

Mahatma Gandhi National  
Rural Employment Guarantee  
Act, 2005



राष्ट्रीय ग्रामीण रोजगार  
गारंटी अधिनियम

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## Overview of NREGA



The National Rural Employment Guarantee Act, (NREGA) was passed on 23<sup>rd</sup> August 2005 and notified on September 7, 2005. Enacted after a successful struggle for an employment guarantee legislation, this Act was a partial victory towards a full-fledged right to employment. The Act became operational in February 2006, starting with 200 districts; another 130 districts were added in 2007-08 and finally the Act was extended to the whole country in April 2008. Thus, NREGA covers the entire country with the exception of districts that have a hundred percent urban population.

The Act was renamed on 2<sup>nd</sup> October 2009, as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). It is perhaps the most ambitious anti-poverty scheme launched anywhere in the world.

### Objective

The objective of the Act is to enhance livelihood security and improve the purchasing power of the rural people, whether or not they are below the poverty line. It provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage. It aims to provide

1. Strong social safety net for the vulnerable groups by providing a fallback employment source, when other employment alternatives are scarce or inadequate.
2. Growth engine for sustainable development of an agricultural economy. By providing employment on works that address causes of chronic poverty such as drought, deforestation and soil erosion, the Act seeks to strengthen the natural resource base of rural livelihood and create durable assets in rural areas. Effectively implemented, NREGA has the potential to transform the geography of poverty.
3. Empowerment of rural poor through the processes of a rights-based Law.
4. New ways of doing business, as a model of governance reform anchored on the principles of transparency and grassroots democracy.

Thus, NREGA fosters conditions for inclusive growth ranging from basic wage security and recharging the rural economy to a transformative empowerment process of democracy

### Salient Features of the Act

- i) Adult members of a rural household, willing to do unskilled manual work, may apply for registration in writing or orally to the local Gram Panchayat
- ii) The Gram Panchayat after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA and is free of cost.



- iii) The Job Card should be issued within 15 days of application.
- iv) A Job Card holder may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought. The minimum days of employment have to be at least fourteen.
- v) The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates.
- vi) Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid liability of payment of unemployment allowance is of the States.
- vii) Work should ordinarily be provided within 5 km radius of the village. In case work is provided beyond 5 km, extra wages of 10% are payable to meet additional transportation and living expenses.
- viii) Wages are to be paid according to the Minimum Wages Act 1948 for agricultural laborers in the State, unless the Centre notifies a wage rate which will not be less than Rs. 60/ per day. Equal wages will be provided to both men and women.
- ix) Wages are to be paid according to a piece rate or daily rate. Disbursement of wages has to be done on a weekly basis and not beyond a fortnight in any case.
- x) At least one-third beneficiaries shall be women who have registered and requested work under the scheme.
- xi) Work site facilities such as crèche, drinking water, shade have to be provided.
- xii) The shelf of projects for a village will be recommended by the gram Sabha and approved by the Zilla Panchayat.
- xiii) At least 50% of works will be allotted to Gram Panchayats for execution.
- xiv) Permissible works predominantly include water and soil conservation, forestation and land development works.
- xv) A 60: 40 wage and material ratio has to be maintained. No contractors and machinery are allowed.
- xvi) The Central Government bears the 100 percent wage cost of unskilled manual labor and 75 percent of the material cost including the wages of skilled and semi skilled workers
- xvii) Social Audit has to be done by the Gram Sabha
- xviii) Grievance Redressal mechanisms have to be put in place for ensuring a responsive implementation process.
- xix) All accounts and records relating to the Scheme should be available for public scrutiny.

#### NREGA Can't Work!

When NREGA was passed in 2005, skepticism about its success was extremely high and it was predicted that corruption and poor service delivery mechanisms would together undo any potential benefits that the Act could have on the poor. So much so that one of India's most well known economists infamously suggested that the likelihood of money reaching the poor would be higher if we 'simply drop the money by helicopter or gas balloon into rural areas' than route it through employment programs.

The program's efficacy is based on the logic of using the productive capacity of ordinary rural folk to build and nurture assets, while simultaneously alleviating the problem of chronic unemployment and poverty. The Act provides an opportunity to build rural infrastructure through watershed development, restoration of water bodies such as tanks



and canals, activities aimed at forestry, land development, and soil erosion and flood control, and construction of roads and institutional facilities.

#### Rights of Workers

- Adult members of every rural household who are willing to do casual manual work at the statutory minimum wage may apply to the gram Panchayat for registration
- Registration valid for a period not less than five years, and renewable
- Employment to be provided to every registered person within 15 days of receipt of an application, failing which an unemployment allowance must be provided.
- Applications to be for at least 14 days of continuous work.
- Gram Panchayat to accept valid applications and issue a dated receipt to the applicant
- Applicants provided with work to be notified in writing
- Employment to be provided within a radius of 5 km. If work is provided beyond 5 km, it is to be provided within the block, and the laborers paid 10 percent of the daily minimum wages extra

#### Permitted Work Under NREGA

NREGA works must always belong to the list of 'Permissible Works'. A summary of the list of permissible works is given as below: -

- 1) Water Conservation and water harvesting.
- 2) Drought proofing (including afforestation and tree plantation)
- 3) Irrigation canal, including micro and minor irrigation works.
- 4) Provision of irrigation facility, plantation, horticulture, land development of land owned by household belonging to SC/ST, or to the land of beneficiaries of land reforms, or to land of the beneficiary IAY/BPL families.
- 5) Renovation of traditional water bodies including de-silting of tanks.
- 6) Land development.
- 7) Flood control and protection works including drainage in waterlogged areas.
- 8) Rural Connectivity to provide all weather access.
- 9) Any other work which may be notified by the central Government in consultation with the State Government.
- 10) Construction of Bharat Nirman Rajiv Gandhi Sewa Kendra and "Gram Panchayat Bhawan."

For more clarity, kindly refer to [Frequently Asked Questions on NREGA](#)

#### Toll Free Helpline Numbers for NREGA

The Ministry of Rural Development has established a National Helpline in New Delhi in order to enable NREGA households and others to seek assistance from the Ministry for protection of their entitlements under the Act and also for proper implementation of the Act and the Schemes made under the Act.

Toll Free Helpline : 1800110707

e-Sakthi call center in Bihar -18003452244

This call center will provide information and register complaints. It has been started in 15 blocks in six districts and very soon the entire state will be covered by this scheme.



## An Overview of the MGNREGA Performance, 2006 – 12

	2006 – 07 (200 Dist.)	2007 – 08 (330 Dist.)	2008 – 09 (All Dist.)	2009 – 10	2010 - 11	2011 – 12
Household Employed (Crore)	2.10	3.39	4.51	5.26	5.49	4.99
Person days of Employment (crore)	90.5	143.59	216.32	283.59	257.15	211.41
Work Provided per year to households who worked (days)	43	42	48	54	47	42
Central Release (Rs Crore)	8640.85	12610.39	30000.19	33506.61	35768.95	29184.85
Total funds available including opening balance (Rs Crore)	12073.55	19305.81	37397.06	49579.19	54172.14	43273.58
Budget Outlay (Rs Crore)	11300	12000	30000	39100	40100	40100
Expenditure (Rs crore)	8823.35	15856.89	27250.10	37905.23	39377.27	37548.79
Average wage per day (Rs)	65	75	84	90	100	117
Total works taken up (lakhs)	8.35	17.88	27.75	46.17	50.99	74.13
Works Completed (Lakhs)	3.87	8.22	12.14	22.59	25.90	15.01

Source: Ministry of Rural Development, GOI. Taken from Planning Commission of India website: [http://planningcommission.nic.in/hackathon/Rural\\_Development.pdf](http://planningcommission.nic.in/hackathon/Rural_Development.pdf)

### NREGA Represents a Paradigm Shift

The most important change NREGA represents is that it gives rise to a legally binding law of right to work. This implies that the constraint of a fixed budget allocation will no longer affect the attendant entitlements. Guarded by the Constitution. This is a commitment by the State that is unprecedented in the history of India as enforceable rights as well as in terms of financial resources.

#### Details of various Guarantees Provided in the NREGA

##### Eligibility:

Any person who is above the age of 18 and resides in rural areas is entitled to apply for work.

##### Entitlement:

Any applicant is entitled to work within 15 days, for as many as he/she has applied, subject to a limit of 100 days per household per year.

##### Distance:



Work is to be provided within a radius of 5 kilometers of the applicant's residence if possible, and in any case within the Block. If work is provided beyond 5 kilometers, travel allowances have to be paid.

**Wages:**

Workers are entitled to the statutory minimum wage applicable to agricultural laborers in the state, unless and until the Central Government "notifies" a different wage rate. If the Central Government notifies, the wage rate is subject to a minimum of Rs.60 per day.

**Timely payment:**

Workers are to be paid weekly, or in any case not later than a fortnight. Payment of wages is to be made directly to the person concerned in the presence of independent persons of the community on pre-announced dates.

**Unemployment Allowance:**

If work is not provided within 15 days, applicants are entitled to an unemployment allowance: one third of the wage rate for the first thirty days, and one half thereafter.

