Panchayats do not have the necessary capacity to manage the schemes and capacity building ought to take place at Panchayat level. He suggested that the devolution of responsibilities and strict accountability norms would accelerate capacity building at the levels of Panchayats and would be demand driven. In assessing the demand for labour, he also argued preparation of labour budget, district wage list and schedule of rates at the District Panchayat level.

V. Problem of Implementation: Its Spatial Dimension

It is proposed to implement the scheme in 200 identified backward districts in the country spread over 27 states. In these districts, Panchayats will be the principal agency through which the Act will be implemented. As mentioned earlier, Panchayats will be responsible for the identification, execution and supervision of projects as per the recommendations of Gram Sabha and the Ward Sabhas and the Gram Sabhas are given the power to conduct regular social audit of individual schemes. A number of questions arise in this context. Out of these two hundred districts, some are covered under Scheduled Area Act. Of the remaining districts, a good proportion in Andhra Pradesh, Bihar and Jharkhand is virtually under extremist control. There are also other districts where Panchayats are simply non-existent and in many places non-functional. There is also the problem of not having regular and dedicated functionaries for many of the panchayats. Given these constraints, evolving a policy design and implementation strategy for EGA becomes extremely difficult and thus challenging.

Annexure-I(4) Contd.

Table 1: Spatial Concentration of Districts for NREGA Implementation

	Number of Districts	Number of Block Panchayats	Number of Gram Panchayats
Andhra Pradesh	13	418	7763
Arunachal Pradesh	1	6	145
Assam	7	36	254
Bihar	23	208	3582
Chhattisgarh	11	96	5729
Gujarat	6	49	2878
Haryana	2	5	340
Himachal Pradesh	2	7	270
Jammu & Kashmir	3	30	486
Jharkhand	20	127	1905
Karnataka	5	17	590
Kerala	1	3	25
Madhya Pradesh	18	120	7309
Maharashtra	12	111	7585
Manipur	1	4	NA
Meghalaya	2	4	60
Mizoram	2	2	79
Nagaland	1	6	91
Orissa	19	198	3425
Punjab	1	10	1308
Rajasthan	6	34	1435
Sikkim	1	2	0
Tamil Nadu	6	64	2983
Tripura	1	5	111
Uttar Pradesh	22	182	11048
Uttaranchal	4	13	1211
West Bengal	10	137	1151
Total	200	1894	61763

Source: Data provided by the Administrative Reforms Commission

As can be seen from the Table 1, out of the 200 districts, 119 of them fall in seven states, viz., Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh.

Annexure-I(4) Contd.

Needless to mention, these states rank low in socio-economic development of the country. These regions are also the most backward regions in terms of rural connectivity, spread of banking, the nature of rural power structure and the quality of governance. On the other hand, we have districts that are to be covered in north-east region having its own special problem. Given the heterogeneity and spatial dimension of various constraints to implementation, certainly a uniform delivery mechanism for the entire country is not feasible. The approach needs to be calibrated in such a way that it takes into account the region specific constraints and needs.

Keeping the spatial dimension of the implementation in mind, the workshop deliberated on the region specific problems by asking the individual state representatives to express their views on the problems of implementation of NREGA in respective states. Representatives from Andhra Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra and Orissa shared their experiences in implementing various WEP by the government including the Food for Work (FFW) Programme in the past to draw lessons and to suggest corrective measures. These presentations converged on the importance of the smooth flow of funds for implementation of projects in accordance with the demand, capacity building at village level, right to information to enable social audit effectively and accountability of functionaries and an effective grievance redressal mechanism. It has also been suggested that to introduce the labour bank at Gram Panchayat level as tried in Kerala as a part of peoples plan campaign to assess appropriate demand for work and its seasonality.

On the accountability issue and the question of corruption based on the experience of FFW, SGRY and Maharashtra EGS, K. S. Gopal emphasised that "corruption begins with certain types of profitable works being chosen followed by its costs estimation 'negotiated' with the Panchayati Raj Engineer". Among other things, as a solution to this he suggested computer aided detailed cost estimates and recording of wage payments through bio-metric thumb impression of labourers. He emphasised the need to keep contractors away in implementing NREGA to reduce corruption significantly.

Dr. Partho Mukhopadhya emphasised the need to leverage EGA to reinvent government. On the question of economic empowerment, asset creation and management, he emphasized the need for digital asset register with unique project ID number and inexpensive GIS 'fingerprint' for each project which would also help in tracking maintenance expenditures on project after completion. On the economic empowerment through the scheme he also has emphasized the need for digitalising personal biometric ID for each beneficiary and this ID would also assist in delivery of many other schemes. Presentation by Dr. Ashwin Mahesh

Annexure-I(4) Contd.

and Krishna Rupangunta on the issue of NREGA implementation provided an IT framework to enable decision making at the lowest possible level.

VI. Opportunity for Administrative Reforms

On the basis of the above discussions, it needs to be emphasised that the Administrative Reforms Commission has the most difficult task of recommending the structure and system for implementation of the Act. They will be interested in the operational aspects of implementation of EGA, particularly considering the difficulties involved in designing and implementing the operating systems. The EGA can revitalize the existing institutional arrangement through both vertical and horizontal coordination across levels of government. Some of the things that rural local bodies, especially the village panchayats can engage in for effective implementation of this act are (a) demand based budgeting, (ii) advance planning to offer work on demand and (iii) holistic and inter-sectoral planning of projects for work to avoid duplication. The "social audit" through Gram Sabha as mentioned in the Act can also help to revitalise the ineffective Gram Sabhas in many of these districts. The Gram Sabha can play an active role in planning, monitoring and supervision of projects. There are however, issues of activating Gram Sabhas. Along with Grama Sabhas, self-help groups, local monitoring committees and local NGOs can also be involved in monitoring the implementation of the schemes under this Act. To institutionalize the implementation of the EGA, there is an urgent need for defining the clear charter of roles and responsibilities through activity mapping, capacity building of all the agencies involved in the process of implementation and imparting training for the purpose. By strengthening of institutional structure for community participation in decision making, a holistic approach would evolve towards convergence of asset creation and management.

Given the issues and constraints to implementation discussed above, the workshop deliberated on the specific issues detailed in the Box-1. The major recommendations of each of the groups are given in Appendix-1.

Box-1

Group No.	Subject
1.	Review of existing institutional arrangements and suggesting systems and institutions for implementing the scheme with focus on financial management system while taking into account the diversified and special needs of various geographical units. Use and role of IT in effective implementation. Convergence between departments and schemes.

Annexure-I(4) Contd.

Group No.	Subject
2.	Transparency in implementation with regard to selection of beneficiaries, identification of works, preparation of estimates etc.
3.	Developing an effective monitoring and evaluation system.
4.	Capacity building–Community, panchayat members and functionaries. Role of participation of community in planning, implementing, supervision and monitoring of the scheme.

The recommendations of the Administrative Reforms Commission could focus on the workshop recommendations listed on the four important themes. On a general note, it seems useful to list out the various works to be undertaken at the village level and prioritise them on the basis on the preferences expressed in the Gram Sabha. The Gram Panchayats could then estimate the personnel and material costs for each of the projects. Keeping the shelf of projects to be implemented will help them to implement the programme effectively and this could help to create the required infrastructure in rural areas to enable sustained development. Similarly, it is important to have a shelf of projects at the block and the district levels as well. Of course, most works should be taken up at the Gram Panchayat level. The works at block level should be considered only when Gram Panchayat level works are inadequate to provide the required employment and the works taken up should benefit spread of multiple villages. Similarly, the district level works should be considered only when the village and block level works are insufficient to deal with the problem and the works chosen should be a part of the projects involving more then one block (creating embankments for rivers, repairs and desilting of canals etc.).

The recommendations of the working groups on four important aspects of the scheme are listed in the Appendix. Each working group deliberated on a variety of implementation issues and these could be considered by the Administrative Reforms Commission in making the recommendations.

References

Hirway, Indira (2005): *Providing Employment Guarantee in India: Some Critical Issues*, *Center For Development Alternatives*, Ahmedabad, India

Kannan, K. P (2005): Linking Guarantee to Human Development, *Economic and Political Weekly*, October 2005.

Papola T. S. (2005): ***A Universal Programme is Feasible***, *Economic and Political Weekly*, February, 12.

Annexure-I(4) Contd.

Appendix 1

RECOMMENDATIONS FROM WORKING GROUP 1

Group 1: Review of existing institutional arrangements and suggesting systems and institutions for implementing the scheme with focus on financial management system while taking into account the diversified and special needs of various geographical units. Use and role of IT in effective implementation. Convergence between departments and schemes.

1. **Lists of works** (building from the ground up)

Gram Panchayat-Level

- Wherever at least 50 workers seek REGS employment, the group of workers themselves should be able to suggest works.
- Separate meeting for women to recommend/suggest list of works.
- Once the lists are made, the Gram Sabha should help revise/refine the lists keeping in mind the 60/40 split in cost allocation.

Taluk Panchayat-Level

- Taluk panchayats should ensure that works list prepared at one Gram Panchayat level do not adversely affect other Gram Panchayats.
- Taluk-level works should be taken up only if the Gram Panchayats' works list do not meet the demand for work in any Gram Panchayat.

Zilla Panchayat-Level

- Zilla Panchayats should ensure that works list prepared at one Taluk/Gram Panchayat level do not adversely affect other Taluk/Gram Panchayats.
- Zilla-level works should be taken up only if the Taluk/Gram Panchayats' works lists do not meet the demand for work in a taluk.

States' Preferred Works Lists

- States' preferred works lists should identify the nature of work to be taken up, but not actual projects.

Annexure-I(4) Contd.

- State-listed works should be taken up only if lists at lower levels cannot meet the demand for work.

2. **Funds Flow**

- Payments to workers should be made publicly on pre-announced dates, when the muster roll is also public.
- Payments in cash are the preferred mode, as opposed to bank accounts or other savings accounts. Beneficiary may choose to accept the payments in cheques instead.

3. **Districts or Blocks**

- Because of intra-district variability, it would be better to choose blocks for implementation. This is something to consider for the future.

4. **Identification and Registration**

- Applicants for REGS work are presumed to be accepted, so long as the application is from a locally resident person.
- The process of registration should be based on the principle of inclusion, and all should make an effort not to exclude anyone.
- Individual identity cards, but identifying other members of the household.

5. **District Planning**

District Planning Committee (DPC) being a Constitutionally mandated body, should be made responsible for coordinating the planning process, and it is their responsibility to ensure that the projects/schemes undertaken under different programmes including NREGA are mutually consistent with the objectives of district planning.

6. **Identification of Projects and Assets**

Each project and asset should be identified uniquely. Worksites for projects should be identified as precisely as possible.

7. **Piece Rate versus Time Rate**

- The implementing agencies should be encouraged to generate work on a time-rate basis, instead of piece-rate.

Annexure-I(4) Contd.

- The Programme Officer should ensure that minimum wages are paid for work done on a piece-rate basis.

8. Food grains as Part of Wages

- In some areas, payments may have to be made in part as food grains, and this may be decided by the states.
- For the purposes of this Act, food grains should be provided to the State Governments at BPL prices.

9. Central and State Councils

The working of the Central and State Councils as determined by the law should be assessed after some time.

10. Powers of Programme Officer (PO) versus Gram Panchayats

- Where the PRIs are well established, Panchayats at different levels should be the appropriate authorities, and they should not be subordinated by program officers.
- In states in which PRIs are still be established there should be a definite program for the constitutionally-mandated requirement to be met within three years.

11. Other Recommendations

As regards employment of physically challenged persons, there may be occasions when works have to be taken up outside those listed in Schedule 1, clause 1, sub-clauses (i-viii). It may be advisable to issue a general notification that works for the physically challenged that don't come under the sub-clauses (i-viii) are permitted under sub-clause ix.

Annexure-I(4) Contd.

RECOMMENDATIONS FROM WORKING GROUP 2

Group II: Transparency in implementation with regard to selection of beneficiaries, identification of works, preparation of estimates etc.

1. Selection Criteria

Delimiting Household

- Rigidly enforce "Kitchen" definition/ Census information.
- When more than three adults in a household, SECOND JOB CARD should be provided.

2. How to ensure no "Elite Capture"

- Anybody "entitled"/ volunteering should be provided jobcards.
- If Panchayats do not give job cards, the Programme Implementation Officer must ensure this.
- Distribution of job cards should be based on Census listing.

3. Procurement of Materials

- Open Tender
- Display tender names, pricing, materials etc. at "REGS website" (Village, Public Display).

4. Data in Public Domain

- Muster Roll should be available for anyone to inspect.
- Create website at village level and present the details.
- Record every week, the details in the website.
- Tracking the entire process through IT and making the database available to the public.

5. Checks and Balances

- Strengthen Panchayat system.
- Use SHGs in taking up works.

Annexure-I(4) Contd.

