

# **Implementing the Employment Guarantee Act**

**A Survey in Chitradurga District, Karnataka  
August-September 2006**

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### Introduction

The National Rural Employment Guarantee Act [NREGA] was passed in 2005 by the United Progressive Alliance government in Delhi<sup>2</sup>. There has been wide ranging discussion on this Act<sup>3</sup>. With its base in law, NREGA is very different from the many centrally sponsored schemes of the union government. This Act *guarantees*, to every rural household, a maximum of 100 days of employment at a prescribed wage, on demand, within 15 days of the request for work within three kilometres of one's residential area. Apart from providing a cushion for the very poor, it is also hoped that this will reduce distress migration away from rural areas. This is a demand based programme, to be *implemented by the local self governments* [panchayats] created by the 73<sup>rd</sup> constitutional amendment. The panchayats, with the approval of the gram sabhas, decide upon the works to be undertaken<sup>4</sup> and much else. The Act has been widely welcomed<sup>5</sup> although there are some legitimate concerns<sup>6</sup>.

Detailed Rules for the implementation of the Act have been framed<sup>7</sup>. These Rules explain how it is important, in implementing the NREGA, to undertake local planning exercises through panchayats to build a 'shelf of project works'. They give meaning to bottoms-up planning with approval at the gram sabha a key element in the process, along with co-ordination in the District Planning Committee. These Rules are subordinate legislation, and differ from the 'guidelines' issued for central schemes. The NREGA is unique in this respect. Special efforts will be needed to get all those responsible for the implementation of the NREGA familiar with these requirements.

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<sup>1</sup> We are grateful to Dr S.S. Meenakshisunderam, Ford Foundation Fellow at the Public Affairs Centre, Bangalore for encouraging us to take up this study, and for partial funding of the work. We retain responsibility for all errors and opinions. Dr Poornima Vyasulu co-ordinated the project as Principal Investigator. Usha Nayak and Madhusudhan Rao took part in the training and supervision of field investigators, who were supervised in the field by Oblesh. Report writing was the responsibility of Poornima Vyasulu, with support from Usha Nayak, Madhusudhan Rao and Vinod Vyasulu.

<sup>2</sup> Available on the Ministry of Rural Development website: <http://nrega.nic.in/rajaswa.pdf>

<sup>3</sup> See the report of one such workshop:

<http://www.epw.org.in/showArticles.php?root=2004&leaf=12&filename=8020&filetype=html>

<sup>4</sup> That this aspect has received much less attention in the debate is pointed out by A. Vaidyanathan. See <http://www.epw.org.in/showArticles.php?root=2005&leaf=04&filename=8526&filetype=html>

<sup>5</sup> See Mihir Shah, <http://www.epw.org.in/showArticles.php?root=2004&leaf=12&filename=7998&filetype=html>,

<sup>6</sup> Again, Mihir Shah, <http://www.epw.org.in/showArticles.php?root=2004&leaf=12&filename=7998&filetype=html>.

<sup>7</sup> See [http://nrega.nic.in/nrega\\_council\\_rules.pdf](http://nrega.nic.in/nrega_council_rules.pdf). To implement the NREGA in accordance with these Rules, orientation at all three levels of the PRIs is essential.

NREGA has been launched in 200 districts of the country from February 2006. If it works as expected, it may lead to major changes for the better in rural India.

### Involvement of Civil Society

There has been a great deal of involvement in the NREGA from civil society. The National Advisory Council was a champion of this legislation. Civil society has *assumed that the law passed can* be immediately implemented. It has now assumed a watch-dog role. The Mazdoor Kisan Sangharsh Sanghathan organised in June 2006 a massive ‘social audit’ of the NREGA in Dungarpur district of Rajasthan. The Wada Na Todo Abhiyan, a conglomeration of civil society groups, organised a similar ‘social audit’ in Ananthapur district of Andhra Pradesh, and plans another in Medak in November. On November 10, 2006, a ‘National Tribunal on the NREGA’ was held at the Indian Social Forum in Delhi, in which a large number of organisations took part.