**Worksite facilities:**

Laborers are entitled to various facilities at the worksite such as clean drinking water, shade for periods of rest, emergency health care, and crèche.

**Employment Guarantee Scheme:**

Each State Government has to put in place an "Employment Guarantee Scheme" within six months of the Act coming into force.

**Permissible works:**

A list of permissible works is given in Schedule I of the Act. These are concerned mainly with water conservation, minor irrigation, land development, rural roads, etc. However, the Schedule also allows "any other work which may be notified by the Central Government in consultation with the State Government."

**Program Officer:**

The Rural Employment Guarantee Scheme is to be coordinated at the Block level by a "Program Officer".

**Implementing Agencies:**

Works are to be executed by "implementing agencies". These include, first and foremost, the Gram Panchayats (they are supposed to implement half of the works), but implementing agencies may also include other Panchayati Raj Institutions, line departments such as the Public Works Department or Forest Department, and NGOs.

**Contractors:**

Private contractors are banned.

**Decentralized planning:**

A shelf of projects is to be maintained by the Program Officer, based on proposals from the implementing agencies. Each Gram Panchayat is also supposed to prepare a shelf of works based on the recommendations of the Gram Sabha.

**Transparency and Accountability:**



The Act includes various provisions for transparency and accountability, such as regular social audits by the Gram Sabhas, mandatory disclosure of muster rolls, public accessibility of all documents, regular updating of job cards, etc.

#### Other Provisions

##### Participation of women:

The priority is to be given to women in the allocation of work, "in such a way that at least one-third of the beneficiaries shall be women".

##### Penalties:

The Act states that "whoever contravenes the provisions of this Act shall on conviction be liable to a fine which may extend to one thousand rupees".

##### State Council:

The implementation of the Act is to be monitored by a "State Employment Guarantee Council."

##### Cost sharing:

The Central Government has to pay for unskilled labor wages and 75% of the material and semi-skilled, skilled labor wages. State governments have to pay the 25% of the material costs and unemployment allowance, if liable.

##### Time frame:

The Act is to come into force initially in 200 districts, 130 districts in the second year and is to be extended to the whole of rural India within five years of its enactment.

## Evolution of NREGA

India signed the Millennium Declaration in September 2000, which calls for the eradication of extreme poverty and hunger by halving the number of poor people living on less than a dollar a day and those who suffer from hunger. Thus, the Government of India recognized these goals as a legitimate policy commitment. Further, the Common Minimum Program of the United Progressive Alliance government came up with commitments that the state had to improve the situation of the poor. These commitments were recognized by the Planning Commission as a national common minimum program to mobilize resources for their implementation. Further, a citizens' charter was formulated by civil society activists.

The impetus for the NREGA came from two sources. The first comprised of social movements such as the Right to Food that had been agitating for ending hunger by providing employment guarantees to the poor. This demand was supported by various civil society movements such as the Right to Information that incorporated such demands in its wider framework. The second and more direct influence came from the three-decade-long track record of the Employment Guarantee Scheme (EGS) in Maharashtra. Evaluation studies of the Maharashtra EGS showed that the program had the following strengths:

- Reduced extreme levels of deprivation among the poorest sections
- Accounted for between one-tenth and one-third of the number of days of employment of rural workers
- Reduced migration to urban areas
- Stabilized employment in the off-peak season
- Higher participation of women



## NREGA Highlights 2011 – 2012

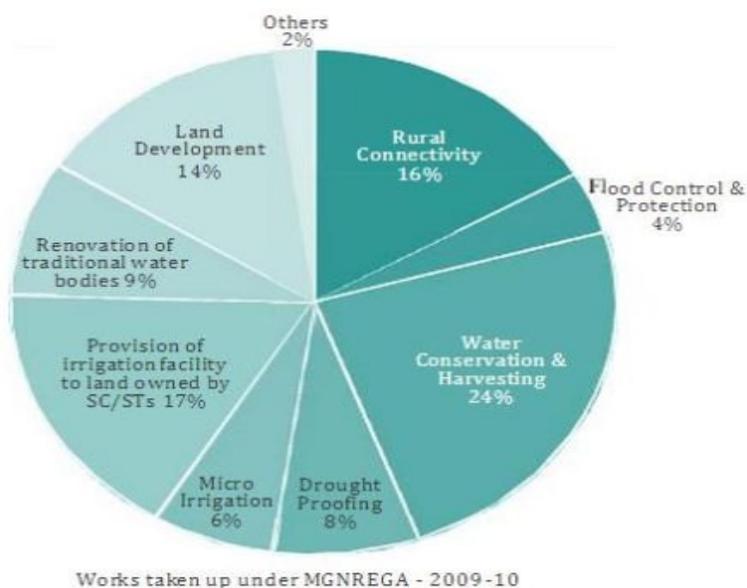
1	GOI allocation for Ministry of Rural Development 2011-12 (Crores)	Rs 87,855
2	GOI allocation for MGNREGA in 2011 – 12 (Crores)	Rs 40,000
3	GOI Release for MGNREGA in 2009 – 10	76%

Several types of work can be undertaken under MGNREGA. These include: water conservation and water harvesting; irrigation; flood control and protection; drought proofing; horticulture; renovation of traditional water bodies; land development and rural connectivity, etc.

In the FY 2009 – 10, water conservation and water harvesting accounted for the largest share of MGNREGA projects (24%) followed by rural connectivity and irrigation facilities to lands of SC/ST (17%).

In the FY 2009 – 10, 49% of projects sanctioned were completed. Water conservation and harvesting projects had the best completion rate (57%); however, only 32% drought proofing projects were completed.

### Water conservation accounts for 24% of MGNREGA work



### Summary and Analysis

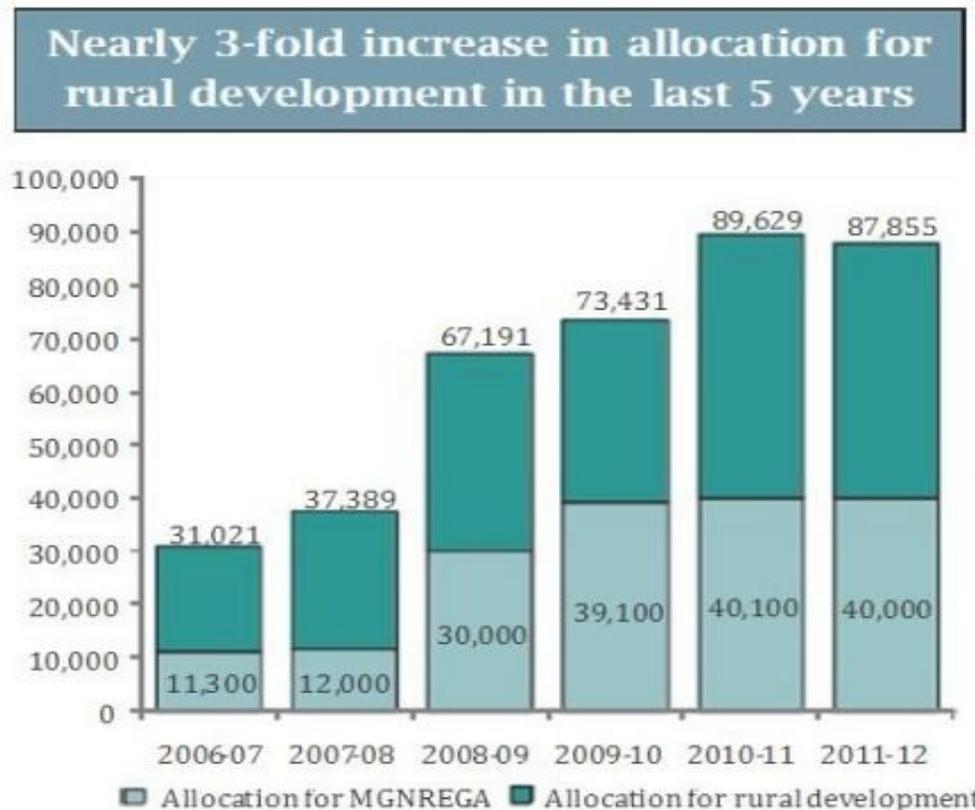
1. In the FY 2011 – 12, rural development accounts for 15% of GOI budget. MGNREGA is the largest scheme amounting to 46% of the rural development budget.
2. In the FY 2009 – 10, 83% of total funds were spent. This is an 8% improvement from FY 2007 – 08.
3. There are wide interstate variations in spending of available funds. In the FY 2009 – 10, Mizoram spent 97% of its funds and Maharashtra spent only 52%. Rajasthan saw a drop of 10%, down from 89% in the FY 2008 – 09 to 79% in the FY 2009 – 2010.



