CHAPTER – I

RURAL WAGE EMPLOYMENT PROGRAMMES IN INDIA

_India lives in its villages. If villages perish India too perishes_

- Mahatma Gandhi

Introduction

India is an agrarian country where 68.84 percent of the population is living in rural areas (2011 census). Even after five decades of planned efforts, still poverty in rural India continues to be major developmental issue and force people to migrate to urban areas to earn their livelihood. More than 30 percent people are living Below Poverty Line (BPL). Every five year plan implemented poverty alleviation programmes for the rural poor people. The creation of employment opportunities, particularly in rural areas has always been considered as an important objective of development planning in India. The relatively high growth of population and labour force have led to an increase in unemployment and underemployment during the last 60 years. Wage employment programmes are considered as an important component of the anti-poverty strategy which has sought to achieve multiple objectives. These employment programmes not only provide earning opportunities during lean agricultural seasons but also in times of floods, and droughts and other natural calamities. The wage employment generation programmes help to create rural infrastructure which supports further economic activities. The employment opportunities in agriculture are the main occupation, but they are not of a
permanent nature and hence also not uniform all round the year. The employment generation programme is to generate sustained and supplementary employment throughout the year. These programmes also put an upward pressure on market wage rates by attracting people to public works programmes and thereby reducing labour supply and pushing up demand for labour. While public works programme is to provide wage employment in time of distress have a long history, major thrust to wage employment programmes in the country was provided only after the attainment of self – sufficiency in food grains in the 1970s.

Rural Wage Employment Programmes in India

National Rural Employment programme (NREP) 1980

The National Rural Employment Programme was launched in October 1980 and became a regular plan programme since April 1981. The main objective of the programme is to provide wage employment, create productive and durable assets and improve the overall quality of life in rural areas. This programme is expected to generate additional wage employment in the rural areas to the extent of 300-400 million man days per annum. An outlay of Rs.1620 crores were provided under this programme from 1980-81 onwards and it was to be shared equally between the Centre and the States. A major step was taken in 1983-84, when it was decided for subsiding cost of the food grains to be distributed under this programme. A subsidy to the extent of Rs. 0.37 paisa to Rs.0.40 paisa per kg was provided for wheat and rice that were to be provided at the rate of 1kg. per mandays. The high level performance of NREP in employment
generation resulted in generation of 413.58 million mandays of employment during the year 1980-81. With huge utilisation of food grains under NREP, 13.62 lakh mts of food grains utilised in the year of 1980-81. The employment generation target aimed under the NREP has been consistently achieved.

The NREP has been directly benefited by those who are landless and the poorest among the poor people. Assets created under NREP, includes productive works such as soil conservation, social forestry, irrigation and building works. Out of the outlays, ten per cent had been earmarked for works that are directly benefiting Scheduled Castes/Scheduled Tribes community who are the poorest among the poor. Therefore, construction works related to drinking water, dug-wells, housing and farms works have been encouraged to take up under the NREP for the benefit of these vulnerable section. Considering the outcome of the NREP, it has been continued in seventh plan as an important component of the anti-poverty strategy.

The distribution of food grains has not kept up to the stipulated level of 1 kg per manday due to problems of storage, transportation, quality of food grains and diversion to the Public Distribution System (PDS) and in some cases because of local preference for coarse grains. The importance of food grains distribution under the programme cannot be overemphasised in view of its effects on stabilisation of prices and improvement of nutritional standards of work overcoming the problems of projects suspicious about the quality of work.
Rural Landless Employment Guarantee Programme (RLEGP) 1983

Rural Landless Employment Guarantee Programme was launched in August 1983. The RLEGP was fully funded by the Central Government. The programme was implemented in addition to NREP in the entire country. An important distinguishing feature of this programme was that at least one member of each rural landless household is provided employment up to 100 days in a year. Work under this programme was to be taken up in any part of the year. However, intensive opportunities were to be provided in lean agricultural periods. Under these two programmes (NREP and RLEGP) about 2631.94 million mandays were generated with a total expenditure of Rs.5351.85 crores. These programmes have been able to exceed the financial and physical targets.