- NGOs to be used, only if Panchayat system is not effective.
- Corresponding check between Panchayat and NGOs.

6. Checks and Balances (contd..)

Each block to have "Citizens' Monitoring Committee"

- Involving local doctors, teachers, journalists, human rights activists with review every three months and facility for inspection and report to the State Councils.

7. Synergy with RTI

- At every step and pro-active information sharing by government agencies.

8. Wages

- Not less than minimum wage: safety clause to be included.
- Wages to be equal across gender and to be ensured by Programme Implementation Officer.
- Task should be fair, reasonable and according to the capacity of an average man/woman.

9. 'TIME AND MOTION " study to be the basis for 'outturn' schedules.

- Gender specific works study to ensure minimum wages.
- Schedule of Rates of all departments to be aligned with NREGA Schedule of Rates.
- Ensure period-specific Schedule of Rates to determine variations in seasonality.
- 'Lead' to be determined with Panchayat works having local lead.
- Gender dimensions of 'leads' must be included in deciding the Schedule of Rates.

10. Quality of Work

- Entrust work to Labour Banks.
- Provide advance to Labour Banks to take up work.
- No involvement of contractors.
- Quality of life to workers - worksite amenities should be ensured including crèches, shades and water.

Annexure-I(4) Contd.

RECOMMENDATIONS FROM WORKING GROUP 3

Group 3: Developing an Effective Monitoring and Evaluation System

(1) Approvals

- Administrative sanction may be granted only after approval from Gram Panchayats (GPs) – in turn after receiving approval from the Gram Sabhas (GSs).
- For projects that span across multiple Panchayats, the sanction of all affected GPs and GSs must be obtained.
- Recommendations of the GS should be binding on all implementation agencies.
- Before the inception of any work, GS will be held where the estimates, objectives, list of persons to be employed and the projected outlay will be placed before the GS.
- Develop a simple and transparent work estimation model – that can be used for estimation by the GP itself.
- Short-term output (e.g., size of pond, length of road) and outcome parameters to be defined for each project at the proposal stage – the outcome can be solely employment in emergency cases, otherwise it can reflect parameters such as irrigated area, recharge of water table, etc.
- The Programme Officer will ensure that the suggestions/ objections of the GS will be acted upon within one week.
- Provisions under the FFWP – especially with respect to the forceful dispossession may be incorporated.

(2) Estimation/Monitoring

- Panel of technical experts at the block level with defined skill sets.
- GPs can then choose technical experts for executing projects from this panel.
- Panchayat to be reimbursed for the expenditure towards payment to the empanelled experts.
- Setting up of a Technical Fund at the GP / District Level for developing the Panel of Technical Experts.

Annexure-I(4) Contd.

- Untied Technical Assistance Fund at GP level to access non-formal expertise
- Capacity building at the local level especially for accounting
- Limits on Administration Expenditure should be raised to 4-5 per cent from the present 2 per cent.
- Recognition of limitations of the piece-rate or time-rate wage compensation – treat time-rate as the default compensation mechanism and piece-rate as an exception.
- Free-up writing on the Measurement Book to record outcomes from projects – this should then be authenticated by members from the panel before payment can be released for the project.
- Integrate Works Management with Financial Management.
- Unique Identification for the Works (using GIS data to establish uniqueness).
- Ensure integrity of financial data with reconciliation of vouchers with advances and money-in-bank.
- Match vouchers to project ID in a common accounting system to ensure that the aggregate EGA expenditure can be disaggregated into specific vouchers for each project.
- Work towards automatic approval and fund transfer – instead of the current proposed replenishment process.
- How to ensure that works in one GP do not suffer because funds are tied up in other GPs?
- Clear identification of beneficiaries – supplement with bio-metric information
- Ensure that RTI is inbuilt into the system by proactive dissemination at crucial stages of project.
- Specific outputs (immediate, e.g., the presence of earthworks/road, etc.) and outcomes.
- Social Audit – all records related to the project should be placed before the Gram Sabha for audit after the completion of the works by the Implementing Agency.
- The Programme Officer to ensure that the suggestions/ objections of the GS will be acted upon within one week.

Annexure-I(4) Contd.

(3) Follow Up

- Outcome parameters to be monitored for three years after the completion of projects.
- The Implementing Agency to supervise, subject to the works amount being recorded by the GP and authenticated by the PO.
- GP to be the core monitoring agency, other agencies to monitor by random audit by independent third party monitors.
- Uniform yardstick across states to ensure comparability, — can one use the rules provision in the act to achieve this?
- Works outcome – benchmark using implicit unit rates.
- Monitor to report to appointing authority.
- Capacity building at the GP level, access to panel and Tech. Assistance Fund.
- For Gram Sabha (GS), one should read Gram Sabha/Ward Sabha as appropriate.

Annexure-I(4) Contd.

RECOMMENDATIONS FROM WORKING GROUP 4

Group 4: Capacity building – Community, Panchayat members and functionaries. Role of participation of community in planning, implementing, supervision and monitoring of the Scheme.

(1) Community Participation

- Community participation requires environment creation at the state, national and local levels.
- Provision will have to be made upfront for environment creation. Initial investment will be higher and costs will be lower down the line.
- Consultative processes through Gram and Ward sabhas should be adopted for preparing state Schemes. Currently, the imperative for implementing the Act is precluding such consultation. The consultation process, however, sketchy, will itself create awareness and capacity.
- Consultation with community based on the Kerala model. Giving a chance to everybody to air their needs is important.
- Consultation is a continuous process.
- Too much structure in Gram Sabhas should be avoided. There are other forms of peoples consultation such as ward sabhas, Padayatras street-wise consultations etc.
- In planning for works, care should be taken not to reject what people have planned at a lower level. Therefore, recommendations of the Ward Sabhas should not be negated by Gram Sabhas and Gram Panchayats.

A participative citizens survey at the Panchayat level is an imperative. Data must live in the Panchayat. Voters' lists could be used as a starting point. This will also enrich the preparation of the voters list also.

(2) Implementation

- The systems of providing technical estimates need to be streamlined. Separate rules (instead of current PWD code) a good idea. Process of peoples' estimates to be adopted.
- Community contracting should be adopted.

Annexure-I(4) Contd.

- Consultative groups of empanelled engineers can be engaged. Additionally, barefoot engineers could be trained by the state. Wages for these could be met from the 40 per cent reserved for material cost.
- Generally speaking, piece rates should be discouraged, except in pockets, for good reasons. If piece rates are preferred, then safeguards must be there to ensure that wage rate parity is ensured and that the wage received through piece rate exceeds minimum wage.
- The Minimum Wages Act states that wage is for the time, not quantum of work. However, the question of asset creation also cannot be lost. The challenge is to arrive at a balanced. A gender sensitive time and motion study is required. Also, traditional standards do exist in every place about how much work can be done in every day. These could be used to arrive at the output.
- There is the further task of improving the skills of unskilled manual labour. Panchayats could work towards organizing group of workers so as to assist them to acquire skills and grow.
- Land development should not be to develop the assets of rich people. However, in drought and flood areas, we need to look at land development a little more openly. Afforestation in private lands of poor people is OK.

(3) Supervision and Monitoring

- Administration at all levels should be generally much more responsive. There must be clear time lines and response must be given. Citizens' queries cannot be met with silence.
- Redressal mechanisms should be clearly stated.
- Filing of criminal cases should be resorted to in cases of misappropriation, because the punitive provisions of the Act are weak .
- Photography of works at initiation, midway and after finishing.
- Community based monitoring systems through SHG and NGO networks. Community itself appoints 'auditors'.
- Barefoot engineers will also help the community to supervise. Authenticity of the certificate given by the barefoot engineer should be recognised.
- There are means of aggregating of community based reports for monitoring, which should be adopted.

Annexure-I(4) Contd.

- There must be a public display of muster rolls and reading of muster rolls even if the payment is given through bank or post office.
- Payment of wages in public is the best option, however, in consultation with the community the payment could be made through accounts.
- Payment into joint account of entire family to be carefully considered, as men could take away all money.
- Vigilance and monitoring committees are to be constituted for each work. This is not functioning well at the moment. Every vigilance and monitoring committee should also contain beneficiaries.
- You can make things fool proof but not crook proof.

(4) Capacity building:

3 components:
Training
Accessing capacity

Liberalising rules to allow capacity to grow & flower.

- In capacity building processes, specialization and comparative strengths of resource persons must be leveraged. Skills in training to be differentiated and each person to be used according to their skills. NGOs are good in rights-based training. Training a good opportunity for trainers to learn from each other and the field.
- Block Resource Centres must be established on a permanent basis.

Annexure-I(5)

Workshop on implementation of NREGA organized jointly by eGovernments Foundation in Bangalore

List of Participants:

Sl. No.	Name	Designation
1	Dr. Mukul Asher	National University Singapore
2	Shri Nandan Nilekani	eGovernments Foundation, Bangalore
3	Ms. Pushpa Aman Singh	Give Foundation
4	Shri Nikhil Dey	Mazdoor Kisan Shakti Sangathan (MKSS)
5	Shri S.L. Rao	Chairman, Board of Governors, Institute for Social and Economic Change
6	Shri T.R. Raghunandan	Joint Secretary, Ministry of Panchayati Raj, GOI
7	Shri Anil Bordia	Former Secretary, GOI
8	Shri K.R. Rajendra	Leonard Cheshire International
9	Shri Vishu Hegde	Mindtree Consulting
10	Shri Santosh Mathew	Right to Food
11	Shri Sunil Jain	Business Standard
12	Shri T.K. Arun	Economic Times
13	Shri Rajiv Gowda	IIM-B
14	Shri Srikanth Nadhamuni	eGovernments Foundation, Bangalore
15	Dr. Ashwin Mahesh	eGovernments Foundation, Bangalore
16	Shri Krishna Rupanagunta	eGovernments Foundation, Bangalore
17	Shri Narayanswamy	CEO, Chitradurg Zilla Parishad
18	Shri Vikram Akula	SKS Microfinance
19	Shri G.B. Hiremaniyavar	Director, Rural Development & Panchayati Raj Department, Government of Karnataka
20	Shri Sanjay Singh	Director, Department of Rural Development, Government of India
21	Shri Anand Adkoli	eGovernments Foundation, Bangalore

Annexure-I(5) Contd.

Administrative Reforms Commission:

Sl. No.	Name	Designation
1	Shri M. Veerappa Moily	Chairman, ARC
2	Dr. A.P. Mukherjee	Member, ARC
3	Dr. A.H. Kalro	Member, ARC
4	Dr. Jayaprakash Narayan	Member, ARC

Annexure-I(6)

Recommendations of the workshop organized jointly with eGovernments Foundation, Bangalore

Recommendations of Group 1:

Registration of households

1) Use BPL enumeration – family number (although it is for the joint family) as a baseline for the nuclear household (if the family that registers is the same as the BPL family), and then split it into multiple nuclear-family members. The job card should have the nuclear family number.

2) Definition of household – a nuclear family as defined in the guidelines. This issue of household needs to be looked into in more details.

3) Photo of the household in the job card would be useful.

4) Some checks on the registrations can be average number of households.

5) Designated districts, blocks, and GPs can pilot w.r.t biometric devices and smart cards etc. so as to come up with affordable and efficient technology led devices. The scheme in general will use a paper based job system in order to enable fast implementation.

6) Project selection should include works in which women and physically challenged can participate. NGOs can play a part. Technical resource groups are needed at GOI/ state/districts. 3 per cent of the resources at block should be assigned for the physically challenged related works – and a separate action plan put in place. Create works where groups of physically challenged people (whether deaf or visually impaired) can work together – with training etc.

7) Duplication of identity should be taken care of in social audits.

8) Muster rolls need to be numbered and issued from block. Transparent display at work site for anyone to inspect and photocopy; payment need to be made in public; after payment muster rolls be available for inspection; summaries need to be available and read out in Gram Sabha. Mate writes the muster rolls.

9) Tracking of 100 days is built into the job card.

10) Create and update eligible persons and estimate the number of beneficiaries who should register with EGS, Choose projects based on these estimates. Projects should be chosen at GP, block and district levels.

Annexure-I(6) Contd.

Capacity Building in Gram Panchayats

A campaign approach on war footing needs to be taken up in bringing about awareness about REGS to all the stakeholders:

1) Awareness generation within the community, labour groups, Gram Panchayat members PRIs, GP Staff, MLAs and MPs – people's representative at all levels, NGOs and women and physically challenged persons.

2) Media kits. Ads, Celebrity Messages. Slogans to be used, " I have Right to Work".

3) TV, Print media, Community Radio, Street Plays etc.

4) NGOs can play a constructive part.

5) Usability is a big issue, many earlier training programmes have not worked.

Monitoring of Fund Flows

1) Muster rolls need to be displayed.

2) Aggregate numbers of works taken up, number of beneficiaries involved, total money disbursed, assets created to be monitored.