4. In the FY 2009 – 10, MGNREGA generated 284 crore person days of work. Mizoram, the scheme's best spender, also generated the most days of employment at 95 person days per rural household employed.
5. Average wage paid per person days increased from Rs 64 in the FY 2006 – 07 to Rs 91 in the FY 2009 -10.
6. There is a mismatch between anticipated demand and actual work generated. In Maharashtra, employment demand was only 51% of the labor budget.
7. The percentage share of employment availed by women under MGNREGS was 40% during 2006-07, 43% in 2007-08, 48% in 2008-09, 48% in 2009-10 and 48% in 2010-11. Hence, the percentage of women beneficiary under MGNREGA has been much higher than provided under the Act (i.e. 33% of total employment).

In the FY 2009 -10, water conservation and harvesting accounted for the largest share of the MGNREGA budget at 24%. Irrigation works on SC/ST owned land accounted for 17%. However, only 49% of sanctioned works were completed.

#### Year Wise MGNREGA Budget

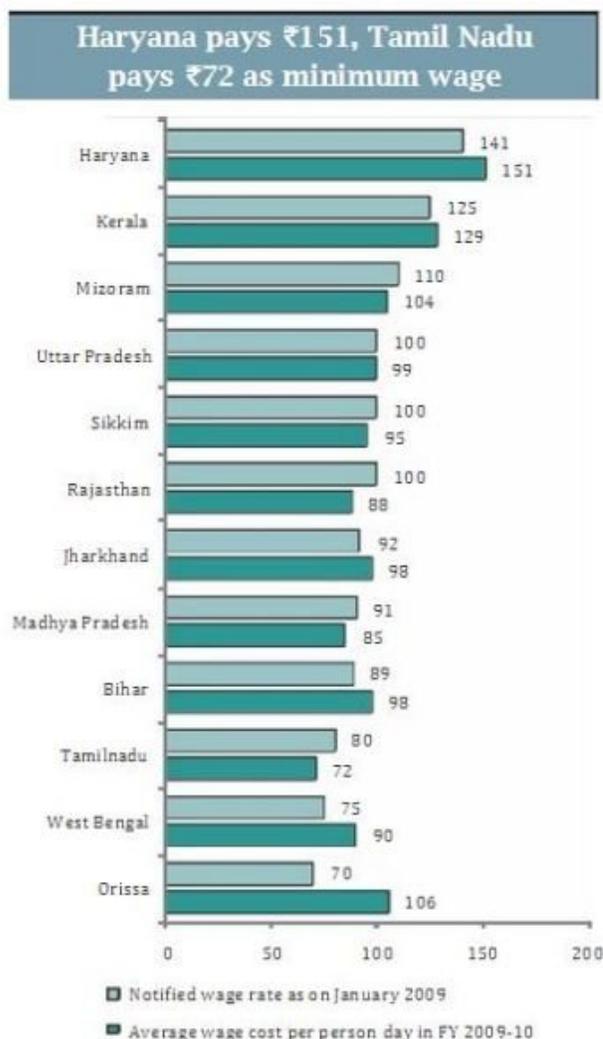


Since its launch, MGNREGA allocations have increased steadily. However, for the FY 2011 – 12, there has been a marginal drop in allocations which stand at Rs 40,000 crores. The scheme accounts for 46% of the rural development budget. However, despite being demand driven, there are wide interstate variations in the ability to spend the funds.

In the FY 2009 – 10, Mizoram, Orissa, AP, and WB spent over 90% of the total funds available to them; on the other hand, Maharashtra spent less than 60%.



### Wide State Wise Variation in the Minimum Wages



In the MGNREGA, minimum wage rates have been fixed in accordance with the Minimum Wage Act 1948 for agricultural laborers pertaining to different states. In January 2009, GOI issued a circular recommending that all states provide a real wage of Rs 100 to all MGNREGA workers. The wage rates have been further revised to link with CPI-AL in January 2011. This provision was reiterated in the Union Budget 2011 – 12.

The average wage paid per person day of employment has increased from Rs 64 in the FY 2006 – 07 to Rs 91 in the FY 2009 10. However, there are differences in wages paid across states within the same year ranging from Rs 69 to Rs 151 per person day of employment.

In the FY 2009 – 10, the average wage per person day for Haryana and Kerala was Rs 151 and Rs 129, respectively.

Tamil Nadu and Madhya Pradesh reported expenditure of Rs 72 and Rs 85 respectively, which is lower than the states' notified wage rates.

There is a wide variation in the days of employment per household across states. For instance, Mizoram provided 95 person days of work per rural household and Kerala provided only 24

days.

### Two Major Arguments on NREGA

Critics of the NREGA have focussed on two sets of issues: one, that it is too expensive and, two, that corruption will prevent its success. The pro-free market proponents view the NREGA as a dangerous piece of legislation that threatens to snowball India's fiscal deficit out of control. However, economists such as Mihir Shah feel that it could actually 'crowd-in' private investment and lay the foundation for non-inflationary growth in the medium term. According to Shah, the capacity of the agricultural sector to absorb labor has declined drastically due to a decline in the per capita output of agriculture, which calls for a massive increase in public investment in rural India in the direction of sustainable environmental regeneration. The future of agriculture depends on restoring the health of the many 'public goods' that private agriculture critically depends on.



The issue of corruption can be dealt through social mobilization by grassroot organizations. As Jean Dreze says, "legislation alone will not guarantee employment, continuous mobilization is required." The Act empowers citizens to play an active role in the implementation of employment guarantee schemes, through gram Sabhas, social audit, participatory planning and other activities. The NREGA can become a major new instrument for galvanizing Panchayat raj institutions in India.

The linchpin of the program, however, is public hearings called "social audits" in which villagers review work orders, engineering reports, payment records, work sheets and other official documents. For those who are illiterate, the records are read aloud.

Most analysts agree NREGA has the game-changing potential to upend centuries of caste and class discrimination. It not only gives poor people jobs but gives them the right to demand accountability at any time. Contractors and middlemen - long symbols of local wealth and corruption - are barred from participation and public review and inspections of all documents are required at regular intervals.

NREGA has not ended poverty but has at least eliminated the extreme insecurity because people can work for up to 100 days at the minimum wage that is not bad after all.

## IMPACT OF NREGA



People wonder: what is NREGA? A social safety net? A step towards the right to work to prevent migration? Or a boost to local market economies? For those who cannot think beyond the confines of the free market economy and the business manager mindset, NREGA is just a nightmare. For years, simplistic management solutions to poverty, with the poor as an input to be managed, have failed. We cannot see ordinary people as active participants and empowered citizens. That is why it is difficult to understand

the practice and logic of democracy and the complexity of an Employment Guarantee initiative. Anyway, has NREGA impacted the lives of the poor in any positive way?

Has NREGA energized, mobilized, empowered, and delivered to India's poorest and most marginalized rural people? Has it provided them a measure of dignity, tangible economic benefit, and a motivation to participate in local action? These are vital questions. NREGA can only succeed in bringing about change if millions of workers become its true advocates and monitors.

The NREGA has opened up a unique legal space for the poor, with a consequent, legally-mandated obligation of the administration to deliver. In fact, implementation rests on the simple philosophy that ordinary people will go to great lengths to procure their entitlements, given the space to do so. The NREGA sought to create real opportunities and legal spaces, with the belief that people will begin to push to overcome bureaucratic and political resistance. Does the rights-based approach really work?

Let us see where NREGA stands after six years of action.

NREGA better than previous programs: Apart from corruption the bureaucratic chronic inefficiency, unwillingness and incapacities of system have raised doubts whether NREGA would be able to deliver anything meaningful to the poor. However, NREGA stands apart



from employment and poverty alleviation programs in significant ways. It is the first national program of consequence which has woven transparency and accountability norms into the mundane fabric of daily interaction of people with government. The rural worker might often be the victim but in many cases scams have been exposed by the workers themselves. NREGA gives an opportunity to break the feudally enforced silence of its victims. Through transparency and social audit measures, it allows anyone, anywhere to be part of the monitoring of the delivery system. Thus, the NREGA gives a further opportunity to realize the Constitutional sovereignty, the power of the people. The other programs appear to be clean only because no one knows what really goes on!

The success of NREGA need not be measured only on the single parameter of employment generation; though its record is far better than earlier programs. This Act has become a role model for innovation in many areas of public service delivery. This has implications for the important debates on public services in rural areas.

Power of RTI displayed in NREGA: Transparency and accountability to the poorest and the weakest, is in fact the biggest potential contribution of the NREGA to the entire governance system. The NREGA is an outstanding example of how the RTI Act can be woven into the fabric of the delivery system and the whole legal and governance paradigm. The entire expenditure on works and workers — 94 per cent of the total amount — is required to be put on the website of the NREGA, with every transaction revealed in detail. This can easily be increased to 100 per cent.

Unemployment allowance to the poor!: it is something unheard of in the history of India, but NREGA made this happen. NREGA has the provision of unemployment allowance if the work is not provided within 15 days. The NREGA has already recorded payments of unemployment allowance to large numbers of workers in chronically poorly-administered areas. It has happened when workers groups have got organized.