Table 1.1
Rural Landless Employment Guarantee Programme

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (in Rs.)</th>
<th>Employment Generation (Million Mandays)</th>
<th>Manday (Cost Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-86</td>
<td>435.2</td>
<td>247.6</td>
<td>18.3</td>
</tr>
<tr>
<td>86-87</td>
<td>635.9</td>
<td>306.1</td>
<td>20.8</td>
</tr>
<tr>
<td>87-88</td>
<td>653.5</td>
<td>304.1</td>
<td>21.5</td>
</tr>
<tr>
<td>88-89</td>
<td>669.5</td>
<td>294.6</td>
<td>22.6</td>
</tr>
<tr>
<td>Total</td>
<td>2412.0</td>
<td>11540</td>
<td>20.6</td>
</tr>
</tbody>
</table>

Source: Planning Commission of India Eighth Five Year Plan (1992-97)
**Jawahar Rozgar Yojana (JRY) 1989**

The National Rural Employment Programme and Rural Landless Employment Guarantee Programme were merged in April 1989. The Jawahar Rozgar Yojana (JRY) was launched in 1989-90. The JRY is a centrally sponsored scheme. The primary objective of the JRY was to provide demand driven community and village infrastructure. However, the secondary objective was aimed at creation of supplementary employment for the unemployment poor. The JRY was targeted to benefit people living BPL in rural areas. Preference was given to scheduled castes, scheduled tribes and freed bonded labourers. At least, 30 percent of employment was to be provided to women under the JRY. An amount of 22.5 per cent of the funds had to be spent on individual beneficiary of the scheme, particularly for the direct benefit of SCs/STs. The expenditure under the programme was shared between the Centre and States in the ratio of 80:20. The JRY was implemented in a decentralised fashion by the Panchayati Raj Institutions (PRI). The major share of funds was utilised at the village level by the Gram Panchayats. Financial and physical performance under the JRY during 1989-90 up to 1997-98 show that the Yojana was able to generate 70003.32 lakh mandays of employment with an expenditure of Rs.27649.00 crores during this period. The performance of the JRY was monitored regularly by the Centre and the State Governments. The department of Rural Employment and Poverty Alleviation evolved a system to ensure that the guidelines were followed strictly.
This scheme was supervised by officials of District Rural Development Agency (DRDA) / Zilla Parishad (ZP) at the district level. The State Level Coordination Committee (SLCC) for the rural development programmes monitored the programmes at the state level. State government officials also inspected the programmes. During 1994 JRY were covered 470 districts, 933 blocks and 4700 village panchayats. Nearly 82.16 per cent of available funds were invested on community development projects. The JRY was implemented by the village panchayats with active participation of people. The programme also contributed significantly in creating social and community assets and economic infrastructures at the village level.

**Employment Assurance Scheme (EAS) 1993**

The Employment Assurance Scheme was introduced on 2\textsuperscript{nd} October, 1993 in the rural areas of 1778 blocks of 261 districts. The blocks were selected in which the Revamped Public Distribution System (RPDA) was in operation. While selecting the Blocks, drought prone areas, desert areas, tribal areas and hill areas were given preference. Later in the year of 1994-95, the EAS was extended to 409 Blocks. The Intensified Jawahar Rozgar Yojana (IJRY) was also merged with EAS subsequently in the year 1996. Consequently, 722 non-EAS blocks in 120 JRY districts were also covered under EAS. The primary objective of the EAS was to create additional employment opportunities during the period of acute shortage of wage employment through manual work for the rural poor living below the poverty line. However, the scheme has also focused on creation of durable community, social and economic assets for
sustained employment and development. The scheme meant for all the poor residing in the rural areas covered by the scheme. A maximum of two adults per family has been provided wage employment. In the year 1998-99, around 334.64 lakh working days were created under the scheme expenditure was shared between the Centre and the State Governments in the ratio of 80:20. The scheme implemented through the Zilla Parishads. The EAS has been reasonably well targeted, particularly, socially deprived section like SCs and STs. The women account for about 30 per cent of person days created under EAS. The financial and physical performance under EAS from 1993-94 to 1997-98 has shown that a total of 15,447.33 lakh mandays of employment has been generated by utilising funds to the tune of Rs.8205.20 crores. A total of 4.12 crore persons have registered under EAS. All works taken up under the EAS have been labour intensive, and followed a ratio between wage and material in the order of 60:40. Minimum wages fixed by the state authorities were paid under the EAS, both for unskilled and skilled labour. The wages were paid in cash. One of the major issues experienced in the implementation of EAS was related to the employment generation. The EAS was not able to provide employment on an average not more than 8 to 9 days in a year.