These exercises threw up several problems in ground level implementation. Most of these exercises look at the work sites and the availability of facilities there—such as crèches for children or the availability of drinking water and first aid kits. And they have shown large gaps between the requirements of the NREGA and reality on the ground. These gaps are seen as failures of political will. But is this indeed the case? Does the capacity to implement this act exist in the agencies that are to implement it?

How is this gap to be bridged? Is it realistic to expect that no such gap will exist immediately after the NREGA is launched, in a situation of overall inefficiency of implementation of government programmes? Is the situation different—better—in a state like Karnataka where the panchayats have a longer history? These questions can only be answered by empirical studies.

### Need for Empirical Research

There has yet been little by way of field research on how the NREGA is working, on whether it is achieving its objectives: it is perhaps too soon. There have been a number of articles in the popular press, in particular *The Hindu*, and *Business Standard* that have drawn attention to specific issues, such as the use of the Schedule of Rates for measuring work. Careful field research would contribute to improving the implementation of the NREGA, and is important for this reason. This is a first step in this direction.

The few articles that are available point to a number of lacunae in the working of the NREGA<sup>8</sup>. We are not aware of any study that has examined the capacity of the panchayats—the issue pointed out by Vaidyanathan—to implement this ambitious Guarantee in spite of much discussion on capacity building of panchayats<sup>9</sup>. There has been no such survey, so far as we are aware, in Karnataka, where the NREGA is being implemented in 5 districts. This is an initial, small scale effort to examine this question in Karnataka. It is meant to help us

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<sup>8</sup> See <http://www.epw.org.in/showArticles.php?root=2006&leaf=07&filename=10328&filetype=pdf>, [Employment Guarantee in Jharkhand] for the views of Jean Dreze and Bela Bhatia.

<sup>9</sup> See for example the vigorous discussions in the UNDP sponsored ediscussions site—Solutions Exchange: <http://www.solutionexchange-un.net.in/index.htm>

understand issues and form the basis for a longer study—and suggestions for improvement if need be.

## Survey in Karnataka

We conducted a survey in August-September 2006 on the ground level functioning of the newly introduced NREGA in Chitradurga district—one of the five in which the NREGA is being implemented in the first phase<sup>10</sup>. Three regions were chosen—one near the district headquarters—Chitradurga; one far from it—Mulkalmooru; and one in the middle--Hosadurga<sup>11</sup>. In each of these regions, three Gram Panchayats [GPs] where the NREGA was being implemented were chosen for survey. In Hosadurga a GP in a dry area, one in a wet area, and one in a plantation area were chosen. In other taluks, distance from the hobli was also considered in selecting a GP for survey. In all 9 GPs were surveyed to study the working of the NREGA. There was considerable variation across these GPs.

The survey included, in each GP, structured interviews with elected representatives—including at least one woman, with local officials, especially the GP Secretary and Junior Engineer who is to certify the work and with people working under the NREGA at worksites. [These three schedules are attached in appendix 1]. The information sought covered their knowledge of the NREGA, the manner in which decisions were made, problems encountered in the process, and suggestions for improvement. This is a brief report of the findings. Details of each GP along the chosen parameters are available separately in a matrix we have prepared [appendix 2].

## Field Investigation

Field investigators were trained in the methodology and a pilot test was undertaken. A team of three people went to each GP, where they worked for at least three days, meeting the President, elected representatives, the Secretary, the Junior Engineer, and then they visited work sites within the panchayat and spoke to those who were working there. In addition, documents were collected from the GP office. Apart from 9 field investigators, there were two supervisors who visited the field to check on the process of data collection. The results were discussed in a workshop and the analysis was then written up. The draft report has been circulated among those with expertise in this area and revised to incorporate their suggestions.

## The Sample

The survey was conducted in the following GPs of Chitradurga district in Karnataka:

### Taluks

Hosadurga : 1. Maadadakere G P  
2. Belagooru G P

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<sup>10</sup> We have since learned from Dr Meenakshisunderam that this is 'the best performing district' for the NREGA in Karnataka.

<sup>11</sup> This sample is similar to that followed in Tamil Nadu in a related study of Dr Meenakshisunderam.