The payment of unemployment allowance emanates from an administrative lapse, and is eventually deducted from the pocket of erring officials. It is not a freebie doled out of the government exchequer. Like the Right to Information Act, this has created an important mechanism for enforcing the right while holding the bureaucracy accountable. The successful payment of unemployment allowance — in Barwani District of Madhya Pradesh, Raichur of Karnataka, Bolangir, Navrangpur and Kalahandi of Orissa, Latehar in Jharkhand, Sitapur District of UP — has been a breakthrough in accountability, and an inspiration to other workers struggling for entitlements.

NREGA wages set the benchmark for the market: The wage rate, the measurement system, and the timely payment of wages have all become part of the entitlement package. Thanks to NREGA, minimum wages have, for the first time, become a real factor in determining the lower limit for market wages. There are many ongoing struggles for the payment of minimum wages; the NREGA shows the path! Wage payments through NREGA have initiated the biggest “financial inclusion” drive, with the requirement that all wage payments be made through banks and post offices. In fact, the project managers, the accountants, and the post offices have been unable to cope up with the sheer volume of work handling NREGA bank accounts. It resulted in compensation for delayed payment to the poor! It acquired a political overtone in Rajasthan during draught that woke up the lethargic bureaucracy to perform.

Financial inclusion: NREGA has done a remarkable job of including the poor in the financial system of the country. Of the millions of new bank accounts opened in the rural areas with zero balance requirement, 80-90 percent are those included in the financial network for the first time. This is a remarkable achievement although financial inclusion was not a stated objective of the program.



Marginalized and excluded communities are biggest gainers: In terms of participation of the marginalized sections in the number of workdays created, more than 50% of total person days of employment generated has gone to SC and ST households.

Significant employment to women: Similarly, as against the stated objective of one-third of women's participation in total person days generated, the actual numbers have been close to 50%. An expected spill over has also been the rise in wages in almost all states since the initiation of the program. While there are other factors contributing to this rise, the role of NREGA can't be ignored.

Independent India has to acknowledge the critical role the NREGA has played in providing a measure of inclusive growth. It has given people a right to work, to reestablish the dignity of labor, to ensure people's economic and democratic rights and entitlements, to create labor intensive infrastructure and assets, and to build the human resource base of our country. The NREGA can give people an opportunity to make the entire system truly transparent and accountable. Properly supported, people's struggles for basic entitlements can, in turn, become the strongest political initiative to strengthen our democratic fabric.

Why NREGA scored better?



So, what has been done differently in NREGA that has ensured such better targeting? Unlike other programs which have been made toothless by anchoring them to below poverty line (BPL) cards, NREGA is a self-targeting program. It is no wonder that the distribution of beneficiaries by social groups is almost similar to the distribution of poor obtained from the NSSO consumption surveys. Evidently, the self-targeting inherent in NREGA has a better score in targeting the poor than the officially conducted but flawed identification of BPL households. In fact, the self-selecting nature of NREGA has persuaded the finance ministry to classify workers in the program as poor, for inclusion in the Janashree

Bima Yojana. Similarly, the case of extension of Rashtriya Swasthaya Yojana to the NREGA workers.

NREGA has become a nucleus of struggle for the poor rural people. Successful rejuvenation of rural areas, however, will require sustained similar efforts and connecting broken linkages of the development process on a much bigger scale and with greater intensity. Nonetheless, NREGA success stories provide opportunities for mainstreaming and legitimizing the struggle for other social security legislation.

NREGA success is as much a hope for civil society activists fighting for the rights of the poor as it is a critique of the developmentalist state in case it fails to deliver.

## NREGA Dismantling the Contractor Raj!

In the good old days, the private contractors were the direct recipients of "work orders," and of the corresponding funds. They made money by submitting fudged "muster rolls," with inflated employment and wage figures. A substantial part of the loot was recycled through the so-called percentage system, whereby various functionaries received fixed percentages of the amounts released. The contractors also had to pay tribute to their political bosses, for whom these funds came handy during election campaigns. No wonder



everyone “loves a good drought” or “devastating floods” — the peak seasons for rural employment programs. Laborers, for their part, worked hard and earned a pittance.



NREGA certainly spoiled this familiar game of middleman and power brokers. Under NREGA, rural laborers have a legal entitlement not only to work on demand but also to minimum wages. To prevent corruption, a wide range of transparency safeguards has been built into the Act. For instance, muster rolls are supposed to be kept at the worksite, displayed at the Panchayat Bhawan, and read out in public at the time of wage payments. Employment and wage details also have to be entered in the laborers “Job Cards”, to enable them to verify the records for themselves. Contractors are banned.

In some States, there is evidence of substantial progress in this transition towards a transparent and accountable system. In Rajasthan, for instance, contractors have virtually disappeared from NREGA and mass fudging of muster rolls is a thing of the past. Andhra Pradesh is also making rapid strides in this direction through strict record keeping, institutionalized social audits and the payment of wages through Post Offices. In a survey of Surjguja and Koriya districts of Chhattisgarh, it was found that in gram Panchayat works, 95 per cent of the wages paid according to the muster rolls had actually reached the laborers concerned. This is a major achievement, especially in contrast with the situation in the recent past when a similar survey in the same area had uncovered evidence of massive fraud in the National Food For Work Program.

However, the same transition is happening at a much slower pace in some other States. A recent survey of NREGA in western Orissa, suggested that the “contractor raj” is still alive (if not well) in this region.

Most NREGA work in Orissa is implemented by the gram Panchayats. At the gram Panchayat level, the main responsibility for implementing NREGA works lies with the Panchayat Executive Officer (PEO). In some Panchayats, the PEOs are assisted by Gram Rozgar Sevaks, but they are yet to be appointed in most cases. Another key actor is the Village Labor Leader (VLL), who is supposed to be selected by the Gram Sabha for the purpose of “supervising” a specific worksite.

Actually, the role of the VLL is actually in transition. The VLL concept goes back to the Sampurna Grameen Rozgar Yojana (SGRY), a predecessor of NREGA. At that time, the VLL was a de facto contractor. He or she received the work orders, spent the funds, arranged the works, and filled the muster rolls. However, under NREGA now, funds are routed through the Panchayat and the VLL is supposed to be a mere worksite supervisor, who earns wages at the same rate as other laborers. In practice, however, the post of VLL continues to act as a convenient foothold for the contractors. In many of the sample gram Panchayats, the VLL was a small-time contractor or an agent of local contractors.

Therefore, it is conceivable that all the problems in NREGA such as non issuance of job cards, fake documentation, delayed or no payments, etc are all sabotaging efforts of contractors who are losing shine with the empowerment of laborers whom they never treated like human beings.

There is plenty of scope for productive work under NREGA, whether it is in the field of water conservation, rural connectivity, regeneration of forest land, or improvement of private agricultural land. The challenges involved in “making NREGA work” should always be seen in the light of these long-term possibilities, and their significance for the rural poor.



## Role of RTI In Implementation Of NREGA

Transparency and accountability to the poorest and the weakest is in fact the biggest potential contribution of the NREGA to the entire governance system. The NREGA is an outstanding example of how the RTI Act can be woven into the fabric of the delivery system and the whole legal and governance paradigm. The entire expenditure on works and workers — 94 per cent of the total amount — is required to be put on the website of the NREGA, with every transaction revealed in detail. This can easily be increased to 100 per cent.



Using the Management Information System (MIS), Vijayapura Gram Panchayat in Rajsamand District has begun to build a Janata Information System (JIS) painted on the walls of government buildings in the Gram Panchayat. The boards reveal the details of the number of days of work provided and payments made in the year to every Job Card holder in the Panchayat. Also painted on the walls are the list of works sanctioned, the expenditure of labor and material, and item-wise

expenditure on material in each work in the Panchayat, including exactly how many bags of cement, sand and trolleys of stone were procured, and at what rate in the Gram Panchayat. This is like a web wall which reveals to every interested visitor all that they want to examine.

When MNREGA was enacted by Indian Parliament in 2005 August, RTI was made as an integral part of the Act. It is envisaged that MNREGA will be meaningless without proper use of RTI because RTI can check corruption and leakage of public funding on MNREGA in an effective manner.

Transparency provisions and the RTI play key role in exercising control over delivery mechanisms. One chapter of the operational guideline is completely dedicated to explaining how right to information of the citizen can play a vital role in implementation, monitoring and redressed of various provisions of National Rural Employment guarantee Scheme (NREGS). Chapter 11 of the operational guidelines clearly stipulates that the 'Right to Information Act should be followed both in letter and spirit in all matters relating to MNREGA'.

### a) Proactive Disclosure:

The first stage of the Right to Information is the Proactive disclosure of Information, where the government has a duty to inform people. Proactive disclosure implies the primary responsibility of the government agencies to disclose the details to the people without their formal application. It is proactive effort and concern towards accountability norms and principles. MNREGA gives special focus on this clause. The Act says that section 4 which concerns proactive disclosure of information, should be strictly complied with at all levels. The guidelines specify: 'Key documents related to MNREGA should be proactively disclosed to the public, without waiting for anyone to 'apply' for them. A list of such key documents should be prepared by the State Employment Guarantee Council, and updated from time to time. Section 4 of the (Right to Information) Act, reads the proactive disclosure of information, should be strictly complied with at all levels.