3) Job creation and asset creation need to go hand-in-hand. This is needed to have accountability of the REGS to create useful employment to beneficiaries and assets to the villages. Standards on project types and estimation and quality levels, will help in this process.

4) Educated unemployed youth (in lieu of contractor who supervises his group) need to be recruited to help in the supervision of the works of REGS and other IT related activities – paid as project funds from skilled labour employment. They will also play the role of motivators.

Recommendations of Group 2:

Effective Implementation

- 60:40 split to be adhered to at the Gram Panchayat level, with some latitude within blocks.
- physically challenged people to be preferentially included in administrative roles.
- a few different procurement models to choose from, but not arbitrary.
- community contracting to be permitted freely.

Annexure-I(6) Contd.

- model tendering documents to be used
- RTI to touch all aspects of procurement
- design block level training programmes to facilitate skills bank and skills upgradation (forward-link the REGS).
- procurements should be publicly listed
- social audits should monitor procurements
- ratings system like Nirmala Nagara
- e-procurement preferred
- publicity in locations and media likely to be accessible to the beneficiaries (as opposed to the Economic Times or BT)
- programme officers to be appointed by certain date
- minimum period of appointment for Programme Officers
- RTI compliance must be able to answer a list of identified questions (checklist)
- grievances recording points must be in public documents
- REGS should be regarded in a dynamic sense, and in an integrated way. The broader goal is poverty elimination, and the scheme should creatively destroy poverty. i.e., the people given employment by the scheme should eventually have no need for it. There has to be an understanding that people should be moved up from the economic conditions that make them seek REGS work.
- continuous system of information flow
- screen POs before posting
- officials suspended from elsewhere, not eligible for PO role
- single bank account for REGS at the Panchayat level
- phisically challenged persons should be counted as separate households
- procurement by rate contract or empanelment, and only through transparent tendering
- triggers for money flow should reward compliant administrative units, independent of the level of aggregation

Annexure-I(6) Contd.

- public payment in cash with muster roll present is the time-tested method. Verification to come from public nature of payment process.
- create social capital
- creative destruction of poverty
- REGS within the concept of Panchayati Raj
- best hope of compliance with law lies in the RTI arena, and laxities in governance will have to fixed from this angle. Grievances and information ombudsmen for NREGA needed to marry RTI to NREGA.

Recommendations of Group 3:

Planning

Workers need to get organized so that they can come up with what programme should be done. They should propose projects to the Sabha. The idea is to reduce the possibility of elite capture. This is an important part of social audit. Also don't allow nominated experts like NGOs to decide.

Build capacity among the people. Identify a team among the village (Lok Jumbish model) which should come up with projects and also know how to monitor / measure.

There has to be a 5-year perspective plan for the area. Every Gram Sabha should suggest schemes which they want taken up. So, the Panchayat will have a shelf of schemes to be implemented.

Need to increase administrative costs to 6-8 per cent of scheme from current 2 per cent.

Try not to take up capital intensive works; and marry with other schemes if the gram sabha accepts it for the labour component (say labour for a NHAI project). All projects must have objectives stated upfront so that this can be monitored .

Need a solid IT system, with machine aggregation, to ensure one can see exactly where the money is spent, and if one drill down, one can see voucher details and so on.

Put in incentive scheme for independent experts to evaluate project work, with photos if need be.

Preparing Estimates

All estimates should be after site survey – there will have to be a panel of engineers to do

Annexure-I(6) Contd.

this. All Schedule of Rates have to be updated (cannot be a markup on old schedules and is the ceiling not the norm) and has to be area-specific. Labour productivity norms also need to be updated and made area-specific and repeatedly checked by experts. All technical estimates must have a bill of quantity (e.g. 200 bags of cement) and description of job (e.g. 20 feet of foundation) so that they can be monitored by villagers.

Old schedules also lead to fudging of muster rolls and other accounts. All bookings to be done on basis of actual vouchers which should be made public (painted on walls, radio, etc.).

Identification and Selection of Contractor/Implementing Agency

No place for contractors. Has to be done by Panchayat employees but staffing of Panchayat has to be decided in proportion to the value of work being implemented. Training for Panchayat staffers is critical.

Monitoring of Works

All vouchers to be put out in the public domain for monitoring. Painting details of works on walls is an option.

Annexure-I(7)

Questionnaire circulated to various stakeholders

1.A. Questionnaire for implementation of the National Rural Employment Guarantee Act (For the State / UT Governments)

PLANNING

1. At present the district is taken as a unit under the Act? There may be wide variations within the districts. Should block be taken as a unit? What would be its implication?
2. Who has been designated as the District Programme Coordinator? District Collector or the CEO ZP?
3. How to integrate the planning process for NREGA with the district planning process as envisaged under the Article 243 ZD of the Constitution.
4. What should be the role of the intermediate level in the implementation of the scheme? Should the Gram Panchayat be made responsible for implementation of all works or should the intermediate level also be given a role in implementation of the Act?
5. What mechanism is suggested to bring about convergence between the activities under other schemes like Bharat Nirman etc. and NREGA?
6. The Gram Panchayat has been given the key role in implementation of NREGA. The size and population of Panchayats vary widely from state to state (or UTs) and also within a state (or UT). Would it be desirable to group the smaller Panchayats into viable and administrative units for the purpose of this Act?
7. How to ensure that the works included in the shelf of projects or the once really needed for development of any particular village? How to work out the priority between works?

IMPLEMENTATION

8. What mechanism of fund flow would you suggest from GOI to the Gram Panchayats in order to ensure smooth implementation of the Act?
9. What steps would the State / UT Government take to strengthen staff support to the Gram Panchayats, in order to enable them to implement the Act?
10. Piece rate vs Time rate. Which should be the preferred mode? What would be the advantages and disadvantages of adopting each one of them?
11. What should be the mechanism for payment of Unemployment Allowance?

Annexure-I(7) Contd.

12. What checks and balances are required if works are executed through the NGOs and SHGs.
13. How to ensure that the District Schedule of Rates is rationally prepared? Should these be compared across districts in order to ensure uniformity?

CAPACITY BUILDING

14. Capacity building would be very critical for successful implementation of the scheme. What is the road map, the State / UT Government has laid for this?
15. What should be the priority areas for capacity building? How to prioritize persons in the community for training purposes?
16. Who should conduct capacity building exercise? Could NGOs be involved in this? Could this be totally outsourced instead of being carried out by the Government departments?
17. Should capacity building be a one time intervention or a continuous process? In the long run how to make capacity building a part of community effort?
18. How should the awareness generation campaigns be designed? Could this be entrusted to professional agencies?
19. How should the success of the capacity building effort be measured?
20. What should be the ingredients of the training programme for the community?
21. What should be the ingredients of the capacity building programme for the government functionaries?

MONITORING AND EVALUATION

22. What parameters should be monitored at different levels?
23. Should there be a uniform reporting system for the entire country? If so the yardsticks and the broad framework may be suggested?
24. How to evaluate the outcome of the implementation? What parameters/ indicators should be used?
25. How to involve citizens in monitoring and evaluation?
26. Any other suggestion for effective implementation of the scheme?
27. What mechanism is suggested at the Central level to ensure proper utilization of funds by the State / UT Governments? What mechanism is suggested at the state level to ensure proper utilization of funds at the district level?

Annexure-I(7) Contd.

1.B. Questionnaire for implementation of the National Rural Employment Guarantee Act
(For the State / UT Governments where Panchayats have not been constituted)

PLANNING

1. At present, the district is taken as a unit under the Act. There may be wide variations within the districts. Should block be taken as a unit? What would be its implication?
2. Who has been designated as the District Programme Coordinator? District Collector or the CEO ZP?
3. How to integrate the planning process for NREGA with the district planning process as envisaged under the Article 243 ZD of the Constitution?
4. What should be the role of the intermediate level in the implementation of the scheme? Should the Gram Panchayat or the village council be made responsible for implementation of all works or should the intermediate level also be given a role in implementation of the Act?
5. What mechanism is suggested to bring about convergence between the activities under other schemes like Bharat Nirman etc. and NREGA?
6. The Gram Panchayat has been given the key role in implementation of NREGA. The size and population of Panchayats vary widely from state to state (or UTs) and also within a State (or UT). Would it be desirable to group the smaller panchayats into viable and administrative units for the purpose of this Act?
7. How to ensure that the works included in the shelf of projects or the once really needed for development of any particular village? How to work out the priority between works?

IMPLEMENTATION

8. What mechanism of fund flow would you suggest from GOI to the village councils in order to ensure smooth implementation of the Act?
9. What steps would the State/UT Government take to strengthen staff support to the village councils, in order to enable them to implement the Act?
10. Piece rate vs Time rate. Which should be the preferred mode? What would be the advantages and disadvantages of adopting each one of them?

Annexure-I(7) Contd.

11. What should be the mechanism for payment of Unemployment Allowance?
12. What checks and balances are required if works are executed through the NGOs and SHGs.
13. How to ensure that the District Schedule of Rates is rationally prepared? Should these be compared across districts in order to ensure uniformity?

CAPACITY BUILDING

14. Capacity building would be very critical for successful implementation of the scheme. What is the road map the State /UT Government has laid for this?
15. What should be the priority areas for capacity building? How to prioritize persons in the community for training purposes?
16. Who should conduct capacity building exercise? Could NGOs be involved in this? Could this be totally outsourced instead of being carried out by the Government departments?
17. Should capacity building be a one time intervention or a continuous process? In the long run how to make capacity building a part of community effort?
18. How should the awareness generation campaigns be designed? Could this be entrusted to professional agencies?
19. How should the success of the capacity building effort be measured?
20. What should be the ingredients of the training programme for the community?
21. What should be the ingredients of the capacity building programme for the government functionaries?

MONITORING AND EVALUATION

22. What parameters should be monitored at different levels?
23. Should there be a uniform reporting system for the entire country? If so, the yardsticks and the broad framework may be suggested?
24. How to evaluate the outcome of the implementation? What parameters/ indicators should be used?
25. How to involve citizens in monitoring and evaluation?
26. Any other suggestion for effective implementation of the scheme?
27. What mechanism is suggested at GOI level to ensure proper utilization of funds by the State / UT Governments? What mechanism is suggested at the state level to ensure proper utilization of funds at the district level?

Annexure-I(7) Contd.

2. Questionnaire for implementation of the National Rural Employment Guarantee Act (For the President Zila Panchayats)

PLANNING

1. Should the unit of selection for the implementation of NREGA be a district or a block?
2. So far most of the schemes were being implemented by the District Panchayat or the Intermediate Panchayat. Under NREGA most of the works have to be implemented by the Gram Panchayats. What problems do you foresee in this? What are your suggestions to overcome these problems?
3. What is the nature of works that should be taken up under NREGA?
4. How to integrate the planning process for NREGA with the district planning process as envisaged under the Article 243 ZD of the Constitution.
5. What should be the role of the intermediate level in the implementation of the scheme? Should the Gram Panchayat be made responsible for implementation of all works or should the intermediate level also be given a role in implementation of the Act?
6. What mechanism is suggested to bring about convergence between the activities under other schemes like Bharat Nirman etc. and NREGA?
7. The Gram Panchayat has been given the key role in implementation of NREGA. The size and population of Panchayats vary widely from state to state (or UTs) and also within a state (or UT). Would it be desirable to group the smaller Panchayats into viable and administrative units for the purpose of this Act?
8. How to ensure that the works included in the shelf of projects or the once really needed for development of any particular village? How to work out the priority between works?

IMPLEMENTATION

9. How to ensure that the selection of eligible persons is fair and doesn't favour the influential persons?
10. What checks and balances are required if works are executed through the NGOs and SHGs.
11. How to ensure that the District Schedule of Rates is rationally prepared? Should these be compared across districts?

Annexure-I(7) Contd.

12. How to ensure quality of works executed?
13. What would be the best mode of payment to the persons employed? Through cheque, adjustment in accounts or cash?

CAPACITY BUILDING

14. Are all elected members of the Panchayats aware about the provisions of the Act?
15. What should be done to make people aware about their rights under the Act?
16. What should be the priority areas for capacity building? How to prioritize persons in the community for training purposes?
17. Who should conduct capacity building exercise? Could NGOs be involved in this? Could this be totally outsourced instead of being carried out by the Government departments?
18. Should capacity building be a one time intervention or a continuous process? In the long run how to make capacity building a part of community effort?
19. How should the awareness generation campaigns be designed? Could this be entrusted to professional agencies?
20. How should the success of the capacity building effort be measured?
21. What should be the ingredients of the training programme for the community?
22. What should be the ingredients of the capacity building programme for the government functionaries?

MONITORING AND EVALUATION

23. What aspects should be monitored by the Gram Panchayats, Intermediate Panchayats and the District Panchayats?
24. Should there be a uniform reporting system for the entire country? If so, the yardsticks and the broad framework may be suggested?
25. How to evaluate the outcome of the implementation? What parameters/ indicators should be used?
26. How to involve citizens in monitoring and evaluation?
27. Any other suggestion for effective implementation of the scheme?
28. What mechanism is suggested at GOI level to ensure proper utilization of funds by the State / UT Governments? What mechanism is suggested at the state level to ensure proper utilization of funds at the district level?