**Sampoorna Grameen Rojgar Yojana (SGRY) 2001**

Sampoorna Grameen Rojgar Yojana (SGRY) was launched during 9th five year plan period as a centrally sponsored scheme. This scheme was designed by merging two employment generation schemes that are Jawahar Gram Samiridhi Yojana (JGSY) and Employment Assurance Scheme (EAS).
The objectives of the scheme were to (i) integrate multiple sectors (i.e.) Employment infrastructure and food security; (ii) create additional wage employment through access to market oriented economy; (iii) provide food security, increasing nutritional levels; and (iv) develop demand driven infrastructure at the village level. This programme aimed to break the cycle of unemployment and food insecurity by providing wage employment during the lean agricultural season, and by creating rural infrastructure. The income was provided for unskilled manual worker. The special emphasis was on women, Scheduled Caste (SC) and Scheduled Tribes (ST). The Centre and States Governments contributed funds in the ratio of 75:25 for SGRY. This scheme was implemented at two levels, the first at District and Intermediate Panchayat levels and the second at the Gram Panchayat level. The scheme, priority was accorded to the works such as soil and moisture conservation, watershed development, afforestation and rural link roads. However, works related to the buildings of religious purpose, monuments, memorials, statues, bridges, building for higher secondary school and colleges, block tapping of roads were prohibited under the SGRY scheme. Out of the total person-days generated, almost 35 per cent of employment was for the SCs and whereas 25 per cent was for women.

The scheme also addressed the problem of food insecurity by distributing food grains to the beneficiaries under the SGRY. The average employment generated under the SGSY was about 30 days per beneficiary. However, it is much more than the Employment Assurance Scheme (EAS) which has provided only 8 or 9 days. However, the scheme has faced problems
such as involvement of contractors in violation of SGSY guidelines; insufficient monitoring of resources of implementing department, lack of availability of infrastructure to store food grains increased the cost of transportation incurred by the state governments. As the cash component of the wages was received at the work site, problems existed in periodic delivery of cash payment as well as distribution of food grains.

**Jawahar Gram Samridhi Yojana (JGSY) 1999**

Jawahar Rozgar Yojana (JRY) was restructured with effect from 1.4.99 and renamed as Jawaha Gram Samridhi Yojana (JGSY). The scheme is designed to improve the quality of life of the poor. Scheme aimed at creation of demand driven community village infrastructure including durable assets at the village level and assets to enable the rural poor.

The programme was implemented by the village panchayats. The programme was made inclusive by providing adequate funds and opportunities to the weaker section of the community by allocating 22.5 per cent of funds for SCs/STs. Appropriate wage and materials ratio was 60:40 has been allowed to build up demand driven rural infrastructure. The wage was paid to the workers either minimum wages or higher wages fixed by the State Government. Out of the total works, 15.7 lakh works were completed up to March 2001 and 5.98 lakh works was completed under individual beneficiary scheme meant for SCs/STs. It is impossible to create any meaningful infrastructure at the village level with this amount of investment. In order to create tangible and meaningful infrastructure, it is necessary that the Gram Panchayats at least get
an allocation of Rs.50,000. Accordingly, it was proposed to fix a minimum floor limit of Rs.50,000 per Gram Panchayat without effecting any change in the allocation of the surplus states.

**National Food for Work Programme (NFFWP) 2004**

The National Food for Work Programme (NFFWP) was launched in November 2004. The main objective of the programme was to provide additional resources apart from the resources available under the Sampoorna Grameen Rozgar Yojana (SGRY). The programme covered 150 most backward districts in the country. Generation of supplementary wage employment and providing of food security through creation of need based economic, social and community assets in these districts were further intensified. The programme covered all rural poor who are in need of wage employment and willing to do manual and unskilled work. The programme aimed at augmenting food security through wage employment. Food grains were supplied by the Food Corporation of India (FCI) to states free of cost. Equal wage was paid under the programme to both men and women workers. This programme was implemented as a 100 percent centrally sponsored scheme. The transportation cost, handling charges, and taxes on food grains were to be met by the states. There was a problem with executing agencies in making payment of wages as they have not complied with the notified wage rates.

In case the executing agencies do not pay the wages for a category of employment at the rate notified for the relevant schedule of employment under the Minimum Wages Act, The District Panchayat (DP), Intermediate Panchayat
(IP) were withholding the release of funds to that implementing agency and informed that the fact to the concerned authority for suitable action against the erring official under the relevant state and also informed the Central Government. The Central Government found that above provisions were not being followed; it might withhold further release of resources under the programme to the district concerned.