Accordingly, the MNREGA guidelines mandate that all levels of government maintain proper records containing information on inputs, processes, outputs and outcomes related to the MNREGA. To ensure that this information is proactively disclosed and made available to citizens, the MNREGA guidelines stipulate that all information will be displayed to the public through display boards and paintings on the walls of the Panchayat offices and also putting

information up on website. Its implementation at every level would convert both the MNREGA and its delivery agencies into an open information network.

In addition, all Gram Panchayat level MNREGA accounts and summaries of these accounts are to be made publicly available for scrutiny. The guidelines also specify that all rural households are entitled to a job card in which employment and wage details must be entered, and muster rolls are to be kept on the worksite and read out in public at the time of payments. As per provisions of the Right to Information Act, the MNREGA stipulates that all information requests related to the MNREGA be made available to the applicant within seven days, as opposed to the stipulated thirty days in the RTI Act.

As per the provisions of the Act, RTI gives the citizen right to access any records related to their work. Proactive disclosure of information is the first step in RTI. The role of RTI is instrumental for a beneficiary in the following stages of MNREGA implementation:

- a) Registration as a worker and receiving a 'job card'
- b) Applying for and receiving work
- c) Ensuring peoples participation and control over the planning process
- d) Organization of the work site and measurement of work
- e) Payment of wages or payment of unemployment allowance
- f) Social audit after the work is completed
- g) Monitoring of the complaint and redress machinery

b) Information through Application:

Apart from information provided through proactive disclosure, any citizen is eligible to obtain details using the right to information act. Open access to all records for inspection, and the right to receive certified copies of any documents on demand, are two essential right to information entitlements. The MNREGA operational guidelines state that "People should know who to apply to for information and for gaining access to records....Fees charged for copies of MNREGArelated documents should not exceed photocopying costs....Requests for copies of REGS-related documents submitted under NREGS should be complied with within seven days."

To make the mission of MNREGA a reality, it has been stated in the guideline that 'no request should be refused under any circumstances'. Interested parties not only can obtain information but also can ask for samples of construction materials and visit site. Here transparency to be maintained not only in the quality of work but also in maintaining a quality environment for the worksheet where people are engaged in manual work. The act gives right to any citizen to visit the worksite and check the working environment as well as facilities which should be available. The guideline also specifies that the name and contact address of persons from where such additional information could be sought must be made public. Their names and addresses have to be displayed in the Panchayat or block even district offices.



In the West Midnapur district of West Bengal, when 385 tribal workers did not receive any payments after months of completion of work, approached the gram Panchayat. But they were told that the block office has not transferred any amount. Knowing that they filed RTI with BDO (Block Development Office) and found that Rs. 12, 08,350/- has already been discharged long back. With the help of local NGO these workers started their fight to get their due.

c) Social Audit:



The third pillar of the people's right to information in NREGS is the use of the platform for People's participation facilitated by social audit. In this context it must be remembered that social audit or public audit is a continuous ongoing process, through which people can participate in the monitoring and implementation of the MNREGA. Section 17 of the MNREGA again reads that regular social audits be conducted in the Gram Sabhas at least every six months. The guidelines state: "An innovative feature of the National Rural Employment Guarantee Act is that it gives a central role to 'social audits' as a

means of continuous public vigilance (MNREGA, Section 17). One simple form of social audit is a public assembly where all the details of a project are scrutinized. However, 'social audit' can also be understood in a broader sense, as a continuous process of public vigilance."

It was felt that active community participation was particularly important for ensuring transparency and public accountability. Thus, there is a role for all grassroots institutions such as workers' associations, local beneficiary committees, self-help groups, civil society organizations and women's groups in spreading awareness, mobilizing workers and in monitoring the implementation of the Scheme. It gives any citizen the legitimacy, not just to seek information but also record complaints, suggestions, and demand answers in the public domain. It allows for collective evaluation, and use of the non written mode, and it mandates demystification of documents and procedures.

The MNREGA guidelines dedicate an entire chapter (11) to compulsory social audit. The chapter lists eleven stages of the program where an individual or group can intervene to ensure public vigilance. The last stage is the mandatory six monthly social audit forum, where the Gram Sabha is to come together to look at a mandatory set of questions related to all the work carried out in the preceding period. These include, but are not restricted to a set of sixty questions that citizens can ask about implementation of the program at its various stages.

### CAG Not Happy With NREGA Performance

Recently, the Comptroller and Auditor General (CAG) tabled a report covering the period 2007 – 2012 on the Rural Employment Guarantee Act. It concluded that monitoring by the Center is unsatisfactory. It says only 30 per cent of 129 lakh works worth over Rs 126,000 crore approved in 14 states were completed. Barely 30 percent of NREGA works completed, while Bihar, Maharashtra and Uttar Pradesh used only 20 percent of funds. Rural households' work is down from to 43 per cent from 54 per cent.

It also found that the actual average employed declined to 43 days, less than half of the promised 100 days work. The highest number of ghost workers - workers who exist only on



paper - was found in Karnataka, while misappropriation of funds was highest in Assam. It also finds Block Development Officers issuing cheques in their own names.

The Centre and the state governments, including Congress ruled states, both are responsible in not implementing rules, according to the report. CAG recommends that shortfall of staff needs to be looked at.

#### CAG Findings on NREGA in Numbers

- 43 days - days of work per household in 2011-12, slipping from 54 days in 2009-10
- Job cards were not issued to 12,455 households in six state
- In 31% of verified Panchayats, NREGA annual plans were not prepared or were prepared incompetently
- Only 30% (39 lakh out of 129 lakh total) of the approved works completed
- 95 lakh cases of wrong wage calculations found in 18 States
- 1.1 lakh cases of wrong bill amounts for the purchased materials under the scheme
- 14,764 – duplicate job cards found in Ranchi district of Jharkhand alone
- 37,229 – workers not paid unemployment allowance in two districts of Assam
- 2,016 – ghost workers found in two Panchayats of Assam
- In several States, social audits conducted poorly or not conducted at all
- States - prominently Uttar Pradesh, Madhya Pradesh, Haryana - do not maintain work inspection records
- 18 to 54% of the Gram Panchayats checked showed irregular NREGA records
- 39 – districts not visited by the national level monitors of the ministry even once between 2007-11

#### Four Important Latest Reports:

[CAG Report on NREGA April 23, 2013](#)

(Chapter Wise downloads available here)

(Prepared by the Comptroller and Auditor General of India)

[Chapter 17: Planning Commission Report on Rural Development](#)

(Prepared by the Planning Commission)

[MGNREGA: Report to the People, Feb 2013](#)

(Prepared by the Ministry of Rural Development)

[NREGA Operational Guidelines, 2013](#)

(Prepared by the Ministry of Rural Development)



## Challenges in The Implementation Of NREGA

### 1. Poor administrative and planning skills

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

In many places, Roger Sevaks have been appointed to advise gram Panchayats, to provide technical inputs, preparing the budget or village level planning needs, but they themselves are not adequately trained. There is the general deficiency of adequate administrative and technical manpower at the Block and Gram Panchayat (GP) levels, especially at the Program Officer, Technical Assistants, and Employment Guarantee Assistant levels. The lack of sufficient manpower adversely affects the preparation of plans, scrutiny, approval, monitoring and measurement of works, and maintenance of the stipulated record at the block and GP level. Besides affecting the proper implementation of the scheme, which means less employment opportunity for the poor, this also impacted adversely on transparency.

### 2. Inadequate awareness

NREGA is a rights based program, guaranteeing 100 days of employment to poor households in rural areas. However, due to poor awareness among the rural population, people don't know about their basic entitlements such as job cards, minimum wage amount, minimum number of employment days, unemployment allowance, etc. Even Panchayats, Rozgar Sevaks and block development officers are ignorant about all the details of the scheme. They are poorly informed about various processes like registering household, forming vigilance committees, making muster rolls, etc.

Under NREGA there is a provision of unemployment allowance in case the local authorities fail to provide employment, however there is a widespread ignorance about how to avail the allowance. Sometimes even the officials deliberately hide this information as they fear punishment for not providing jobs. This not only leads to corruption but also to poor management of the scheme and thus the true potential of the NREGA is not being realized.

### 3. Discrimination Against Women and Weaker Sections



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

It has been reported that in some regions few job cards are issued when the applicants are women, or there are delays in the issue of cards. Women are often misled by saying that the manual labor under the NREGS is not meant for them as it involved digging and removing soil. Sometimes workers are expected to bring their own tools, such as spades



and shovels; this also makes it difficult for women carrying infants. Moreover the lack of facilities such as drinking water, a crèche at the work sites, etc adds to the problems of the women workers.

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

#### 4. Corruption and Irregularities

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

You may like to read: [Why was Niyamat Ansari Killed?](#)

#### 5. Delay in Payment of Wages



According to the NREGA guidelines, payments for the work should be made within 14 days of the completion of the work. However delay in payment and incorrect payments are a common problem under NREGA. This delay can be from several weeks to sometimes months. Often workers have to make several visits to the post office or the co-operative bank only to find that their wages have not been credited into their accounts. Sometimes the delay is because the project was carried out without proper approval, resulting in delayed receipt of funds.