Annexure-I(7) Contd.

3. Questionnaire for implementation of the National Rural Employment Guarantee Act (For the CEO Zila Panchayats)

PLANNING

1. Should the unit of selection for the implementation of NREGA be a district or a block?
2. Please furnish information about your district in the following format:

Name of District: Total Rural Population:

Sl. No.	Name of Block	No. of Gram Panchayats	No. of Gram Panchayats having banks	No. of Gram Panchayats having a post office	No. of Gram Panchayats having internet connectivity

3. Which are the schemes being implemented by the Gram Panchayats? {Implementation means full implementation i.e. identification of works, preparation of estimates, maintenance of muster rolls and measurement book, and payment to the workers}.
4. How to integrate the planning process for NREGA with the district planning process as envisaged under the Article 243 ZD of the Constitution.
5. Do the gram panchayats have qualified accountants and engineers? If not how are the accounts kept by the Panchayats, and how are estimates prepared and works executed by the Gram Panchayats?
6. Is the problem of rural unemployment uniformly spread throughout the district or is it more pronounced in some blocks? Is this problem seasonal or throughout the year?
7. NREGA is a demand driven scheme. What would you suggest to generate awareness about the 'Right to work'?
8. What should be the role of the intermediate level in the implementation of the scheme? Should the Gram Panchayat be made responsible for implementation of all works or should the intermediate level also be given a role in implementation of the Act?

Annexure-I(7) Contd.

9. What mechanism is suggested to bring about convergence between the activities under other schemes like Bharat Nirman etc. and NREGA?
10. The Gram Panchayat has been given the key role in implementation of NREGA. The size and population of Panchayats vary widely from state to state (or UTs) and also within a state (or UT). Would it be desirable to group the smaller Panchayats into viable and administrative units for the purpose of this Act?
11. How to ensure that the works included in the shelf of projects or the once really needed for development of any particular village? How to work out the priority between works?

IMPLEMENTATION

12. Should there be a household identity card or individual identity card for the eligible workers?
13. The implementation agencies are used to execute the works as per the PWD Schedule of Rates. This would not be suitable for works under NREGA, as the main object here is to provide employment? How would you evolve norms for preparation of estimates of works and for measurements?
14. What would you suggest for ensuring that the workers are not underpaid on the one hand and there is no corruption on the other?
15. What mechanism would you suggest to ensure smooth fund flow from National Employment Guarantee Fund to the Gram Panchayats?
16. Would it be possible to have an IT enabled system for release of funds and for monitoring the implementation? What should be the salient features of such a system?
17. What would be the best mode of payment to the persons employed? Through cheque, adjustment in accounts or cash?
18. Piece rate vs Time rate. Which should be the preferred mode? What would be the advantages and disadvantages of adopting each one of them?
19. What methodology should be used to identify works? How to decide inter-se priority within the works? Should there be a separate list of works for women?
20. How to ensure that the District Schedule of Rates is rationally prepared? Should these be compared across districts?

Annexure-I(7) Contd.

CAPACITY BUILDING

21. What should be the priority areas for capacity building? How to prioritize persons in the community for training purposes?
22. How would you impart training to the staff employed at all levels in Panchayats?
23. Who should conduct capacity building exercise? Could NGOs be involved in this? Could this be totally outsourced instead of being carried out by the Government departments?
24. Should capacity building be a one time intervention or a continuous process? In the long run how to make capacity building a part of community effort?
25. How should the awareness generation campaigns be designed? Could this be entrusted to professional agencies?
26. How should the success of the capacity building effort be measured?
27. What should be the ingredients of the training programme for the community?
28. What should be the ingredients of the capacity building programme for the government functionaries?

MONITORING AND EVALUATION

29. Should there be a uniform reporting system for the entire country? If so, the yardsticks and the broad framework may be suggested?
30. How to evaluate the outcome of the implementation? What parameters/ indicators should be used?
31. What checks and balances are required if works are executed through the NGOs and SHGs.
32. How to ensure quality of works executed?
33. How to involve citizens in monitoring and evaluation?
34. Any other suggestion for effective implementation of the scheme?
35. What mechanism is suggested at GOI level to ensure proper utilization of funds by the State / UT Governments? What mechanism is suggested at the state level to ensure proper utilization of funds at the district level?

Annexure-I(7) Contd.

4. Questionnaire for implementation of the National Rural Employment Guarantee Act (For the President of Intermediate level Panchayat)

PLANNING

1. So far most of the schemes were being implemented by the District Panchayat or the Intermediate Panchayat. Under NREGA most of the works have to be implemented by the Gram Panchayats. What problems do you foresee in this? What are your suggestions to overcome these problems?
2. What is the nature of works that should be taken up under NREGA?
3. What mechanism is suggested to bring about convergence between the activities under other schemes like Bharat Nirman etc. and NREGA?
4. The Gram Panchayat has been given the key role in implementation of NREGA. The size and population of Panchayats vary widely from state to state (or UTs) and also within a state (or UT). Would it be desirable to group the smaller Panchayats into viable and administrative units for the purpose of this Act?
5. How to ensure that the works included in the shelf of projects or the once really needed for development of any particular village? How to work out the priority between works?

IMPLEMENTATION

6. What would be the best mode of payment to the persons employed? Through cheque, adjustment in accounts or cash?
7. Should there be a household identity card or individual identity card?
8. What methodology should be used to identify works? How to decide inter-se priority within the works? Should there be a separate list of works for women?
9. How to ensure that the selection of eligible persons is fair and doesn't favour the influential persons?
10. What should be the role of the intermediate level in the implementation of the scheme? Should the Gram Panchayat be made responsible for implementation of all works or should the intermediate level also be given a role in implementation of the Act?

Annexure-I(7) Contd.

CAPACITY BUILDING

11. Are all elected members of the Panchayats aware about the provisions of the Act?
12. What should be done to make people aware about their rights under the Act?
13. What should be the priority areas for capacity building? How to prioritize persons in the community for training purposes?
14. Who should conduct capacity building exercise? Could NGOs be involved in this? Could this be totally outsourced instead of being carried out by the Government departments?
15. Should capacity building be a one time intervention or a continuous process? In the long run how to make capacity building a part of community effort?
16. How should the awareness generation campaigns be designed? Could this be entrusted to professional agencies?
17. How should the success of the capacity building effort be measured?
18. What should be the ingredients of the training programme for the community?
19. What should be the ingredients of the capacity building programme for the government functionaries?

MONITORING AND EVALUATION

20. Should there be a uniform reporting system for the entire country? If so, the yardsticks and the broad framework may be suggested?
21. How to evaluate the outcome of the implementation? What parameters/ indicators should be used?
22. What checks and balances are required if works are executed through the NGOs and SHGs.
23. How to ensure quality of the works executed?
24. How to involve citizens in monitoring and evaluation?
25. Any other suggestion for effective implementation of the scheme?
26. What mechanism is suggested at GOI level to ensure proper utilization of funds by the State / UT Governments? What mechanism is suggested at the state level to ensure proper utilization of funds at the district level?

Annexure-I(7) Contd.

5.Questionnaire for implementation of the National Rural Employment Guarantee Act (For the President of Gram Panchayat)

PLANNING

1. How many villages are included in the Gram Panchayat? What is the total population in the Gram Panchayat?
2. Does the Panchayat have Bank (Nationalised Bank, Cooperative Bank or Private Bank)?
3. What is the annual budget of the Panchayat for the year 2005-06?
4. Where does the Panchayat keep its money?
5. Does the Panchayat have a post office?
6. What is the staff strength of the Panchayat? How many of these are permanent and how many are temporary?
7. What are the employment generation schemes which are being implemented by the Panchayat? {Implementation means full implementation i.e. identification of works, preparation of estimates, maintenance of muster rolls and measurement book, and payment to the workers}.
8. What additional support in terms of staff would the Panchayat require in order to implement the NREGA?
9. Is the problem of unemployment in your village seasonal or throughout the year?
10. What should be the role of the intermediate level in the implementation of the scheme? Should the Gram Panchayat be made responsible for implementation of all works or should the intermediate level also be given a role in implementation of the Act?
11. What mechanism is suggested to bring about convergence between the activities under other schemes like Bharat Nirman etc. and NREGA?
12. The Gram Panchayat has been given the key role in implementation of NREGA. The size and population of Panchayats vary widely from state to state (or UTs) and also within a State (or UT). Would it be desirable to group the smaller Panchayats into viable and administrative units for the purpose of this Act?
13. How to ensure that the works included in the shelf of projects or the once really

Annexure-I(7) Contd.

needed for development of any particular village? How to work out the priority between works?

IMPLEMENTATION

14. NREGA envisages taking up of durable assets. These may require procurement of materials like cement, bricks etc. What procedure does the Panchayat follow to procure these materials?
15. Which is better, payment of wages in terms of foodgrains or cash?
16. What problems are faced by the Gram Panchayat in implementing employment generation or assets creation schemes? What are your suggestions?
17. It is stipulated that the works have to be identified by the Gram Sabhas and implemented by the village Panchayats how would you prioritize the works?
18. How should the Panchayat monitor the implementation of works and payment of correct wages to the workers?
19. Is it possible that funds under NREGA are used for taking up normal works without fulfilling actual demand for employment. How would you prevent such diversion of funds?
20. What is the nature of works that should be taken up under NREGA?
21. What would be the best mode of payment to the persons employed? Through cheque, adjustment in accounts or cash?
22. Should there be a household identity card or individual identity card for the eligible workers?
23. Piece rate vs Time rate. Which should be the preferred mode? What would be the advantages and disadvantages of adopting each one of them?
24. What methodology should be used to identify works? How to decide inter-se priority within the works? Should there be a separate list of works for women?
25. How to ensure that the selection of eligible persons is fair and doesn't favour the influential persons?
26. What checks and balances are required if works are executed through the NGOs and SHGs.
27. How to ensure quality of works executed?

Annexure-I(7) Contd.

CAPACITY BUILDING

28. Are all members of the Panchayat aware about the provisions of the NREGA?
29. How do you plan to increase the awareness amongst the villagers about the NREGA?
30. What should be the priority areas for capacity building? How to prioritize persons in the community for training purposes?
31. Who should conduct capacity building exercise? Could NGOs be involved in this? Could this be totally outsourced instead of being carried out by the Government departments?
32. Should capacity building be a one time intervention or a continuous process? In the long run how to make capacity building a part of community effort?
33. How should the awareness generation campaigns be designed? Could this be entrusted to professional agencies?
34. How should the success of the capacity building effort be measured?
35. What should be the ingredients of the training programme for the community?
36. What should be the ingredients of the capacity building programme for the government functionaries?

MONITORING AND EVALUATION

37. Should there be a uniform reporting system for the entire country? If so, the yardsticks and the broad framework may be suggested?
38. How to evaluate the outcome of the implementation? What parameters/ indicators should be used?
39. How to involve citizens in monitoring and evaluation?
40. Any other suggestion for effective implementation of the scheme?
41. What mechanism is suggested at GOI level to ensure proper utilization of funds by the State / UT Governments? What mechanism is suggested at the state level to ensure proper utilization of funds at the district level?

Annexure-I(7) Contd.

6. Questionnaire for implementation of the National Rural Employment Guarantee Act (For the NGOs working in the field of Rural Development)

PLANNING

1. Should the unit of selection for the implementation of NREGA be a district or a block?
2. What are the areas in which NGOs can help in implementation of the scheme?
3. What would you suggest to bring in total transparency in the implementation of the Act?
4. What norms should be followed for distribution of works between Gram Panchayat, the intermediate Panchayat and the District Panchayat?
5. What mechanism is suggested to bring about convergence between the activities under other schemes like Bharat Nirman etc. and NREGA?
6. The Gram Panchayat has been given the key role in implementation of NREGA. The size and population of Panchayats vary widely from state to state (or UTs) and also within a state (or UT). Would it be desirable to group the smaller Panchayats into viable and administrative units for the purpose of this Act?
7. How to ensure that the works included in the shelf of projects or the once really needed for development of any particular village? How to work out the priority between works?

IMPLEMENTATION

8. How to ensure that fair wages are paid to the workers? What would be the best mode of payment to the persons employed? Through cheque, adjustment in accounts or cash?
9. What should be the role of the intermediate level in the implementation of the scheme? Should the Gram Panchayat be made responsible for implementation of all works or should the intermediate level also be given a role in implementation of the Act?
10. Should there be a household identity card or individual identity card?
11. What is the nature of works that should be taken up under NREGA?
12. Piece rate vs Time rate. Which should be the preferred mode? What would be the advantages and disadvantages of adopting each one of them?
13. What methodology should be used to identify works? How to decide inter-se priority within the works? Should there be a separate list of works for women?