### 3. Hebballi G P

#### Molkaalmooru

1. A.Siddapura G.P
2. Kondlahalli G.P
3. J Buddenahalli. G.P

#### Chitradurga

1. Belagatta G.P
2. Bheemasamudra G.P
3. Kogunde G.P

### Findings from the Field

From the survey conducted in 9 GPs, the following broad findings emerge:

#### 1.Awareness about the NREGA

1.1 The NREGA was launched by the state in 5 districts after the law was passed by Parliament. *Most elected members of GPs got to know of the NREGA from newspapers.* The local administration is familiar with central government schemes, including the Food For Work and IRDP that were implemented earlier and have now been folded into the NREGA. In Karnataka, the main agency for development at the district level is the zilla panchayat, which was assigned this responsibility<sup>12</sup>. Individual members of the GP have been active in different ways [from taking custody of job cards to deciding on specific works] in the surveyed GPs but this varies across the GPs.

1.2 In the GPs surveyed, the Secretary of the GP was important in the implementation of the NREGA. In a few GPs, the President was also active and worked together with the Secretary. The *GP as a body* had not discussed the NREGA in a formal way; while the claim was made that the gram sabha had approved the plans, there was no strong evidence of its active involvement.

1.3 the level of awareness about the NREGA varies, but is not complete anywhere. For example, they [ERs and officials] do not know—or accept—that crèches must be provided at worksites. The idea of compensation if work is not provided, a unique aspect of NREGA, is not accepted. It is interpreted as “no wages if people do not work”.

#### 2. Job Cards

2.1 Job cards have been issued to families, with a page for each worker within the family. There is no provision for recording attendance or wages due. *These job cards, in several GPs, were kept with the ward members, not with the families.* In some GPs, Rs 100-150 was collected from each person to whom a job card was issued.

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<sup>12</sup> This role was not investigated in this survey.

2.2 All those to whom job cards were issued did not report to demand work. The job card was issued on demand, and many took it as it may be helpful later. Not all who took it wanted work.

### 3. Wages

3.1 Everyone was aware that the wage to be paid for work under the NREGA was Rs 62.50—raised in August to Rs 69/-. [This is well above the prevailing market wage of around Rs 25/- in most places, but below the rate in Bhimsamudra, a plantation area, where market wages were above Rs 100/- and there was no interest in the NREGA]. After this increase, no NREGA work was undertaken in the surveyed GPs. The reason given was non-receipt of grants.

3.2 No one received wages within 15 days. It often took a month to be credited in the bank account.

3.3 Wages are paid into a bank account that everyone who asks for a job card must open. The process is opaque as there is no clarity about how much is credited to each person by the administration. [Records of instructions to the bank in Belgooru list 100 days, 75 days and 50 days for some people when several persons may have performed the work. Payment cannot be cross-checked with data on job cards which may not be with the persons concerned]

### 4. Provision of work

4.1 The work done under the NREGA is often road repair and building of bunds. Since the repair is caused due to normal wear and tear, and since they will be washed away in the next rains, these are hardly assets. Some bunds have been built on private lands, where the locally powerful so desired. None of this is likely to create long term social assets, an objective of the NREGA. This aspect does not seem to have been considered at all.

4.2 Often, work was not provided within 15 days of demand. There was no compensation when work was not provided. The GO from the government did not contain details about such compensation.

4.3 The Rules under the NREGA require the preparation of a 'shelf of projects' through a process of bottom-up planning through the gram panchayats, with gram sabha approval mandatory, and co-ordination by the DPC at the district level. Such a process has still to be initiated.

### 5. Amenities

5.1 In one or two works sites, drinking water was available; otherwise there were no amenities [no crèches]. Nor was there a first aid kit. Women with children were discouraged from demanding NREGA work because of this.

## 6. Staff Availability

6.1 While a Secretary was posted in the GPs surveyed, the key to the NREGA is the junior engineer. It was found that a JE was put in charge of about 4 GPs. Given that each GP has sometimes 5-6 villages within it, the JE was overstretched, and this created problems in the implementation. In one GP—a retired JE was asked to certify work, and this worked well. The shortage of JEs creates problems for the implementation of the NREGA.