There is only one instance where compensation was paid to the workers only after the intervention of the social activists. There must also be an independent grievance Redressal system under NREGA.

In Rajasthan a lot of people prefer to migrate than take up work in NREGA; for instance, read [this report](#).

#### A Success Story of Compensation!

78 persons worked at three sites in the Tirla gram Panchayat in Jharkhand under the National Rural Employment Guarantee Scheme, but did not get paid for over 2 years. With the help of a Sahayata Kendra, set up by university students and local volunteers, protests were lodged and a hearing was held to resolve the matter. It was agreed that since the records were missing, the workers would be paid a flat compensation of Rs.3,000, as per Section 30 of the National Rural Employment Guarantee Act. It took another delay of two months and another Camp court hearing to release the compensation money.

#### 6. Challenges in Creating Useful Assets

So far, NREGA projects have been focused on rainwater harvesting and conservation, desilting of canal distributaries, desilting and renovation of old ponds/tanks and digging up of new farm ponds, etc. There is a need of creating/identifying new employment opportunities and connect various programs run by the Central and the State Governments with NREGA. Importance should also be given to afforestation under NREGA by linking it to other forestry programs. Rural Sanitation is another area which can be dovetailed with this



program. This will also help in the rural health policy and achieving the goals of the National Rural Health Mission (NRHM).

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

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

#### 7. Problem of Labor Availability and Inflation

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

High labor costs due to non-availability of labor is resulting in high cultivation cost and thus leading to higher food prices. Many critics feel that by focusing on the employment and not on the creation of assets, the scheme merely redistributes the money leading to inflationary pressures. Possibilities of NREGA being dovetailed with the farming activities, so as to minimize its adverse effect on agriculture, should be explored. A good way is to have NREGA activities only when there is no sowing or harvesting activities.

## THE WAY FORWARD



It must be understood that NREGA cannot be a long-term solution to the unemployment problem of rural India. A comprehensive and a more sustainable solution that creates large-scale self-employment opportunities in the secondary and tertiary sectors in the rural areas, stimulates demand and last but not the least, increases rural productivity still need to be found.

While the efforts to raise awareness and strengthen social auditing must go on, the following would also contribute towards making the scheme further effective:

1. Allow NREGA work on private lands of small and marginal farmers
2. Increase the use of machinery in NREGA projects
3. Permit a new set of projects under NREGA including, construction of buildings and sports stadiums
4. Identify tasks for vulnerable groups such as women in special circumstances, citizens over age of 65, differently-abled people. A partial list of such tasks may include, Drinking water arrangements, Assisting in looking after children, Plantation, Filling pans with



- sand/pebbles, Sweeping kuchcha roads with brooms, Farm bunding, Carrying cement and bricks, Sprinkling water on newly built wall, Pouring water, putting pebbles, Land leveling
5. Appoint ombudsman in each district for grievance Redressal
  6. Go beyond unskilled manual work by including "measurable" semi-skilled services like fishery and carpentry
  7. Converge with the projects of other ministries
  8. Appoint dedicated staff at the district level to educate people of their rights
  9. The auditing should be done through an extra government agency in addition to the Gram Panchayat to check mishandling of funds
  10. Panchayat should be empowered financially and job responsibility should be distributed to all the elected members. Some amount of NREGA programs may be granted as the remuneration of the elected Panchayat members.
  11. The NREGA program should run when there is no harvesting or sowing activity
  12. All natural water bodies & forest areas should be brought under the NREGA program to make it as income generating units.

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## ANNEXURE

### Transparency and Public Accountability Rules

#### I Rules for Planning and Execution of Works

Planning, approval, funding and execution of projects under NREGA shall be done as provided under Section 13, 14, 15, 16 and 22 of NREG Act 2005.

##### Planning for Shelf of Works

- (a) The Gram Sabha will recommend works with priorities to the Gram Panchayat to prepare an annual shelf of works.
- (b) There shall be no delays in the approval of the shelf of works at any level. The following time limit shall be adhered to by the Agencies responsible for planning and approval of works at different levels.

##### (A) At the Gram Panchayat Level

It shall be the duty of Program Officer to ensure the following activities:

- a) Convening of Gram Sabha for recommendation of a shelf of works with priority by 2<sup>nd</sup> October of each year.
- b) In the Gram Sabha meeting so convened, the Gram Panchayat will estimate the labor demand likely to be raised in the next financial year. The Sarpanch/ Panchayat Secretary/ Gram Rozgar Sahayak will ensure that this meeting is attended by households holding job cards and who have worked under NREGA.
- c) Gram Panchayat will indicate the works that it will execute to meet the estimated demand and also recommend executing agencies for each work. The priority in which works have to be taken up must also be mentioned.
- d) Approval and consolidation of all Gram Panchayat recommendations into the village development plan and its submission to Intermediate Panchayat by the Gram Panchayat shall be completed within fifteen days of receiving all the Gram Sabha recommendations.
- e) Receipt of all Gram Panchayat Development Plans including a copy of the resolution recommending the works to be taken up in the following financial year and their priority by the Program Officer in the 3<sup>rd</sup> week of October.
- f) The Gram Panchayat will have the power to open work be started based on the order of priority. If the executing agency is other than the Gram Panchayat, then the Gram Panchayat may request the concerned executing agency to open work within 15 days of demand received. In case, the executing agency fails to do so within the designated timeframe, the Program Officer will be responsible for initiating action and the opening of the next prioritized work.

#### NREGA can Revolutionize the PRIs

NREGA empowers citizens to play an active role in the implementation of its projects, through Gram Sabhas, social audit, participatory planning and other activities. In fact, the real significance of the act is the potential to mobilize the poor and marginalized sections. The NREGA can become a major new instrument for galvanizing Panchayat raj institutions in India.

##### (B) At Block level

##### Scrutiny of Gram Panchayat's Development Plans



(a) Program Officer shall complete scrutiny and coordination of Gram Panchayat Development Plans into a Block shelf of projects and ensure its submission for approval to Intermediate Panchayat by the week of 3rd week of November.

(b) Intermediate Panchayat shall maintain the priority among different works indicated by the Gram Panchayat. It is possible that there may be a need for works that involve more than one Gram Panchayat. Only such works shall be included by the Intermediate Panchayat. The Intermediate Panchayat will not include works that are limited in their scope to an area within the jurisdiction of one Gram Panchayat.

(c) Intermediate Panchayat shall approve Block Plan within 15 days of the submission by program Officer.

(d) The Program Officer shall submit the Block Plan to the District Program Coordinator by the end of November.

(C) At District level

(a) Consolidation of Block Plans into District Plan & maintenance of priority of works

The District Program Coordinator shall consolidate Block Plans into a District Plan within a fortnight of receiving all the Block Plans. Only works that are inter- Block may be taken up. The District Program Coordinator shall scrutinize the Block Plans; examine the appropriateness, adequacy of works in terms of likely demand as well as their technical and financial feasibility. However, while doing so, the priorities of the Gram Panchayat and the priorities of inter Gram Panchayat works as indicated in the Block Plan by the Intermediate Panchayat shall be maintained. The District Plan will indicate the executing agencies for each work.

(b) Block wise shelf of projects, Labor Budget and their approval

i. Based on the District Plan, the District Program Coordinator will formulate the draft labor budget in the format prescribed by the Government of India. Based on the District Plan, the District Program Coordinator will formulate the draft labor budget in the format prescribed by the Government of India enclosed. The Labor Budget will be prepared based on a realistic estimate of the number and kind of works to be taken up, as derived from the annual shelf of projects in the Development plan to be prepared by Panchayats. If a sharp rise in the employment demand is estimated, a proper justification for this should be clearly presented by the district in a narrative form along with the Labor Budget. The labor Budget cycle shall be from April to March.

ii. The District Program Coordinator shall submit Block wise shelf of projects and the Labor Budget based on it to the District Panchayat by 3<sup>rd</sup> week of December. District Panchayat shall approve Block wise shelf of projects and the Labor Budget by 31<sup>st</sup> December. Approval of projects shall also include technical sanction and administrative sanction of projects.

iii. No additional works would be permissible after approval of the labor budget for a particular year. Only in exceptional and unforeseen circumstances like natural calamities- floods, heavy snowfall, etc. works besides those included in Shelf of Projects may be considered only after satisfactory justification provided by the District Program Coordinator and after approval of the Zilla Parishad.

iv. The entire exercise shall be undertaken and completed by 31st December of the year preceding the year for which shelf of projects and the Labor Budget are being formulated.

v. Timely scrutiny and approval at each level is essential to ensure that adequate numbers of works with administrative and technical approvals are available to meet the demand for employment. All efforts shall therefore be made by concerned implementing agency to



scrupulously and strictly adhere to the time limit. However, if a level fails to approve the plan proposal within the time limit prescribed above, it shall be deemed to have been approved and the next level of implementing agency shall be free to act upon and take necessary action.

vi. The District Program Coordinator shall forward the Labor Budget to the State Government. Labor Budget along with the recommendations shall be forwarded to the Ministry of Rural Development by State Government by the end of January.

vii. The State shall certify while sending the Labor Budgets of all the Districts shall be furnished to the Central Government to the effect that all Statutory Provisions as envisaged in the Act have been taken care of in the implementation of the Act. Labor Budget along with the recommendations shall be forwarded to the Ministry of Rural Development by State Government by the end of January.

viii. After approval of the Labor Budget by the Ministry of Rural Development, the District Program Coordinator will be responsible for intimating to the Program Officers and all Gram Panchayats the approved labor budgets and shelf of projects along with technical and administrative sanctions by February end.