Annexure-I(7) Contd.

14. What should be the mechanism for payment of Unemployment Allowance?
15. How to ensure that the selection of eligible persons is fair and doesn't favour the influential persons?
16. What checks and balances are required if works are executed through the NGOs and SHGs.
17. How to ensure that the District Schedule of Rates is rationally prepared? Should these be compared across districts?
18. How to ensure quality of works executed?

CAPACITY BUILDING

19. What should be the priority areas for capacity building? How to prioritize persons in the community for training purposes?
20. Who should conduct capacity building exercise? Could NGOs be involved in this? Could this be totally outsourced instead of being carried out by the Government departments?
21. Should capacity building be a one time intervention or a continuous process? In the long run how to make capacity building a part of community effort?
22. How should the awareness generation campaigns be designed? Could this be entrusted to professional agencies?
23. How should the success of the capacity building effort be measured?
24. What should be the ingredients of the training programme for the community?
25. What should be the ingredients of the capacity building programme for the government functionaries?

MONITORING AND EVALUATION

26. Should there be a uniform reporting system for the entire country? If so, the yardsticks and the broad framework may be suggested?
27. How to evaluate the outcome of the implementation? What parameters/ indicators should be used?
28. How to involve citizens in monitoring and evaluation?
29. Any other suggestion for effective implementation of the scheme?
30. What mechanism is suggested at GOI level to ensure proper utilization of funds by the State / UT Governments? What mechanism is suggested at the state level to ensure proper utilization of funds at the district level?

Annexure-I(7) Contd.

7. Questionnaire for implementation of the National Rural Employment Guarantee Act

(For the Collector, where Panchayats have not been constituted)

PLANNING

1. Should the unit of selection for the implementation of NREGA be a district or a block?

2. Please furnish information about your district in the following format:

Name of District: Total Rural Population:

S. No.	Name of block	No. of local councils	No. of local councils having banks	No. of local councils having a post office	No. of local councils having internet connectivity

3. What is the implementation mechanism proposed for the implementation of the Act? {including release of funds and monitoring}.

4. Do all the village councils have a bank account? If not, how are funds released to them?

5. Were these village councils implementing employment generation schemes earlier?

6. What is the supervisory mechanism for the village councils?

7. What mechanism is suggested to bring about convergence between the activities under other schemes like Bharat Nirman etc. and NREGA?

8. The Gram Panchayat has been given the key role in implementation of NREGA. The size and population of Panchayats vary widely from state to state (or UTs) and also within a state (or UT). Would it be desirable to group the smaller Panchayats into viable and administrative units for the purpose of this Act?

9. How to ensure that the works included in the shelf of projects or the once really needed for development of any particular village? How to work out the priority between works?

Annexure-I(7) Contd.

IMPLEMENTATION

10. What methodology should be used to identify works? How to decide inter-se priority within the works? Should there be a separate list of works for women?

11. How to ensure that the selection of eligible persons is fair and doesn't favour the influential persons?

12. What checks and balances are required, if works are executed through the NGOs and SHGs.

13. How to ensure quality of works executed?

14. How to ensure that the District Schedule of Rates is rationally prepared? Should these be compared across districts?

CAPACITY BUILDING

15. What should be the priority areas for capacity building? How to prioritize persons in the community for training purposes?

16. Who should conduct capacity building exercise? Could NGOs be involved in this? Could this be totally outsourced instead of being carried out by the Government departments?

17. Should capacity building be a one time intervention or a continuous process? In the long run how to make capacity building a part of community effort?

18. How should the awareness generation campaigns be designed? Could this be entrusted to professional agencies?

19. How should the success of the capacity building effort be measured?

20. What should be the ingredients of the training programme for the community?

21. What should be the ingredients of the capacity building programme for the government functionaries?

MONITORING AND EVALUATION

22. Which agency/agencies should be responsible for monitoring?

23. Should there be a uniform reporting system for the entire country? If so, the yardsticks and the broad framework may be suggested?

Annexure-I(7) Contd.

24. How to evaluate the outcome of the implementation? What parameters/ indicators should be used?

25. How to involve citizens in monitoring and evaluation?

26. Any other suggestion for effective implementation of the scheme?

27. What mechanism is suggested at GOI level to ensure proper utilization of funds by the State / UT Governments? What mechanism is suggested at the state level to ensure proper utilization of funds at the district level?

Annexure-IV (1)

Statistical Profile of Districts under NREGA
(Based on Primary Census Abstract, Census of India 2001)

STATE/ DISTRICT	Geographical area (Sq.km)	No. of panchayats	DPAP Districts (04-05) (Y=Yes)	DDP Districts (04-05) (Y=Yes)	Rural population	Rural population density per sq km	Average population per panchayat	Average area per panchayat in sq km	Rural SC population as % of rural population	Rural ST population (%)	Total rural workers	Agricultural labourers as % of total rural workers	Rural SC agricultural labourers as % of total SC rural workers	Literacy (%)	Female literacy (%)	Fifth Schedule Districts (Y=Yes)	Sixth Schedule Districts (Y=Yes)
Andhra Pradesh(13)																	
Adilabad	16128	866	Y		1,827,986	113	2,111	19	19.30%	21.70%	930,584	36.00%	53.40%	53.51%	41.38%	Y	
Anantpur	19130	1005		Y	2,720,915	142	2,707	19	16.00%	4.10%	1,457,202	44.20%	75.10%	56.69%	43.87%		
Chittoor	15151	1596	Y		2,934,845	194	2,102	11	21.10%	3.80%	1,489,459	41.40%	75.30%	67.46%	56.48%		
Cuddapah	15359	828	Y		2,014,044	131	2,432	19	17.80%	2.60%	968,520	45.40%	80.90%	64.02%	50.76%		
Karimnagar	11823	1195			2,813,010	238	2,354	10	20.10%	2.90%	1,489,104	37.80%	59.60%	56.00%	44.19%		
Khammam	16029	772	Y		2,068,066	129	2,679	21	17.10%	31.00%	1,085,106	55.20%	79.90%	57.72%	48.16%		
Mahbubnagar	18432	1347	Y		3,142,579	170	2,333	14	18.20%	8.70%	1,702,478	45.10%	66.10%	45.53%	32.83%	Y	
Medak	9700	1060	Y		2,286,573	236	2,157	9	18.90%	5.70%	1,171,753	40.70%	66.10%	53.24%	40.68%		
Nalgonda	14240	1178	Y		2,815,304	198	2,390	12	18.70%	11.60%	1,457,963	45.40%	72.40%	57.84%	45.07%		
Nizamabad	7956	719			1,920,947	241	2,672	11	16.40%	8.40%	1,016,756	32.80%	58.80%	47.70%	34.50%		
Rangareddi	7493	706	Y		1,637,227	219	2,319	11	20.60%	7.30%	803,304	35.30%	56.30%	66.31%	57.03%		
Warangal	12847	1015			2,622,792	204	2,584	13	18.00%	11.40%	1,366,562	43.80%	71.00%	58.41%	46.54%	Y	
Vizianagaram	6539	931			1,816,859	281	1,973	7	10.30%	16.90%	1,030,651	44.40%	74.60%	51.82%	40.75%		
Arunachal Pradesh(1)																	
Upper Subansiri	7032	144			39,590	6	275	49	0.00%	95.50%	17,507	1.70%	0.00%	50.89%	42.74%		
Assam(7)																	
Bongaigaon	2510	93			795,053	317	8,549	27	10.00%	13.40%	259,531	20.00%	16.20%	60.27%	51.16%		
Dhemaji	3237	65			533,112	165	8,202	50	5.30%	49.50%	237,828	7.60%	9.70%	65.96%	56.11%		
Goalpara	1824	81			755,133	414	9,323	23	4.30%	17.20%	254,050	19.60%	11.60%	58.56%	51.40%		
Karbi Anglong	10434	NA			721,381	69	NA	NA	3.70%	57.80%	301,889	14.80%	27.30%	58.83%	48.65%		Y
Kokrajhar	3169	NA			841,823	266	NA	NA	2.90%	34.80%	314,081	23.90%	15.10%	52.55%	42.65%		
Lakhimpur	2277	85			823857	362	9,692	27	8.10%	25.00%	473857	7.20%	7.70%	69.59%	60.47%		
North Cachar Hills	4888	NA			128,644	26	NA	NA	1.30%	81.20%	50,698	6.50%	5.20%	68.59%	59.40%		Y
Bihar(23)																	
Araria	2830	218			2,026,257	716	9,295	13	13.90%	1.40%	817,433	64.70%	88.40%	34.94%	22.14%		
Aurangabad	3305	205			1,842,598	558	9,079	16	24.40%	0.10%	630,059	44.00%	75.40%	57.50%	42.04%		
Bhojpur	2474	228			1,930,730	780	8,468	11	16.20%	0.40%	579,952	42.90%	80.80%	59.71%	42.81%		
Darbhanga	2279	329			3,028,441	1,329	9,205	7	15.90%	0.00%	966,251	54.30%	80.80%	44.32%	30.35%		
Gaya	4976	333			2,997,479	602	9,001	15	32.50%	0.10%	1,157,613	47.50%	79.80%	51.07%	37.40%		
Jamui	3098	153	Y		1,295,552	418	8,468	20	17.70%	5.20%	564,986	33.60%	60.10%	42.74%	26.92%		
Jehanabad	1569	93			1,402,705	894	15,085	17	19.20%	0.10%	547,636	46.20%	82.50%	56.03%	40.08%		
Kaimur(Bhabhua)	3362	152	Y		1,247,299	371	8,206	22	22.60%	2.80%	433,639	49.50%	78.80%	55.57%	38.90%		

Annexure-IV (1) Contd.

Statistical Profile of Districts under NREGA
(Based on Primary Census Abstract, Census of India 2001)

STATE/ DISTRICT	Geographical area (Sq.km)	No. of panchayats	DPAP Districts (04-05) (Y=Yes)	DDP Districts (04-05) (Y=Yes)	Rural population	rural population density per sq km	Average population per panchayat	average area per panchayat in sq km	Rural SC population as % of rural population	Total rural workers	Agricultural labourers as % of total rural workers	Rural SC agricultural labourers as % of total SC rural workers	Literacy (%)	Female literacy (%)	Fifth Schedule Districts (Y=Yes)	Sixth Schedule Districts (Y=Yes)	Rural ST population (%)
Katihar	3057	239			2,174,361	711	9,098	13	8.50%	844, 245	64.30%	84.70%	37.01%	24.03%			6.30%
Kishanganj	1884	126			1,167,340	620	9,265	15	6.10%	381, 271	61.00%	77.40%	31.02%	18.49%			3.80%
Lakhisarai	1228	80			684,485	557	8,556	15	16.60%	255, 726	45.90%	79.40%	48.21%	34.26%			0.80%
Madhubani	3501	399	Y		3,450,736	986	8,648	9	13.60%	1, 194, 986	53.60%	85.50%	42.35%	26.56%			0.00%
Munger	1419	101			819,950	578	8,118	14	14.70%	258, 673	51%	69.40%	60.11%	47.97%			2.00%
Muzaffarpur	3172	387			3,398,361	1,071	8,781	8	16.50%	1, 050,814	48.90%	77.30%	48.15%	35.20%			0.10%
Nalanda	2355	206			2,016,899	856	9,791	11	21.50%	804, 735	45.80%	80.80%	53.64%	39.03%			0.00%
Nawada	2494	187	Y		1,671,253	670	8,937	13	25.20%	639, 775	41.70%	78.60%	47.36%	32.64%			0.10%
Patna	3202	322			2,757,060	861	8,562	10	19.60%	929, 806	46.90%	82.30%	63.82%	52.17%			0.10%
Purnia	3229	251			2,321,544	719	9,249	13	12.60%	902, 081	60.40%	89.40%	35.51%	23.72%			4.50%
Rohtas	3851	246	Y		2,123,942	552	8,634	16	19.60%	667, 359	42.30%	74.10%	62.36%	46.62%			1.10%
Samastipur	2904	381			3,271,338	1,126	8,586	8	18.70%	1, 040, 495	48.60%	80.00%	45.76%	32.69%			0.10%
Sheohar	443	54			494,699	1,117	9,161	8	14.40%	154, 759	62.20%	90.80%	37.01%	27.43%			0.00%
Supaul	2410	190			1,644,370	682	8,655	13	15.30%	702, 920	55.90%	84.30%	37.80%	21.02%			0.30%
Vaishali	2036	290			2,531,766	1,244	8,730	7	20.90%	735, 938	42.90%	77.60%	51.63%	38.14%			0.10%
Chhattisgarh(11)																	
Bastar	14974	585	Y		1,176,652	79	2,011	26	2.50%	646, 396	32.40%	37.50%	45.48%	33.97%	Y		0.10%
Bilaspur	8270	864	Y		1,511,661	183	1,750	10	20.40%	704, 132	46.00%	53.10%	63.68%	48.08%	Y		24.20%
Dantewada	17634	374	Y		667,475	38	1,785	47	2.70%	362, 619	14.40%	28.90%	30.01%	20.59%	Y		82.40%
Dhamtari	3385	299			613,007	181	2,050	11	6.60%	318, 159	43.60%	50.80%	75.16%	63.66%	Y		28.80%
Jashpur	5838	410			708,965	121	1,729	14	4.70%	387, 895	25.60%	40.30%	65.37%	54.09%	Y		64.50%
Kanker	6506	375			619,549	95	1,652	17	4.10%	341, 600	24.50%	34.10%	73.31%	63.69%	Y		57.80%
Kawardha	4233	371	Y		539,660	127	1,455	11	12.50%	277, 243	32.90%	46.40%	55.39%	39.60%			22.10%
Koriya	6604	250			411,536	62	1,646	26	6.90%	234, 106	26.00%	38.90%	63.44%	50.08%	Y		57.20%
Raigarh	7086	673			1,096,073	155	1,629	11	14.10%	549, 875	42.10%	60.40%	70.50%	57.90%	Y		39.10%
Rajnandgaon	8068	696	Y		1,051,577	130	1,511	12	9.10%	567, 825	27.70%	33.30%	77.58%	67.92%	Y		31.00%
Surguja	15731	1090			1,834,913	117	1,683	14	4.80%	944, 230	36.10%	51.00%	55.37%	42.17%	Y		57.40%
Gujarat(6)																	
Banas Kantha	10757	785		Y	2,228,743	207	2,839	14	10.80%	1, 012, 019	23.80%	44.00%	51.26%	34.54%			8.80%
Dang	1764	70	Y		186,729	106	2,668	25	0.50%	92, 993	28.00%	3.30%	60.23%	48.99%	Y		93.80%
Dohad	3646.1	459	Y		1,480,110	406	3,225	8	1.70%	765, 547	22.90%	19.40%	45.65%	31.70%			76.80%
Narmada	2755.5	219	Y		462,298	168	2,111	13	1.50%	243, 514	48.80%	54.20%	60.37%	47.16%			83.60%
Panch Mahals	5219.9	643	Y		1,771,915	339	2,756	8	4.40%	902, 468	25.60%	30.70%	61.50%	45.43%	Y		30.60%
Sabar Kantha	7390	704	Y		1,857,402	251	2,638	10	8.50%	869, 688	28.70%	47.30%	67.31%	52.85%	Y		22.10%