## 7. Staff Views

7.1 JEs and Secretaries complained about the 60-40 ratio, in which materials could not exceed 40% of the funds. People were asked to bring their own work implements.

7.2 After the increase in wage rate, it was decided that 3 kg of food grain along with Rs 50.50 in cash would be given. This meant that supply of food grains, along with delay in receipt of grants, became a constraint to the payment of wages and the implementation of NREGA.

7.3 This wage is for work certified by the JE under the schedule of rates. JE's find it difficult to cope with the vast area and large number of work sites. Delays are inevitable.

## 8. Worker's Views

8.1 In GPs work was often done by hiring JBCs [earth moving machines] which did the work at night. The NREGA does not permit the use of machines, as it meant to support labour at times of distress and hard physical labour becomes a self limiting mechanism.

8.2 There was some unhappiness with the use of the Schedule of Rates to decide on work done. In hard rock areas, in hot summer, it was unreasonable to expect so much work to be completed.

8.3 There was some unhappiness about the same wage being paid for men and women. It was pointed out that men did more strenuous work, that women were given lighter tasks, and so there was no justification for the same wage being paid to both.

8.4 The comment was made that if the same wages were paid for lighter work by women, it was best if women went to work: there was no point in men going in for strenuous work for that wage.

## 9. Observations

9.1 The wage paid under the NREGA is well above the local market wage. In Mulkalmooru, work is offered in half day portions, with men being paid Rs 10, and women Rs 5/- per half day. For a full day they earn Rs 20, 10 respectively. When NREGA work is available, labour for local agricultural work is not available at the prevailing wage. There were complaints about this from agriculturists who said they cannot afford to pay the higher wages.

9.2 There is no muster roll—and no reading out of work done at any interval after work for payment of wages.

9.3 There have been delays in the payment of wages into the bank accounts. In some cases, because of such delays, people have stopped asking for NREGA work. There have been cases of people other than those who worked collecting the wages from banks—a circular against this has been issued by the CEO of the ZP Chitradurga.

9.4 While GP members have been active, *the GP as a body* does not seem to play an active role; as a result, the gram sabha too is not in a position to approve/monitor the GP's work

9.5 NGOs were not involved in any way in the NREGA implementation.

9.6 There has been no audit of any kind.

9.7 How funds are given to a GP for NREGA is not clear. It has varied between 3 lakhs of rupees and 57 lakhs of rupees in these GPs. This may need to be examined at the state level.

## Discussion

The NREGA has been passed on to the district for implementation just like any other central scheme. There is little realisation that the NREGA is fundamentally different from other central schemes—it is seen as a new avatar of the IRDP, SJSRY etc. The standard departmental ways of working, based on Government Orders issued from time to time, have thus found their way into NREGA implementation. The survey results suggest that *there has been no specific preparation before the NREGA was launched*. For example, a shelf of projects has not been prepared as required under the Rules.

When we called the Joint Director in charge of the NREGA in July 2006 in Bangalore, he said *they had just begun work on framing the rules* for implementation. If there is no clarity in the state government itself, it is difficult to visualise efficiency in the districts. The state has to gear itself up to this task.

That preparation has to take place at all levels—from the Central Government to the gram panchayat. The Centre has made a beginning with the Rules framed under the Act. These Rules need to be more detailed on *the different roles of the three levels of panchayats as elected bodies*, and on how democracy at this level can be a reality: for one thing, an insistence on the need for GPs to meet with an agenda, to discuss all issues, obtain gram sabha approval and minute them before implementation. This is particularly important because in most places, talking to the Sarpanch is considered the involvement of the gram panchayat: even the gram panchayat itself of no sense of its own identity as an elected constitutional body. What is the capacity of such GPs to implement the NREGA?

The state government has a big role here because the PRI system is state specific. In Karnataka, GPs cover a population of about 5000 at the time of their establishment. In other states the size of the GP varies from less than 1000 to over 30,000. The state must thus



decide what each tier will do. This survey has shown that this task is yet to be undertaken. It is not just a simple exercise in activity mapping, in which Karnataka is a pioneer. It is an exercise specific to the NREGA that is required.