#### (D) Executing Agencies

(a) Statutory minimum of 50 per cent of the works in terms of costs will be executed by the Gram Panchayats. Up to 100 per cent of the work may be allotted to the Gram Panchayat in the Annual Shelf of Projects.

(b) Works within the jurisdiction of Gram Panchayat will normally be executed only by the Gram Panchayat, unless the Gram Panchayat specifically indicates another agency permissible under the Act.

(c) Line Departments shall give technical support in the nature of estimates, measurement, and supervision of the works executed.

(d) A work to be executed by a line department, must have been approved of in the shelf of projects approved prior to commencement of the year and the concerned line department must be approved as the executing agency in the shelf of projects. The work will be opened only when work is allocated by Gram Panchayat or Program Officer to job card holding households seeking employment and executed by Executing Agency. Muster Rolls for each work will be maintained. No overhead charge will be given to any line Department for the work execution.

(e) No allocation of work to a line department as an implementing agency will be permitted at any level if that work and the identification of that line agency to execute that work has not already been included in the shelf of projects and approved by the Gram Panchayat /Intermediate Panchayat/Zila Parishad through the process prescribed under Section 13,14, 15 and 16 of the NREG Act.

(f) Wages to workers in a work executed by the line department would be paid through Post Offices/Banks wherever individual/joint accounts have been opened irrespective of executing agency.

(g) The implementing agencies must maintain a separate account for works undertaken in NREGA

#### (E) Work Execution

(a) Once a demand for employment is received, works will be started from the shelf approved works ready with technical and administrative sanctions in order of priority by Gram Panchayat or other Executive Agency.

(b) To avoid duplication, a unique identity number will be given to each work



(c) Before starting a work, the Gram Panchayat shall inform the Program Officer, so that the Program Officer may issue the required muster rolls. Each muster roll shall have a unique identity number and be certified by the Program Officer. The format of the muster roll will be as specified by the Government of India.

(d) Numbered Muster Rolls will be maintained on the worksite. No kuchcha muster roll will be used.

(e) A detailed record of muster rolls will be maintained in the registers as prescribed by the Government of India.

(f) All work must be executed by the workers who have job cards and who have demanded work. This is necessary to avoid contractors.

(g) No person below the age of 18 shall be permitted to work under NREGA projects.

(h) Measurement of work will be recorded in the Measurement Books maintained by qualified technical personnel in charge of the worksite.

(i) On completion of every work, the Village and Monitoring Committee will submit a report certifying that the work has been completed satisfactorily and details of the work will be recorded in the Works Register in the format prescribed by the Government of India and proactively displayed as per Section 1 of Public Access to Information Rules

#### (F) Transparency in executing works

(a) A Citizen's Information Board must be put up at every worksite and updated regularly in the manner prescribed by the Government of India.

(b) The public must be able to access muster rolls on demand on the worksite for all days during all working hours.

(c) Every week, five workers must verify and certify all the bills/vouchers of their worksite.

(d) A copy of the sanction/work order must be available for public inspection at the worksite

(e) Measurement records for each work and worker must be available for public inspection.

(f) The vigilance committee should check all works and their evaluation report will be submitted to the Gram Sabha during Social Audit in the manner prescribed by the Government of India.

(g) Entries of wage payment with signature of a concerned official will be entered in the Muster Rolls.

(h) The workers will counter-sign their attendance and wage payment on the Muster Roll at the worksite

#### (G) Accountability

(a) Overall responsibility for timely approvals at the Gram Panchayat and Block level shall vest with the Program Officer and for the district as a whole with the District Program Coordinator.

(b) Noncompliance with the rules and any deliberate or intentional delay in approving the works or resorting to dilatory tactics would be viewed seriously and any official/agency found guilty on this account shall be liable to face penalties as per the Act.

## II. Public Access to Information Rules

### Proactive disclosure



Proactive disclosure means “Voluntary disclosure” of information at Work-site, Gram Panchayat, Block, District, State and National level and includes composite mediums of display and communication.

#### I Disclosure of Information

1. At worksite shall be through display and reading. The display shall include information through Citizen Information boards with details (Format 1), access to Muster Roll and Measurement Book of works in progress. It also includes information regarding attendance, work done and wages paid and pending by reading aloud of Muster Rolls in the presence of workers at the end of the day by Mate/ Gram Rozgar Sahayak.
2. At Gram Panchayat Office shall be through display of information on the boards as per Format 2 (a, b, c). Approved Annual Shelf of Works and Monthly Progress Reports of current and previous month shall be displayed. Name and contact information of Sarpanch, Gram Rozgar Sahayak, Vigilance and Monitoring Committee members, Grievance Redressal Officer, features of the Act and helpline number must also be displayed.
3. At Block Office shall be through display of all the information on MIS Website and Block level current & previous month's MPR. Labor Budget and Fund Flow Statement and Expenditure of current financial year for the Block( Format 3 a) , must also be displayed at the Block Office. Muster Rolls of all ongoing works shall be uploaded on the MIS with effect from the date of notification of the Rules.
4. At District and State will be through a free downloadable electronic form through MIS and Monthly Progress Reports and display of current & previous month's MPR (MPR I-VIII) at the district office. Approved Annual Shelf of works, Labor Budget, and Fund Flow Statement and Expenditure of current financial year for the District/State (Format 3 b& c), must also be displayed at the District/ State Office.
5. At the National level, will be through a free downloadable electronic form through MIS and Monthly Progress Reports. An Annual Report shall be submitted to Parliament by 31st December and an abstract of the Report publicly disseminated through the website and wide circulation.

#### II Scrutiny of Records

6. The NREGA shall allow scrutiny of all records of ongoing works in the Gram Panchayat by workers/households provided employment under NREGA, free of cost, at the location where the records are in use or stored (for instance, the Gram Panchayat Bhawan). They will be allowed to check the records anytime during the working hours of the Gram Panchayat Office immediately on oral/written application. The Gram Rozgar Sahayak will note the details- Job Card ID, date of scrutiny and name of records checked by the household/individual. For all records of previous works done shall be made available within 24 hours, but not later than three working days from the time of oral/written application for scrutiny. Scrutiny will include the right to inspect works or records and copy by hand any part of the records asked for. Request for copies of documents and scrutiny of works already completed in the previous financial year or before shall by application through RTI. In case the records are not furnished, the reasons will be recorded and the applicant may file a complaint with the Program Officer.
7. For all other individuals/groups, records of ongoing works will be available for scrutiny on every Employment Guarantee Day.

#### Employment Guarantee Day

8. The “employment guarantee day” shall be held for pro-active disclosure preferably once a week but not later than a fortnight at the Gram Panchayat level; once in a month at the Block level; once in 3 months at District level; once in 6 months at the State level; and 2nd of February at the National level.



9. The days for "employment guarantee day" at Gram Panchayat will be fixed every week and widely proclaimed to ensure participation. Similarly, dates for "employment guarantee day" at the Block, District and State level will be fixed at each level and Widely proclaimed at least 15 days in advance to encourage wide participation. Employment Guarantee Days shall be attended by workers and community Members; Head/ President of the Gram Panchayat, Program Officers, District Program Coordinators, media; and Secretary/ representative of the Secretary, at the National level.

10. Individuals/groups may also submit requests for scrutiny of documents of previous works completed which shall be made available in the next Employment Guarantee Day. In case the records are not furnished, the reasons will be recorded and the applicant may file a complaint with the Program Officer.

#### Application through RTI

11. Request for copies of records, shall be made by the Application under RTI or procedure laid down by the State Scheme. The procedure for disclosure under the State Scheme shall not dilute the provisions under RTI.

12. Request for information shall be made in person or by post to Sarpanch at the Gram Panchayat level, Program Officer at Block level and District Program Coordinator at District level.

13. The application fees will be charged as per RTI Act. Fees charged for copies of NREGA related documents should be reasonable and in any case not exceed photocopying costs.

14. If the applicant fails to receive the information within the time frame set by RTI or the State Scheme whichever is earlier, he/she can file a complaint under Section 23(6) of the NREGA, with the Program Officer. In addition to taking necessary under Section 23 (6), the Program Officer shall procure the copies applied for from the Gram Panchayat and provide it to the applicant within seven days of receiving the complaint.

15. Denial of Information on demand shall be treated as per the provisions of RTI Act/Complaints.

#### Accountability

16. Program Officer will be accountable for compliance and strict enforcement of the NREGA and Rules in the Gram Panchayat and Block. The Collector or Chief Executive Officer of the District Panchayat will be accountable for compliance and strict enforcement at District level. The State Secretary will be accountable for overall compliance and strict enforcement within the State.