**The National Rural Employment Guarantee Act (NREGA) 2005**

The National Rural Employment Guarantee Act, 2005 (NREGA) guarantees 100 days of employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. The Act came into force initially in 200 districts, and later extended gradually to other areas notified by the Central Government. It was aimed to cover the whole country within five years.

The National Rural Employment Guarantee Act is a “Peoples Act” in several senses. The Act was prepared through a wide range of consultation with peoples organisations. Second the Act addresses itself chiefly to working people and their fundamental right to life with dignity. Third, the Act empowers ordinary people to play an active role in the implementation of employment guarantee schemes through Gram Sabha, social audits, participatory planning and other means. More than any other law, NREGA is an Act of the people and for the people.

This Act is an important step towards the realisation of the right to work. It is also expected to enhance people’s livelihoods on a sustained
basis, by developing the economic and social infrastructure in rural areas. The choice of works seeks to address the causes of chronic poverty such as drought, deforestation and soil erosion. Effectively implemented, the employment generated under the Act has the potential of transforming the geography of poverty.

NREGA call for the formulation of a Rural Employment Guarantee Scheme (REGS) by each State Government within six months of the date of commencement of the Act. The purpose of the scheme is to give effect to the legal guarantee of work, by providing at least 100 days of guaranteed employment to every household whose adult members volunteer to do unskilled manual work subject to the conditions of this Act.

Key Agencies and their Respective Role at Different Levels

Village Level

a) Gram Sabha (GS)  b) Gram Panchayat (GP)

Block Level

a) Intermediate Panchayat (IP)  b) Programme Officer (PO)

District Level

a) District Panchayats  b) District Programme Coordinator (DPC)

c) Implementing Agencies  d) Delegation Power
**State Level**

a) State Employment Guarantee Council (SEGC)

b) The State Government    c) Employment Guarantee Commissioner

**Central Level**

a) Central Employment Guarantee Council (CEGC)

b) Ministry of Rural Development (MORD)

**Funding of the NREGA**

The entire funding of the scheme is being done by central government and the state government.

**The Central Government** will meet

1. The entire cost of wages for unskilled manual workers.

2. 75 percent of the cost of material and wages for skilled and semi–skilled workers,

3. Administrative expense as may be determined by the Central Government. These will include, inter alia, the salary and allowances of programme officers and their support staff and work site facilities.


**The State Government** will meet

1. 25 percent of the cost of material and wages for skilled and semi-workers,
2. Unemployment allowances payable in case the state government cannot provide wage employment within 15 days of application,

3. Administrative expense of the State Employment Guarantee Council.

As per provision of the Act, every day serious rural person who belongs to Below the Poverty Line (BPL) and having a job card, the NREGA provides the guarantee to all rural households’ payment of wages and unemployment allowance. Every person working under the scheme shall be entitled to wages at the minimum wage rate fixed by the State Government. Equal wages shall be paid to both men and women workers. It is recommended that wages should be paid on weekly basis on a pre-specified day of the week in each gram panchayat. If workers are willing, a proportion of the wages may be earmarked and contributed to welfare schemes organised for the benefit of the REGS workers such as health insurance, accident insurance, survivor benefits, maternity benefits and other social security arrangements. If a worker who has applied for work under NREGA is not provided employment within 15 days from the date on which work is requested, an unemployment allowance shall be payable by the State Government at the rate prescribed in the Act.

The payment of unemployment allowances should follow the same pattern as payment of wages. The payment of unemployment allowance shall be made not later than 15 days from the date on which it becomes due for payment. Thus the entire planning and provisions are critical to the successful implementation of the Rural Employment Guarantee Scheme (REGS). A key indicator of the success is the timely generation of employment within 15 days
while ensuring that the design and selection of workers are such that good quality assets are developed. The need to act within a time limit necessitates advance planning. The basic aim of planning process is to ensure that the district is prepared well in advance to offer productive employment on demand.

**Objectives of the Act**

The basic objectives of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. This work guarantee can also serve to achieve other objectives, which includes, generating productive assets, protecting the environment, empowering rural women, reducing rural- urban migration and fostering social equity, among others.

**Registration for Employment**

The adult member of every household who resides in rural area and is willing to do unskilled manual work may apply for registration of household for issuance of Job Card (Schedule 2(1) of the Act).