There was wide variation in the grants received by the GPs surveyed. Such variation is puzzling. Is the fund allocation to each GP based on a formula? If yes, what is it?

What kind of instructions need to be given to the three levels of PRIs for the implementation of the NREGA? What is the requirement for capacity building of the different actors in the NREGA implementation, and how is it being designed and delivered? These issues do not seem to have been addressed by the state government.

In the district, the administration has begun to implement NREGA in the same way as they implement other schemes. It is not surprising that they do what they are familiar with. The fact that panchayats have a longer history in Karnataka has made no difference to the manner in which the NREGA has been implemented in other states<sup>13</sup>. No one speaks of : it is always the district administration, which is a part of the state government. In this sense, *the NREGA demands innovation from the state*—a fact not recognised at this time.

The NREGA is unique in that it is demand based and implemented by the local self government. While the demand based aspect seems to have been understood in the sense that job cards are issued on demand, the local self governments have received no orientation on the role of the elected panchayat in the NREGA. Information came from newspapers.

The fact that workers expect to receive wages when the work is done, while there are delays in the receipt of funds by the GP, has led to GP members keeping the job cards after obtaining the necessary signatures. They pay the workers Rs 30 immediately, and when the GP receives its funds, they collected the wages due. Workers accept a lower amount that is immediately available, and the GP members collect the difference because they finance the payment of wages. *Unless the GP receives its funds on time*, this is likely to continue.

GPs, after they receive the first instalment, are expected to claim re-reimbursement of expenses from the state. If some GPs do not spend the money, the taluk cannot send the utilisation certificate, and delays occur. This can be overcome, if transfers are made directly to GP bank accounts, so that the existing procedure becomes unnecessary, with the GP claiming reimbursement directly. In an IT friendly state, this should be possible.

There is also no specific understanding of what the GPs can and cannot do. Such insights can be gained from participatory methods of research, which need to be employed in a range of GPs. If, for example, the women GP members had been given some orientation and training, they could/would have considered employing some women to look after children at work sites as part of the NREGA itself, instead of discouraging women from opting for NREGA work.

NGOs have not been involved in anyway in the NREGA implementation in Chitradurga. The term 'NGO' covers a vast array of institutions: we refer to non-profit organisations

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<sup>13</sup> referred to above.

involved in developmental work. They have different perspectives and agendas. Some may have no interest in working with panchayats. While it is possible for some NGOs to get involved, where do they get involved? In implementation? In monitoring? In training? Much depends on the specific organisations. This is an issue that needs careful consideration before a blanket recommendation for their involvement is made.

The GO from the state government is incomplete in that it does not mention compensation when work is not provided. Does the state government not accept this integral part of the NREGA? Can it make such exceptions? The weaknesses noted in the survey are at least in large part due to this lack of orientation at all levels in the district. A period of preparation before launch of the NREGA is essential.

The documents we have seen from some GPs indicate/suggest that these records are prepared in the office. Instructions are being given to the bank to verify identity and make payments into accounts. But the amounts seem to have little relation to actual work performed. For example, in the Belgooru GP, the instructions to the bank suggests that people have worked for 100, 75 and 50 days but this cannot be cross checked. Thus paper records need to be interpreted with care—especially in a situation where no audit seems to exist. But it must also be noted that this is not specific to the NREGA—it applies to all schemes implemented in the district.

There are issues here that cannot be captured in a survey. Other methods must also be used in studying the working of the NREGA.

There is another question on the basic design of the NREGA. Each state is to notify the wage that it will pay for a day's work subject to a minimum. Most states have notified the minimum wage. How is this minimum wage set? Is it a political announcement, or is there some basis for its determination? We noticed in the surveyed GPs that it was well above the prevailing market wage. It led to distortion of local labour markets, with small farmers finding it difficult to get workers when the NREGA paid so much more. In the absence of clarity on how the minimum wage is set—and not enforced—it is difficult to comment on this issue.

While it is true that wages are low and should be higher, is such intervention the best way of improving wage rates?