Annexure-IV (1) Contd.

Statistical Profile of Districts under NREGA
(Based on Primary Census Abstract, Census of India 2001)

STATE/ DISTRICT	Geographical area (Sq.km)	No. of panchayats	DPAP Districts (04-05) (Y=Yes)	DDP Districts (04-05) (Y=Yes)	Rural population	rural population density per sq km	Average population per panchayat	average area per panchayat in sq km	Rural SC population as % of rural population	Total rural workers	Agricultural labourers as % of total rural workers	Rural SC agricultural labourers as % of total SC rural workers	Literacy (%)	Female literacy (%)	Fifth Schedule Districts (Y=Yes)	Sixth Schedule Districts (Y=Yes)	Rural ST population (%)
Haryana(2)																	
Mahendragarh	1859	340		Y	702885	378	2,067	5	16.70%	317652	11.90%	41.00%	70.43%	50.61%			0.00%
Sirsa	4277	321		Y	823,184	192	2,564	13	28.20%	381, 498	28.20%	62.30%	61.20%	50.31%			0.00%
Himachal Pradesh(2)																	
Chamba	6528	270			426,345	65	1,579	24	20.20%	218, 883	0.70%	0.90%	63.73%	49.70%	Y		27.10%
Sirmaur	2825	219			410,923	145	1,876	13	30.80%	211, 374	2.70%	2.90%	70.85%	60.93%			1.40%
Jammu & Kashmir(3)																	
Doda	11691	262	Y		644,234	55	2,459	45	9.60%	301, 632	4.30%	3.60%	46.92%	28.35%			12.30%
Kupwara	2379	224			624,898	263	2,790	11	0.00%	203, 274	20.30%	0.00%	40.80%	26.83%			8.20%
Poonch	1674	115			348,635	208	3,032	15	0.20%	193, 106	3.90%	0.00%	51.07%	35.30%			42.40%
Jharkhand(20)																	
Bokaro	2861	129	Y		973,005	340	7,543	22	14.80%	318, 460	33.30%	44.50%	62.98%	47.17%			16.80%
Chatra	3706	159	Y		749,414	202	4,713	23	33.10%	289, 083	40.60%	63.70%	43.35%	30.50%			4.00%
Dhanbad	2052	181	Y		1,141,744	556	6,308	11	14.90%	350, 900	16.80%	22.40%	67.49%	52.93%			15.00%
Dumka	6212	197	Y		1,644,690	265	8,349	32	7.10%	747, 184	35.90%	53.90%	48.31%	32.68%	Y		42.30%
Garhwa	4044	156	Y		992,825	246	6,364	26	24.30%	391, 744	49.10%	67.90%	39.39%	22.91%	Y		15.80%
Giridih	4975	239			1,782,066	358	7,456	21	13.40%	614, 925	33.70%	50.70%	45.16%	27.05%			10.30%
Godda	2110	161	Y		1,010,931	479	6,279	13	8.70%	412, 549	48.50%	69.40%	43.73%	27.98%	Y		24.30%
Gumla	9077	136			1,273,025	140	9,360	67	5.00%	640, 099	16.80%	26.30%	52.35%	40.56%	Y		70.20%
Hazaribagh	6147	358	Y		1,748,406	284	4,884	17	15.90%	654, 951	18.70%	41.10%	58.05%	43.15%			12.20%
Jamtara	1802	99	Y		NA	NA	NA	18	NA	NA	NA	NA	NA	NA	Y		NA
Koderma	1312	80	Y		412,654	315	5,158	16	15.20%	151, 275	22.50%	44.20%	52.73%	34.03%			0.90%
Latehar	3660	91	Y		NA	NA	NA	40	NA	NA	NA	NA	NA	NA	Y		NA
Lohardaga	1491	67			318,325	213	4,751	22	3.50%	141, 958	24.40%	35.90%	53.97%	39.88%	Y		60.30%
Pakur	1806	106	Y		665,635	369	6,280	17	3.10%	299, 593	32.40%	45.20%	30.54%	20.44%	Y		46.60%
Palamu	8705	225	Y		1,973,266	227	8,770	39	26.50%	762, 709	45.00%	67.90%	45.67%	30.50%			19.70%
Ranchi	7698	372			1,807,243	235	4,858	21	5.00%	817, 749	23.90%	35.70%	65.69%	52.77%	Y		53.40%
Sahebganj	1599	132	Y		829,639	519	6,285	12	5.70%	363, 860	34.00%	54.20%	37.91%	26.78%	Y		32.10%
Saraikela Kharsawan	2725	119			NA	NA	NA	23	NA	NA	NA	NA	NA	NA	Y		NA
Simdega	3756	87			NA	NA	NA	43	NA	NA	NA	NA	NA	NA	Y		NA
West Singhbhum	9907	204			1731897	175	8,490	49	4.30%	819619	34.60%	41.10%	50.70%	34.81%	Y		60.20%
Karnataka(5)																	
Bidar	5448	175	Y		1,157,498	212	6,614	31	22.30%	465, 569	43.50%	61.10%	61.98%	50.01%			14.70%

Annexure-IV (1) Contd.

Statistical Profile of Districts under NREGA
(Based on Primary Census Abstract, Census of India 2001)

STATE/ DISTRICT	Geographical area (Sq.km)	No. of panchayats	DPAP Districts (04-05) (Y=Yes)	DDP Districts (04-05) (Y=Yes)	Rural population	rural population density per sq km	Average population per panchayat	average area per panchayat in sq km	Rural SC population as % of rural population	Total rural workers	Agricultural labourers as % of total rural workers	Rural SC agricultural labourers as % of total SC rural workers	Literacy (%)	Female literacy (%)	Fifth Schedule Districts (Y=Yes)	Sixth Schedule Districts (Y=Yes)	Rural ST population (%)
Chitradurga	8440	185	Y		1,243,658	147	6,722	46	23.70%	632, 277	37.70%	56.70%	64.88%	54.62%			19.00%
Davanagere	5924	230	Y	Y	1,247,954	211	5,426	26	22.10%	597, 144	43.70%	63.30%	67.67%	58.45%			14.10%
Gulbarga	16224	337	Y		2,278,301	140	6,761	48	25.00%	1, 101, 121	47.10%	55.60%	50.65%	38.40%			5.90%
Raichur	6827	164		Y	1,248,925	183	7,615	42	19.90%	599, 371	52.40%	63.30%	49.54%	36.84%			22.30%
Kerala(2)																	
Palakkad	4480	90			2,260,907	505	25,121	50	17.30%	824, 232	36.80%	60.50%	84.31%	79.31%			1.70%
Wayanad	2131	25			751,007	352	30,040	85	4.10%	296, 535	31.50%	31.20%	85.52%	80.80%			17.70%
Madhya Pradesh(18)																	
Balaghat	9229	665			1,303,996	141	1,961	14	7.40%	689, 535	41.50%	35%	68.81%	57.02%	Y		22.80%
Barwani	5422	417	Y		923466	170	2,215	13	5.60%	470,200	29.00%	57.90%	41.35%	31.35%	Y		76%
Betul	10043	555	Y		1136056	113	2,047	18	9.10%	545, 410	41.80%	50.90%	66.87%	56.05%	Y		46.70%
Chhatarpur	8687	558			1,150,428	132	2,062	16	24.90%	493, 905	22.60%	31.30%	53.44%	39.38%			4.20%
Dhar	8153	762	Y		1,452,145	178	1,906	11	6.20%	713, 877	32.10%	64.30%	52.70%	38.62%	Y		61.80%
Dindori	7470	349			553,860	74	1,587	21	5.80%	322, 341	29.90%	39.70%	54.49%	38.48%	Y		66.60%
Jhabua	6778	612	Y		1,273,530	188	2,081	11	2.50%	692, 749	14.60%	27.30%	37.08%	25.50%	Y		92.20%
Khandwa (East Nimar)	10776	432	Y		1,253,213	116	2,901	25	11.40%	615, 881	46.10%	64.30%	61.71%	48.46%	Y		39.10%
Khargone (West Nimar)	8030	600	Y		1,294,103	161	2,157	13	11.70%	630, 808	37.60%	72.60%	63.41%	50.89%	Y		40.40%
Mandla	5800	493			802,322	138	1,627	12	4.10%	435, 959	43.50%	47.60%	60.77%	45.39%	Y		62.50%
Satna	7502	712			1,484,551	198	2,085	11	17.00%	621, 859	37.00%	56.40%	65.12%	51.40%			16.70%
Seoni	8758	645	Y		1,045,921	119	1,622	14	10.20%	533, 503	65.50%	47.50%	65.88%	54.06%	Y		40.10%
Shahdol	9952	392	Y		1,177,149	118	3,003	25	6.90%	574, 494	40.60%	46.00%	57.76%	45.40%	Y		54.40%
Sheopur	6606	219			470,924	71	2,150	30	16.40%	203, 810	30.10%	35.80%	46.61%	28.99%	Y		24.50%
Shivpuri	10277	590	Y		1,202,277	117	2,038	17	19.50%	585, 285	19.30%	25.90%	59.55%	41.54%			12.90%
Sidhi	10526	717	Y		1,570,121	149	2,190	15	11.80%	681, 769	34.00%	49.80%	52.82%	36.43%	Y		33.20%
Tikamgarh	5048	443			990,265	196	2,235	11	25.00%	489, 733	17.90%	23.80%	55.80%	40.98%			4.70%
Umaria	4076	234	Y		432,830	106	1,850	17	6.30%	192, 528	39.60%	45.40%	60.26%	45.57%	Y		48.20%
Maharashtra(12)																	
Ahmednagar	17048	1308	Y		3,236,945	190	2,475	13	11.70%	1, 585, 383	28.40%	55.20%	75.82%	64.88%	Y		8.90%
Amravati	12210	842	Y		1,707,581	140	2,028	15	18.60%	816, 174	62.80%	78.20%	82.96%	76.21%	Y		18.90%
Aurangabad	10107	847	Y		1,809,863	179	2,137	12	11.20%	862, 701	32.40%	57.80%	73.63%	61.28%			4.80%
Bhandara	3895	541			960,418	247	1,775	7	17.70%	481, 615	49.30%	49.10%	78.68%	68.11%			8.80%
Chandrapur	11443	528	Y		1,406,034	123	2,663	22	12.40%	729, 170	48.60%	54.70%	73.07%	62.56%	Y		22.70%

Annexure-IV (1) Contd.