17. Non compliance and violation of these rules will call for action by the Central Government under 27 (1).

### III Social Audit Rules

1. "The Gram Sabha shall conduct regular social audits on all projects under the Scheme within the Gram Panchayat." (Section 17, NREGA). Social Audit will be held at least twice a year. The three main stages in a Social Audit include Preparatory phase, Social Audit and Post Social Audit phase.

2. A Social Audit Committee will be constituted to facilitate the proceedings of Social Audit by the Gram Sabha and undertake activities for the preparatory phase. Gram Sabha may elect the composition of the Social Audit Committee but the Committee will necessarily consist of at least 9 members including Vigilance & Monitoring Committee, 6 workers who have worked in current/previous works under NREGA of the same Gram Panchayat, members of disadvantaged groups and not less than one third members of the Social Audit



Committee shall be women. The Social Audit Committee will not include the ruling Sarpanch or any members of the current Panchayat.

#### Social Audit

The idea of the social audit was born in the early 1990s out of a larger struggle to ensure minimum wage regulation in drought relief works and the availability of subsidized food and other essential commodities to the poor through the public distribution system (PDS) spearheaded by the Mazdoor Kisan Shakti Sangathan (MKSS) a grassroots organization based in Rajasthan. There was widespread corruption both in the provision of wages in relief works and the supply of essential commodities through the PDS system. The MKSS surmised that the primary reason this large scale corruption proliferated unchecked was that all government programs were implemented under a shroud of secrecy which masked the misuse of funds. Official records were never shared with citizens as a result of which they were unable to question officials and demand accountability. The right of people to know what their governments are doing and how government funds are being spent thus became the central point of the MKSS's struggle.

#### Preparatory phase

3. Preparation for Social Audit shall be by designing "Social Audit Calendar" by District Program Coordinator for all Block/Gram Panchayats.

4. An advance announcement of the Social Audit will be made; preparation for Social Audit will include collating information and copies of relevant documents; worksite verification and muster roll verification and display and dissemination of summary of documents shall be done at least 15 days in advance by the Social Audit Committee.

5. All relevant documents, including complete files of the works or copies of them, shall be available for inspection at the Gram Panchayat, Block Office and Offices of Implementing Agencies to the Social Audit Committee.

#### Social Audit

6. The Social Audit Forum shall be convened at least once in every six months.

7. The Program Officer shall notify in writing all the Public Representatives and also concerned staff implementing the NREGA well in advance to ensure that they are kept informed about the process and are present at the Social Audit Forum.

8. The Social Audit shall be presided by any person selected by the Gram Sabha, who should not be part of the current Panchayat or any other Implementation Agency. He/she must not be the Panchayat President or the ward Panch.

9. The information shall be read out publicly, and the people shall be given an opportunity to seek and obtain information from officials, verify financial expenditure, examine the provision of entitlements, discuss the priorities reflected in the choices made, and critically evaluate the quality of works as well as the services of the program staff.

10. The "action taken report" relating to the previous Social Audit shall be read out at the beginning of each Social Audit.

11. The Mandatory Agenda, which refers to the minimum agenda of every Social Audit, includes the transparency checklist, shall be followed in the Social Audit.

12. The Minutes shall be recorded by the Secretary in the prescribed format and signed before and after the completion of the Social Audit by all participants. Any dissent/objections shall be addressed and recorded in the minutes.

13. All officials responsible shall be present at the Social Audit and shall respond to the queries.

14. The Social Audit shall be open to public participation. Any outside individual person / group / NGO apart from the Gram Sabha and Social Audit Committee shall be allowed to



attend the Social Audit as observers without intervening the proceedings of the Social Audit.

Post Social Audit phase

15. All Action Taken Reports shall be filed within a month of convening of the Social Audit.
16. All findings related to Contravention of the Act shall be treated as complaint and inquiry shall be conducted for any dispute in the findings.
17. Any Fund Deviations shall follow with an Action against the concerned person and fund recovery shall be expedited.
18. While certifying the accounts of the NREGS the Government Auditor shall take cognizance of any complaint, regarding financial irregularities or misappropriations, raised through a Social Audit before certifying the accounts.

Accountability

19. The Program Officer shall be responsible for timely Social Audits and follow up action at Block.
20. The District Program Coordinator shall ensure that regular Social Audits of all works within the jurisdiction of the Gram Panchayat are carried out by the Gram Sabha
21. District Program Coordinator shall review that the Social Audits are convened and prompt action taken.
22. The Program Officer shall notify, in writing, to all concerned, including Village Vigilance and Monitoring Committee, laborers as well as village community, in advance to ensure that they are kept informed about the process and are present at the Social Audit Forum.
23. If the Program Officer is unable to adhere to the timeline, the Village Vigilance Committee or anybody from the local community will take charge.
24. The Program Officer shall ensure that the details of all the works under Implementing Agencies are submitted, consolidated and pro-actively displayed in GP Office, Block Office provided for Social Audits.
25. In addition to the items of cost to be met by the Central Government as listed in Section 22, the Central Government shall meet the costs of establishing and running a "Social Audit Cell" at the State level as well as the activities undertaken for supporting/conducting a social audit in the field.
26. Program Officer will be accountable for compliance and strict enforcement of the NREGA and Rules in the Gram Panchayat and Block. The Collector or Chief Executive Officer of the District Panchayat will be accountable for compliance and strict enforcement at District level. The State Secretary will be accountable for overall compliance and strict enforcement within the State.
27. Non compliance and violation of these rules will call for action by the Central Government law under 27 (1).

#### IV Grievance Redressal Rules

1. Complaints shall be filed at Gram Panchayat Office/Block Office/ District Office/ State Office authorized to deal with the grievance redressal at the state level. All complaints shall be forwarded to the Grievance Redressal Officer at that level.
2. Complaints shall be filed in the prescribed format (Format -IV) with specific details and contact information of the complainant.



3. The Sarpanch will be the Grievance Redressal Officer at the Gram Panchayat Level, the Program Officer shall be the Grievance Redressal Officer (GRO) at the Block Level, the District Program Coordinator at District level and the State will designate an officer not less than the rank of the Secretary as the Grievance Redressal Officer of the State Cell at the State level.
  4. The Program Officer shall enter every complaint in a complaint register maintained by him and dated and numbered acknowledgement (Format IV) shall be issued.
  5. Inquiry through spot verification, inspection and disposal shall be completed within 7 working days.
  6. Complaints that fall within the jurisdiction of the Program Officer (PO), including any complaints concerning the implementation of the Act by a Gram Panchayat, shall be disposed of by the PO within 7 days, as prescribed under Section 23(6) of the Act. In case a complaint relates to a matter to be resolved by any other authority, the Program Officer shall conduct a preliminary inquiry and refer the matter to such authority within 7 days under intimation to the complainant.
  7. Failure to dispose of a complaint in seven days will be considered a contravention of the Act by the Program Officer, punishable under Section 25. Complaints against such failure will be lodged with the District Program Coordinator.
  8. In case of a prima facie evidence regarding financial irregularities the Grievance Redressal Officer shall file a First Information Report.
  9. In case of other violations of Indian Penal Code, like violence, intimidation the complainant shall file a First Information Report. The Grievance Redressal Officer shall facilitate the filing of First Information Report.
  10. Where the Program Officer finds that one or more of the specific violations of the Act listed in Annexure I (Contraventions of the Act) has taken place, he/she shall take immediate steps to redress the grievance, make a "reference" to the District Program Coordinator.
  11. State Government/District Program Coordinator/Program Officer or any other authority authorized by the State Government may inquire into any complaint on its own will or through reference and establishment of guilt will impose the penalty against the concerned guilty under Section 25 of the Act.
  12. In case the concerned authority finds violation of entitlements, it will be responsible for informing and redressing the person/party aggrieved. The concerned authority will be responsible for such grievance Redressal with a week and not later than 15 days.
  13. The action taken shall be Informed to the complainant and disclosed in two vernacular newspapers in a prescribed format once a quarter.
  14. The action taken on the complaints received by the Program Officer and the District Program Officer shall be placed before the meetings of the Intermediate Panchyat and the District Panchayat respectively.
- Appeals
15. Appeals against the orders of the Gram Panchayat shall be made to the Program Officer; those against the orders of the Program Officer shall be made to the District Program Coordinator; those against the District Program Coordinator shall be made to State Commissioner- NREGS, Divisional Commissioner- NREGS, and State Grievance Redressal Officer.
  16. All Appeals shall be made within 45 days of the order issued.
  17. All Appeals shall be disposed off within one month.



18. The guilty shall be penalized as per the Act.

Accountability

19. Program Officer will be accountable for compliance and strict enforcement of the NREGA and Rules in the Gram Panchayat and Block. The District Program Coordinator will be accountable for compliance and strict enforcement at District level. The State Grievance Redressal Officer will be accountable for overall compliance and strict enforcement within the State.

20. Noncompliance and violation of these rules will call for action by the Central Government law under 27 (1)

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