If the objective of the NREGA is to alleviate distress, then should the guaranteed wage not be around the prevailing market wage rate? This will not distort local labour markets while providing some security

Could the wage be set in a normative manner—say, equal to three kilos of the local cereal for a days work?

Is it feasible not to offer work under the NREGA when there is a demand for agriculture work?

## Limitations

The survey was focussed on the 9 gram panchayats and the work sites within them. This should be treated as a 'dip stick' with insights that need to be followed up more systematically. We also do not have data from the zilla panchayat on the availability of funds, the allocation across gram panchayats and so on. What is the role of the taluk panchayat? We have not looked at the planning process at the district level and efforts to integrate NREGA into these plans. The limits of surveys apply to this exercise. These issues will be examined in later work when participatory and other methods will be used.

## Recommendations

These can only be tentative. This has been a small survey, in the best performing district in the state. Yet, it may be useful to tease out specific suggestions and subject them to wider debate. In that spirit, we make the following suggestions.

- Participatory learning methods may be used to create an awareness of the unique elements of the NREGA and to elicit from the GP members their needs to implement the Act. Based on the results, training institutions, including NGOs, can be tasked with the responsibility of providing these inputs. This should be the responsibility of a full time nodal officer from SIRD in each district.
- Funds for the NREGA come from both the union and the state. Each should send its first instalment directly to the GP bank account at the beginning of the year. This may have been difficult some time ago, but computerisation today makes this possible. Then each GP can claim reimbursement as and when it can submit its claim. This first instalment may be treated as an imprest.
- The NREGA is an opportunity to make local planning a reality. Meetings in each ward, chaired by the locally elected representative, that yield wish lists of works, may then be discussed in ward sabhas and priorities settled. These can then go to the GP, which will prioritise the GPs works, and get these approved in the gram sabha. Each six months, at both the ward and gram sabhas, progress reports on the NREGA must be presented. The NREGA Rules, in fact, require such a process to be followed.
- The grant under the NREGA should not be broken into the 60 for wages and 40 for materials ratio. It should all be for wages alone. The need to find the materials will then force the GP to take an integrated view of all the funds and schemes before it. This will take time to work, but the process could be initiated.
- The GP should discuss the question of availability of work in season, and recommend to the gram sabha ways in which agriculture should be protected. There should be freedom for each GP to do what it thinks best.

## By Way of Conclusion: Lessons from Experience

*The lesson from experience* in Chitradurga, emerging from this survey, is that *it is important to prepare the local self government* to implement the NREGA. This is implicit in the Rules. Gram panchayats have to be trained to function as a collective body. They need support in the form of staff to undertake the planning necessary to identify the works they need to undertake, and to decide upon the times of the year when this work will be made available. This should be part of a process in which the District Planning Committee integrates NREGA into other aspects of local planning. This is a complex task that needs careful thought at the state level. Indeed, it is a requirement under the NREGFA Rules.

They—local elected representatives—need to be encouraged to maintain muster rolls and to read out at regular intervals—preferably weekly—the work done by each worker and the payments to them, which should be handed over in cash. The funds under NREGA should be meant exclusively for wages—the 60:40 ratio should be done away with<sup>14</sup>. There are funds enough in the district from other source for materials.

*Strengthening the local self governments to implement the NREGA is a necessary condition* for its success. This requires political will and much effort to accept changes in the state government. Studies like this one will be helpful in suggesting what the substance of such efforts may be. In the absence of such preparation, surveys like this may well lead to the premature and misleading conclusion that the idea of such a Guarantee is a bad one.

Karnataka is planning to extend the NREGA to ten more districts soon. What this survey tells us is that we have here an opportunity to prepare for such NREGA extension by strengthening the gram panchayats on the items discussed above. This will make it much more likely that the objectives of this legislation will be achieved in both the short and long term. That is the challenge facing the state government. Whether they are up to it remains to be seen.

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<sup>14</sup> Since the NREGA is based in law, it becomes a requirement for the implementors to ensure this ratio is met. In central schemes it is only a guideline, and thus not meeting it is not a violation of law.