Statistical Profile of Districts under NREGA
(Based on Primary Census Abstract, Census of India 2001)

STATE/ DISTRICT	Geographical area (Sq.km)	No. of panchayats	DPAP Districts (04-05) (Y=Yes)	DDP Districts (04-05) (Y=Yes)	Rural population	rural population density per sq km	Average population per panchayat	average area per panchayat in sq km	Rural SC population as % of rural population	Total rural workers	Agricultural labourers as % of total rural workers	Rural SC agricultural labourers as % of total SC rural workers	Literacy (%)	Female literacy (%)	Fifth Schedule Districts (Y=Yes)	Sixth Schedule Districts (Y=Yes)	Rural ST population (%)
Chitradurga	8440	185	Y		1,243,658	147	6,722	46	23.70%	632, 277	67.30%	56.70%	64.88%	54.62%			19.00%
Dhule	8063	552	Y		1,262,062	157	2,286	15	6.00%	609, 792	50.60%	64.40%	72.08%	61.76%	Y		33.30%
Gadchiroli	14412	467	Y		903,033	63	1,934	31	10.80%	472, 779	39.00%	50.40%	60.29%	50.64%	Y		40.40%
Gondia	5425	554			1,057,276	195	1,908	10	13.20%	533, 761	39.20%	33.80%	78.65%	67.89%			18.00%
Hingoli	4524	565	Y		833,130	184	1,475	8	10.40%	416, 052	40.50%	69.30%	66.86%	51.96%			9.80%
Nanded	10528	1311	Y		2,187,195	208	1,668	8	18.60%	1, 010, 495	47.40%	71.60%	68.52%	55.12%	Y		10.20%
Nandurbar	5034	501	Y		1,109,036	220	2,214	10	2.60%	550, 275	51.90%	62.10%	56.06%	45.55%			74.70%
Yavatmal	13582	1204	Y		2,001,060	147	1,662	11	10.00%	978, 283	55.30%	66.70%	74.06%	63.01%	Y		22.10%
Manipur(1)																	
Tamenglong	4391	NA			111,499	25	NA	NA	0.00%	50, 863	1.70%	0.00%	58.46%	49.11%			95.40%
Meghalaya(2)																	
South Garo Hills	1849	NA			92,337	50	NA	NA	0.10%	44, 572	13.40%	0.00%	55.82%	48.61%			Y 97.10%
West Garo Hills	3715	NA			459,412	124	NA	NA	1.20%	191, 929	17.70%	18.10%	51.03%	44.51%			Y 77.30%
Mizoram(2)																	
Lawngtlai	2557.1	140			73,620	29	526	18	0.00%	34, 093	6.90%	0.00%	56.45%	46.68%			Y 95.40%
Saiha	1399.9	79			41,230	29	522	18	0.00%	21, 010	3.20%	0.00%	82.43%	78.39%			96.80%
Nagaland(1)																	
Mon	1786	94			244,062	137	2,596	19	0.00%	125, 334	4.10%	0.00%	42.25%	37.12%			94.60%
Orissa(19)																	
Balangir	6575	285	Y		1,182,871	180	4,150	23	17.10%	515, 640	43.30%	50.10%	54.93%	39.27%			22.60%
Boudh	3098	63	Y		355,347	115	5,640	49	21.90%	165, 064	40.80%	51.60%	58.43%	39.78%	Y		13.00%
Deogarh	2940	60			254012	86	4,234	49	15.20%	119604	46%	55.50%	60.78%	47.56%			34.50%
Dhenkanal	4452	199	Y		973,964	219	4,894	22	18.80%	329, 717	36.40%	52.70%	70.11%	58.55%			13.50%
Gajapati	4325	129			465,949	108	3,612	34	6.50%	257, 343	47.60%	54.60%	41.73%	28.91%			56.20%
Ganjam	8206	475			2,604,276	317	5,483	17	19.90%	1, 139, 827	43.20%	49.80%	62.94%	47.70%	Y		3.40%
Jharsuguda	2081	78			323,831	156	4,152	27	18.10%	135, 791	32.50%	39.20%	71.47%	59.23%			40.10%
Kalahandi	7920	273	Y		1,235,275	156	4,525	29	17.70%	589, 735	52.50%	58.70%	46.20%	29.56%	Y		30.40%
Kandhamal	8021	153	Y		604107	75	3,948	52	16.60%	293239	37.60%	45.70%	52.95%	36.19%			54.70%
Kendujhar	8303	286			1348967	162	4,717	29	11.30%	556,654	39.80%	42.90%	59.75%	46.71%	Y		47.80%
Koraput	8807	224			982,188	112	4,385	39	12.90%	505, 923	44.90%	49.60%	36.20%	24.81%	Y		56.50%
Malkangiri	5791	108			469,582	81	4,348	54	21.00%	236, 055	26.80%	19.50%	31.26%	21.28%			60.60%
Mayurbhanj	10418	382			2,067,756	198	5,413	27	7.50%	979, 991	40.10%	39.80%	52.43%	38.28%	Y		59.50%
Nabarangapur	5291	169			966,496	183	5,719	31	13.60%	488, 034	54.10%	51.40%	34.26%	21.02%			57.80%
Naupada	3852	109	Y		500,652	130	4,593	35	13.30%	234, 000	47.80%	54.50%	42.29%	26.01%			36.30%
Rayagada	7073	171			715,702	101	4,185	41	13.90%	362, 321	49.90%	53.10%	35.61%	24.31%			62.80%

Annexure-IV (1) Contd.

Statistical Profile of Districts under NREGA
(Based on Primary Census Abstract, Census of India 2001)

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Sambhalpur	6657	148			681,835	102	4,607	45	17.60%	341, 856	38.20%	44.40%	67.01%	54.79%	Y		43.10%
Sonapur	2337	96	Y		501,767	215	5,227	24	23.50%	223, 769	46.40%	61.00%	64.07%	47.28%			10.20%
Sundargarh	9712	262			1,201,479	124	4,586	37	8.60%	559, 850	38.80%	45.90%	65.22%	54.25%	Y		66.40%
Punjab(1)																	
Hoshiarpur	3364	1308			1,188,662	353	909	3	36.40%	420, 394	19.70%	35.60%	81.40%	75.56%			0.00%
Rajasthan(6)																	
Banswara	5037	325	Y		1,394,226	277	4,290	15	4.10%	677, 799	10.80%	15.90%	44.22%	27.86%	Y		77.00%
Dungarpur	3770	237	Y		1,026,787	272	4,332	16	3.90%	505, 352	16.60%	24.60%	48.32%	31.22%	Y		68.60%
Jhalawar	6219	252	Y		1,012,081	163	4,016	25	15.90%	505, 808	23.00%	45.80%	57.98%	40.39%			13.40%
Karauli	5524	224	Y		1,037,720	188	4,633	25	23.90%	435, 207	10.90%	22.70%	64.59%	45.44%			25.40%
Sirohi	5136	151		Y	700,217	136	4,637	34	19.20%	297, 621	20.60%	26.10%	54.39%	37.37%	Y		28.20%
Udaipur	13419	498	Y	Y	2,142,995	160	4,303	27	5.10%	946, 081	12.40%	14.70%	59.26%	43.71%	Y		57.50%
Sikkim(1)																	
North District	4226	20			39,782	9	1,989	211	2.20%	22, 974	8.90%	13.40%	69.11%	57.65%			53.80%
Tamil Nadu(6)																	
Cuddalore	3645	682			1,531,034	420	2,245	5	33.60%	729, 741	56.40%	78.80%	71.85%	60.86%			0.50%
Dindigul	6058	306	Y		1,249,762	206	4,084	20	21.60%	699, 276	49.10%	71.50%	69.83%	59.30%			0.30%
Nagapattinam	2715.8	434			1,158,557	427	2,669	6	34.50%	480, 892	60.80%	87.40%	76.89%	68.35%			0.10%
Sivagangai	4189	445	Y		829,272	198	1,864	9	19.20%	409, 281	33.90%	47.70%	72.66%	62.12%			0.00%
Tiruvannamalai	6191	860	Y		1,785,364	288	2,076	7	23.10%	924, 770	43.70%	68.80%	68.22%	56.31%			3.90%
Villupuram	7250	1104			2,533,456	349	2,295	7	29.20%	1, 297, 445	50.60%	71.10%	64.68%	53.16%			2.40%
Tripura(1)																	
Dhalai	2212.3	130			289,001	131	2,223	17	16.00%	120, 443	32.20%	30.70%	61.56%	51.57%			56.80%
Uttaranchal(3)																	
Chamoli	7613.8	39	Y		319,656	42	8,196	195	18.50%	145, 847	0.80%	1.20%	76.23%	63.00%			2.40%
Champawat	1781	283	Y		190,764	107	674	6	17.60%	80, 254	2.10%	4.50%	71.11%	54.75%			0.30%
Tehri Garhwal	4080	928	Y		544,901	134	587	4	15.10%	242, 076	1.40%	3.40%	67.04%	49.76%			0.10%
Uttar Pradesh(22)																	
Azamgarh	4210	1583			3,642,615	865	2,301	3	26.90%	1, 122,746	29.40%	51.20%	56.15%	42.44%			0.00%
Banda	4418.1	450	Y		1,293,316	293	2,874	10	21.70%	552, 650	34.20%	58.60%	54.84%	37.10%			0.00%
Barabanki	3825	1003			2,424,836	634	2,418	4	28.80%	914, 500	28.00%	41.10%	48.71%	35.64%			0.00%
Chandauli	2554.1	620			1,469,693	575	2,370	4	25.20%	485, 114	38.30%	65.90%	61.11%	45.45%			0.00%
Chitrakoot	3205.9	47	Y		689,665	215	14,674	68	27.20%	303, 613	28.20%	47.90%	66.06%	51.28%			0.00%

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Fatehpur	4152	789			2,070,634	499	2,624	5	26.30%	807, 190	34.50%	55.30%	59.74%	44.62%			0.00%
Gorakhpur	3321	1233			3,030,865	913	2,458	3	24.40%	964, 431	41.50%	62.90%	60.96%	44.48%			0.00%
Hamirpur	4316.5	314	Y		869,916	202	2,770	14	23.10%	358, 682	38.70%	57.90%	58.10%	40.65%			0.00%
Hardoi	5986	1101			2,990,993	500	2,717	5	34.10%	984, 659	20.20%	27.60%	52.64%	37.62%			0.00%
Jalaun	4565	564	Y		1,113,926	244	1,975	8	28.60%	431, 597	37.80%	54.90%	66.14%	50.66%			0.00%
Jaunpur	4038	1514			3,622,268	897	2,393	3	22.90%	1,142, 277	21.60%	45.50%	59.98%	43.53%			0.00%
Kaushambi	1835.9	440			1,201,369	654	2,730	4	37.30%	478, 647	44.20%	64.40%	48.18%	30.80%			0.00%
Kheri	7680	995	Y		2861695	373	2,876	8	27.50%	916402	25.50%	34.70%	49.39%	35.89%			1.30%
Kushinagar	2910	957			2,760,673	949	2,885	3	18.50%	957, 082	46.60%	62.90%	48.43%	30.85%			0.00%
Lalitpur	5039	340	Y		835,790	166	2,458	15	26.70%	380, 698	18.40%	26.00%	49.93%	33.25%			0.00%
Mahoba	2849.6	247	Y		553,552	194	2,241	12	27.40%	253, 665	34.60%	47.50%	54.23%	39.57%			0.00%
Mirzapur	4522	106	Y		1,829,536	405	17,260	43	28.90%	636, 639	36.90%	58.20%	56.10%	39.89%			0.10%
Pratapgarh	3717	1105			2,586,619	696	2,341	3	22.60%	878, 249	31.60%	57.10%	58.67%	42.63%			0.00%
Rae Bareli	4586	965			2,598,337	567	2,693	5	31.40%	952, 059	36.70%	53.40%	55.09%	40.44%			0.10%
Sitapur	5743	1329	Y		3,186,973	555	2,398	4	34.90%	1,012, 702	23.30%	32.40%	49.12%	35.08%			0.00%
Sonbhadra	6788	489	Y		1,188,089	175	2,430	14	48.60%	467, 647	43.90%	54.40%	49.96%	34.26%			0.00%
Unnao	4558	954			2,288,781	502	2,399	5	33.50%	814, 741	23.60%	32.80%	55.72%	42.40%			0.00%
West Bengal(10)																	
24 Parganas South	9960	312			5,820,469	584	18,655	32	35.00%	1, 895,902	30.40%	32.70%	70.16%	59.73%			1.40%
Bankura	6882	190	Y		2,957,447	430	15,566	36	31.90%	1, 347,945	37.20%	61.70%	63.84%	49.80%			11.10%
Birbhum	4545	167	Y		2,757,002	607	16,509	27	30.10%	1, 044, 448	39.70%	60.50%	62.16%	52.21%			7.20%
Dinajpur Dakshin	2219	65			1,306,324	589	20,097	34	30.40%	550, 360	40.00%	40.20%	64.46%	55.12%			18.10%
Dinajpur Uttar	3140	99			2,147,351	684	21,690	32	29.00%	841, 983	43.80%	46.60%	48.63%	37.16%			5.70%
Jalpaiguri	6227	146			2,794,291	449	19,139	43	40.20%	1, 106, 289	20.50%	28.70%	63.62%	52.90%			22.40%
Maldah	3733	147			3,049,528	817	20,745	25	17.00%	1, 264, 245	32.50%	40.90%	50.71%	41.67%			7.40%
Medinipur West	14081	514	Y		8626883	613	16,784	27	16.80%	34,45,916	34.00%	45.80%	75.17%	64.63%			9.00%
Murshidabad	5324	255			5,133,835	964	20,133	21	11.90%	1, 718,547	32.30%	42.00%	55.05%	48.33%			1.40%
Purulia	6259	170	Y		2,281,090	364	13,418	37	17.90%	1,054, 271	38.40%	51.90%	56.14%	37.15%			20.00%

