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Governance reform key to NREGA success

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The same implementation structure that has failed rural development over decades cannot be deployed for the radically new programme promised by NREGA

Barely two years on, there is a clamour for scrapping the National Rural Employment Guarantee Act (NREGA). The chorus is led by no less than the Chief Minister of one of India's most populous and backward states. We live in a strange country. We have fanatics who want to put up barricades to debar "outsiders" from entering our metros. Others suggest that speaking for the farmer is "the idiocy of urban thinking" (Sagarika Ghose, Hindustan Times, February, 15 2008). They repeat ad nauseam what Indian planners have been trying for the last fifty years -- unabated urbanization and industrialization as the panacea. Agriculture can continue to be the "bargain sector", especially now that the Indian economy grows fast even when agriculture stagnates.

Such a view is completely blind to the deepening distress in rural India. A policy tried for fifty long years has not worked. Even during the reforms era, over the last 15 years, India has had an unacceptably high proportion of malnourished women and children that refuses to come down. Thousands of farmers have committed suicide, a phenomenon unprecedented in the history of Indian civilization. Surely, it's time for a change, time to recognize the centrality of agriculture, which the World Bank too has recently woken up to. This is not to deny the role of industrialization and vibrant metros. But to emphasize the deep complementarities between industry and agriculture, town and country. These are not just the narrow input-output ratios of economists; they are also bonds social, cultural and ecological that hold a nation together.

Our cities are bursting at the seams, crumbling under the pressure of providing even basic amenities to their inhabitants. But the answer cannot be xenophobic hysteria. While improving urban habitats, we need to better conditions in villages so that there is less distress migration in search of work to urban India. Having lived for nearly two decades in a tribal area steadfastly moving forward on a path of sustainable rural development (rejuvenated watersheds, thriving "rainbow" agriculture, empowered women, vibrant markets, clean air, cell phones, internet connectivity and good roads), I can even foresee a time when there is a reverse migration back to villages, in search of a better life, more wholly understood.

The contribution of agriculture to national income has fallen dramatically in recent years but more than 600 million of our people still depend on farming. This is not a small

number that can be just wished away. In fact, the growing divergence between share of agriculture in GDP and in the workforce, alerts us to the urgent imperative of raising farm productivity in India, which languishes way below potential. On a sound agrarian base, we can build a whole range of other location-specific, nature-based rural livelihoods.

Herein lies the potential of NREGA. It ranks among the most powerful initiatives ever undertaken for transformation of livelihoods in rural India. The unprecedented commitment of financial resources by the largest employment programme in human history is matched only by its imaginative architecture. The emphasis on planning of works and mechanisms of social audit means that quality of works is centrally important. This is not a welfare programme dishing out doles. It is a development initiative, chipping in with crucial public investments for creation of durable assets, which can provide much-needed momentum to growth in the most backward regions of India. The thrust is on construction of earthen dams, bunds and ponds as part of a watershed development strategy. On this foundation of water security, can be built a sustainable village development plan that includes a rejuvenated agriculture and allied rural livelihoods.

Perhaps the most remarkable feature of NREGA, making a decisive break with the past, is the complete ban on contractors. Ever since independence, most government programmes in rural areas have been implemented through the agency of local contractors, who have emerged as major agents of exploitation of the rural poor, especially women. They have run roughshod over basic human rights, paid workers a pittance and used labour-displacing machinery. NREGA bans the use of such machines, mandates payment of statutory minimum wages and provides various legal entitlements to workers. It visualizes the involvement of local people at every stage -- planning, implementation and social audit. All of this is obviously incompatible with programmes where the main goal becomes maximization of profits of the contractor.

The radical provisions of NREGA signal the possible inauguration of a new chapter in rural governance. But a radically new programme also makes dramatically new demands from the system. A bureaucracy that has its hands full with a whole host of pre-existing responsibilities can hardly muster the imagination and energy required by NREGA. In the main, rural development in India has not been seen as requiring full-time professional inputs. The abiding notion is of welfare-oriented, routine administrative work. Over the last twenty years, politicians so committed to an agenda of reforms for the corporates, appear to have absolutely nothing to offer to their main constituency, the rural poor. On the contrary, with pressure on the state to shrink, expansion of programmes (whether health, education or NREGA) is increasingly attempted with under-staffed establishments, using under-paid, poorly qualified "worker-volunteers". Corners must be cut when it comes to the rural poor. Anything for them, it appears, can be of the lowest quality.

The 73rd Amendment raised hopes that the issue would be addressed by taking

democracy to the grass roots, with empowerment of Panchayat Raj Institutions (PRIs). One of the reasons this has not worked is the meagre funds devolved to PRIs. They have not been provided with an adequate support system either. Post-NREGA, all over the country there is palpable excitement among PRIs (the main implementing agency) who have never before seen this volume of funds being transferred to them. The problem is that the support structure needed by PRIs to properly utilize these funds is still missing.

In a study recently published in the Economic and Political Weekly (February 23, 2008), my colleagues Pramathesh Ambasta, P. S. Vijay Shankar and I have worked out a detailed blueprint of the reforms needed to make NREGA a success. This blueprint can form the core of a meaningful response by the government following the weaknesses recently identified by the Comptroller and Auditor General. We have carefully catalogued all the tasks involved in effective NREGA implementation. We find that both the number and quality of human resources deployed so far are completely inadequate. Governments have failed to recognize the enormous diversity of skills required to execute the work with speed and quality. There is need for a large number of full-time professionals, many of whom could be recruited from the open market, while strictly enforcing their accountability to PRIs. We call for a nationwide movement of capacity building so that a massive cadre of fully trained "barefoot professionals" is developed at the gram panchayat level. Much greater use of information technology would be critical for transparency, accountability and speed at all stages, from sanction of works, release of funds and wage payments to social audit. Outmoded Schedules of Rates need to be revised, to bring them in line with a new programme that bans machines and contractors. Government should also mandate a role for civil society organizations (CSOs) to work as support agencies for PRIs in NREGA planning, implementation and social audit. This would help institutionalize the CSO-PRI partnership, putting pressure on both CSOs and PRIs to learn to work together. Strictly speaking, these reforms should have been in place well before NREGA was launched. But it is obviously better late than never.

The expenditure entailed in these reforms must be regarded as "investments" and not administrative overheads or contingencies, as currently understood. Without these inputs, NREGA appears almost programmed to fail. On the other hand, a very small investment in the support structure could make a big difference in transforming NREGA outlays into enduring outcomes. Our detailed calculations show that professional support costs come to no more than 6% of the total cost of NREGA works, while the capacity building effort would take just 2%. In addition, 1% needs to be set aside for monitoring and evaluation. We show that pure administrative expenses can actually be kept as low as 1% of cost of works.

Reformed on these lines, NREGA has the potential to not only transform livelihoods, but also herald a revolution in rural governance. Of course, neither a

professional system nor a vigilant public is by itself sufficient to guarantee an accountable democracy that actualizes development for the poor. Both need to grow organically in tandem with each other.

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