Notes:

1. Source of data on districts under NREGA : http://nrega.nic.in
2. Source of data on geographical area of the districts : www.censusindia.net/results/Area_by_districts.xls
3. Source of data on number of panchayats in the districts : http://offerings.nic.in/dbdirectory/allindiareport.asp
4. Source of data on DPAP/DDP districts : http://dolr.nic.in
5. Source of data on districts coming under the Fifth and Sixth Schedule of the Constitution : Ministry of Tribal Affairs, Government of India, Annual Report for 2005-06, and http://saiha.nic.in/madcadmin.html
6. Panchayats exist in only one block of Kokrajhar district of Assam ('Hati Dhura' block, 7 panchayats).
7. Data on number of panchayats in North Chachar Hills & Karbi Anglong districts(Assam), Tamenglong district (Manipur), and South Garo Hills & West Garo Hills districts (Meghalaya) not available.
8. Census 2001 data not available in the case of Jamtara, Latehar, Saraikela-Kharasawan and Simdega districts of Jharkhand.
9. Medinipur West district of West Bengal was created on 1.01.2002. Data on geographical area, number of panchayats and population (Census 2001) pertain to undivided Medinipur district.

Annexure-V(1)

Questions on IT System and Response of the Ministry of Rural Development

Q.1. Will each beneficiary in the REGS have a unique identification number? If yes, what is the format of this number?

Ans: Yes. A unique identification number is provided to each household. The ID is based on or derived from BPL ID index. In case the household is not the one which is part of BPL survey list, then based on the BPL ID parameters, a new ID is generated for the household.

Q.2 What is the level of government (Panchayat, block, district, state) at which all data will be in electronic form? If there are differences between the states, please note these, specifying the levels in each state.

Ans: Although, most of the data is generated at the Gram Panchayat level but it being digitized in most of the states at the block/Mandal level. But in some states, where computing infrastructure is available at the village level, for instances, in Tamil Nadu, there the household data is being entered at the Gram Panchayat level. In other States, like Andhra Pradesh, Orissa, Gujarat, the data entry is being done at the Block/Mandal level.

Q.3. Where data is collected manually, what is the procedure to convert it to electronic form?

Ans: Where data is collected manually at the Gram Panchayat level, it is couriered to the block level, at the Mandal or block office it is being converted into electronic form.

Q.4. What is the minimum data from each EGS works that must be reported to a higher level of Government? How many forms are there - financial, beneficiaries, muster roll etc? Are the data fields in these forms uniform for all projects? If yes, list the fields in all of the forms that are reported. If not, please note how they differ.

Ans: The reports for EGS works on the following parameters are expected: Total expenditure incurred, components of this expenditure in terms of expenditure on wages and expenditure on material, number of households providing employment on the works, wages disbursed to each household, estimation of the work done and amount required to complete the work.

All the forms in which reports from the lower levels are expected have been provided as Annexure to the Operational Guidelines to NREGA. Therefore, the data fields in

Annexure-V(1) Contd.

these forms are uniform. NREGA implementation record is also being created through an MIS which can be accessed through www.nrega.nic.in. In this MIS templates on financial, beneficiary and muster roll, data have been provided which have also unique data fields. For muster rolls the data fields are names of father, husband, job card number, name of village and Gram Panchayat, information on whether the employment seeker is skilled or unskilled and name of the work, work ID, serial No. of muster roll, etc.

Q.5. What is the architecture for deployment? Where will data centers be located, and where will it be necessary to have individual PCs for data collection, storage or management?

Ans: Ideally, the data collection should be done at the point of occurrence of the activity. In case of NREGA, as most of the data is generated at the village level so data collection or digitization of data should also be at the village level. But due to availability of inadequate infrastructure at this level, the data collection is being done currently at the Mandal/block level. For which between 2-4 computers have been provided by the State Government. The MIS for NREGA has the functionality of operating in on-line or in off-line mode. In most States, keying in of data is being done at the block level. This data gets stored in a central server located at Delhi.

Q.6. What suo motu disclosures under the RTI law will be made at each level of government, and at what frequency?

Ans: NREGA has built in transparency mechanism which requires data to be put regularly in public domain and the citizens have right to demand relevant records. The foremost mechanism of transparency is social audit by Gram Sabha. Chapter 11 of the Operational Guidelines provide detailed methodology or transparency and accountability in implementing NREGA at various levels of implementation.

Q.7. A number of rules and guidelines have been established under the Act, such as for example the priority of works to be taken up, the timeliness of payments, maximum eligibility, etc. Will it be possible to track compliance with these rules in real-time?

Ans: It would be possible to track compliance with the help of technology. Information technology based MIS will be able to track all the activities of NREGA, for instance, the priority of works under NREGA is assigned by the Gram Sabha, which is then recorded in the perspective plans. Through this MIS, the number of days of employment provided, timely payment of wages can also be tracked. The MIS of NREGA has functionality to generate alerts as well, pertaining to critical

Annexure-V(1) Contd.

activities, for instance, on completion of a labourer's 100 days of allotted entitlement, system generates an alert. Similarly, a labourer who is not provided employment within 15 days of demanding employment would be entitled for unemployment allowance. All these activities would generate alert.

Q.8. Is a Geographic Information System for the visualization of NREGS data being developed?

Ans: GIS system has not yet been developed.

Q.9. Are rankings of districts being developed to monitor performance under the Act? If yes, what are the criteria used? Are the rankings public?

Ans: The outcome based monitoring system is being developed, for which modalities and indicators are being identified and developed. Once these are formulated, then rankings of districts on the basis of the tangible outcomes would be possible.

Q.10 How will payments be made, and monitored? Can each transaction be individually located and scrutinized by Central and State authorities?

Ans: Payments are generally being made in cash before the community. But the operational guidelines have provisions to make payment through banks or post offices as well. Different States are pilot testing modalities according to the available infrastructure of delivery.

Q.11. How will implementers know how much money they have for works taken up? Can replenishment requests be made online? Will replenishment be automatic based on pre-set trigger levels?

Ans: At present, replenishment request cannot be made automatically, but system is being developed so that the money being sent to States and districts for implementation can be tracked. Similarly, the depletion of allotment below particular level would be tracked and that would make replenishment information available.

Annexure-V(2)

Summary of Recommendations made by 'Expert Group on Planning at the Grassroots Level' on implementation of PESA

7.6 "Recommendations and Suggestions relating to PESA & Schedule V

The Group is strongly of the view that implementation of the law is weak and ineffective. Schedule V of the Constitution and PESA are powerful legislations, which give considerable power and responsibility to the Union Government. The provisions of PESA are specific and mandatory and to that extent, they repeal the provisions in state laws. However, this fact has not been fully realized both by the Centre and States and old procedures continue despite not having legal validity. This situation has to be remedied urgently. The following measures are recommended to be taken by all concerned :

(i) As a first step, the Ministry of Panchayati Raj has analysed the State laws and is persuading the State Governments to implement the Act. The Ministry should immediately (within three months) finalize and issue guidelines for implementation of PESA and suggest specific State related provisions and guidelines.

(ii) A definite time frame must be mandated to States to implement these suggestions.

(iii) The Ministry must address a copy of its guidelines to the Ministry of Tribal Affairs as well as the Planning Commission. The Ministries of Panchayati Raj, Tribal Affairs and the Planning Commission should look into the implementation of PESA at the time of finalization of States Plans in order to ensure that the recommendations are dovetailed into the plan for the year 2006-07 and in the draft eleventh Five Year Plan.

(iv) If any State is not implementing the provisions of PESA in letter and spirit, the Government of India should not shy away from issuing specific directions in accordance with its power to issue directions under proviso 3 of part A of the Fifth Schedule.

(v) Since amendments to existing laws by States, in order to conform to PESA may take some time, the Government of India should use its power to enact Union legislation in order to ensure that the situation does not worsen. The Central Government should enact an enabling legislation next year itself.

Annexure-V(2) Contd.

(vi) One of the ways in which implementation of PESA provisions can be ensured at the grass roots level is to establish a forum at the Central level so that violation of the provisions of the enactment, could be brought before this forum and the deviations highlighted and necessary correctives applied. The Planning Commission may take the initiative to work out the details of composition and functions of the Forum, so that it starts functioning before December 2006.

(vii) Schedule V of the Constitution requires the Governor of every State to send an annual report, but it would appear that this practice is not being followed regularly. Even when reports are received, no action seems to be taken on them. It is recommended that the practice of regular annual reports from Governors must be given due importance. Such reports should be published forthwith and placed in the public domain. It is suggested that to initiate the change, the Ministry of Panchayati Raj should check the current status in this regard with the Ministry of Tribal Affairs and take steps to activate this important measure in 2006-07.

(viii) Even though women are important participants in Panchayati Raj, in tribal areas, traditional tribal councils are predominantly male. Therefore special steps need to be taken to ensure that women participate fully in tribal governance. In order to ensure that women are not marginalized in meetings of Gram Sabha, provisions in PESA rules and related guidelines should ensure that for quorum of a meeting at least 33% of the Gram Sabha ought to consist of women.

(ix) No amount of legal provision or refinement of planning process would result in better compliance to legislation either in the protection of rights of tribal people or women or development of scheduled areas unless the administration at the lower levels is trained and attuned towards the objectives of PESA. Each State needs to constitute a group to look into strengthening of the administrative machinery in Schedule V areas. Some of the ways of doing this would be to have separate cadres for tribal areas or to post people to specific posts in tribal areas. Various enunciations in tribal policies of the Government of India may be adopted for this purpose, such as provision of hardship pay or other incentives in this regard. Some of the possibilities are providing for hardship pay,

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preferential treatment in accommodation and education. This is a matter that must be looked into urgently before the commencement of the Eleventh Plan and all expenditure in this regard should be treated as charged expenditure under Article 275 of the Constitution – an Article that has remained uninvoked for decades.

7.7 Reforms in the implementation of TSP :

7.7.1 The weaknesses in conceiving of tribal sub plan must be cured, particularly in the light of ensuring that the power of the Gram Sabha and Panchayats at all levels as enunciated in PESA is taken into account. It is recommended that re-conceiving of the Tribal sub-plan ought to be completed before the start of the Eleventh Plan. The entire approach to planning under the Tribal sub-plan should be reviewed with reference to the earlier procedures, which seem to have been abandoned.

7.7.2 The Prime Minister, while addressing the 51st meeting of the NDC held on 27-6-2005 stressed the need to reform the implementation of the TSP. He specifically suggested that the Tribal sub-plan should be made non-divertible and non-lapsable, with the clear objective of bridging the gap in socio-economic development of the Scheduled Tribes, within a period of ten years. In order to ensure the achievement of this objective while complying with the provisions of PESA, we make the following recommendations :

(a) The guidelines prescribe that State and District/Block level Monitoring Committees should be set up to monitor the implementation of various schemes under TSP of various departments. We would recommend that such Committees ought to have a close linkage with the Panchayats. In most State legislations, the Panchayati Raj laws mandate the establishment of Standing Committees for social justice at all levels of Panchayats and these Standing Committees can be entrusted with the specific task of implementation of TSP. It would also be open to co-opt any special interests, including NGOs into such Committees for a wider and more inclusive consultation in planning and implementation.

(b) It is suggested that just as in other departments, Nodal departments established at the State level for the implementation of TSP ought to

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undertake an activity mapping exercise assigning responsibilities to each level of Panchayat for the implementation of TSP programmes. It is important that in the process of earmarking of funds especially for the welfare of STs, unintended centralization of the implementation of programmes does not take place.

(c) It is important that independent evaluation of the impact of economic development and social justice programmes implemented by Panchayats are undertaken at regular intervals. Information about the assessments made ought to be made public, so that comparisons can be made about performance in different districts and States.

(d) Central support to TSP should be allocated to districts on the basis of tribal population and area.

(e) There is a need to provide special support for primitive tribes, for which a certain percentage of funds could be retained at the State level for working out and financing the special schemes."