**Employment in the Scheme**

Employment must be provided to all applicants within 15 days of receipt of an application and within a radius of 5 km from their place of residence. In case employment cannot be provided within 15 days of receipt of the application the applicant shall be entitled to a daily unemployment allowance (Schedule 7(1) of the Act).
Unemployment Allowances Rates

The unemployment allowance rate for the first thirty days shall not be less than one-fourth of the wage rate. For the remaining period of the financial year the unemployment allowance rate should not be less than one-half of the wage rates. In the event of any delay in the payment of unemployment allowance, the recipients shall be entitled to compensation based on the same principles as wage compensation under the Payment of Wages Act, 1936. Compensation costs shall be borne by the State Government.

Minimum Wage

Minimum wages for the state shall be such that a person working for 7 hours would normally earn a wage equal to the wage rate. Minimum wages are to be fixed by the State Government under section three of the Minimum Wage Act, 1948 until the time; the wage rate is fixed by the Central Government. However, the minimum wages shall not be at a rate less than sixty rupees per day.

Type of Works under the Scheme

As per Schedule 1 of the Act, the focus of the National Rural Employment Guarantee Scheme shall be on the following works:

- Water conservation and Water harvesting
- Drought proofing (Afforestation and tree plantation)
- Irrigation canals
• Provision of irrigation facility to land owned by SC/ST/ beneficiaries under IAY
• Renovation of traditional water bodies
• Desalting of tanks
• Land development
• Flood control and protection works including drainage in water logged areas
• Rural connectivity to provide all weather access
• Other works notified by the Central/State Government

Application for Work

At the Gram Panchayat level application for work is to be submitted to the Sarpanch of the Gram Panchayat. The application can also be submitted to the Programme Officer. The Sarpanch of Gram Panchayat and the Programme Officer shall be bound to accept the valid applications and to issue a dated receipt to the applicant.

Employment Card

As per schedule 2(1) of the Act, the Gram Panchayat will issue a job card after registration free of cost to each applicant household. The job card will contain the details of adult members of household such as names, age, address and photographs. Registration will be made for five years and may be renewed from time to time.
Availability of Employment

Under the Act, employment shall be provided within a radius of 5 km from the residence of the applicant (Schedule 2(12) of the Act). If employment is provided outside 5 km it must be provided within the block with 10 per cent extra wage to meet additional transportation and living expenses (Schedule 2(14) of the Act). Applicants are to be intimated by written letter and a public notice shall be displayed at the office of Gram Panchayat and Programme Officer (Schedule 2(11) of the Act). Priority shall be given to women and in such a way that at least one third of the beneficiaries shall be women (Schedule 2(6) of the Act).

Facilities at Work Site

Worksite facilities are to be provided by the implementing agency (Schedule 2(27) of the Act).

These include

- Safe drinking water
- Shed for children and periods of rest for workers
- First-aid box for emergency treatment and minor injuries
- Safety equipments and measures for health hazards connected with work
- To look after the women workers’ children below the age of six years, one woman worker shall be deputed for every five such children. The deputed woman shall be paid wage rate (Schedule 2(29) of the Act).
Serious Accidents at Work Site

If any person employed under the scheme or a child accompanying any such person is injured he or she shall be entitled for free medical treatment which shall include accommodation, treatment and medicines (Schedule 2(24) of the Act). During the period of hospitalisation of injured worker half of the minimum wage per day is to be paid for his upkeep (Schedule 2(25) of the Act). If a person employed under a scheme dies or becomes permanently disabled by the accident at site the legal hire of the deceased or the disabled shall be paid an extra payment at the rate of Rs.25,000 by the Central Government.

Wage Payment

The wage under the scheme may be paid either wholly in cash or kind. But at least one fourth of the wages shall be paid in cash only. All payment of wages in cash and the unemployment allowance shall be made to recipients in the presence of eminent persons of the community on preannounced dates (Schedule 23(4) of the Act). The disbursement of daily wages shall be done on a weekly basis or in any case not later than a fortnight specified under the scheme (Schedule 3(3) of the Act). In case of delay of wage payments labourers shall be entitled to receive payment of compensation as per the provisions of payment of wages Act, 1936.

Implementing Agencies

The Gram Panchayat shall be responsible for identification of projects in the Gram Panchayat area and prepare a development plan as recommended by
Gram Sabha and Ward Sabha (Schedule (16(1) of the Act). The Gram Panchayat shall maintain a list of possible works to be taken up as and when demand for work arises. It is also responsible for the execution and supervision of such works. The other implementing agencies can be Intermediate and District Panchayat, line departments of the Government, Public Sector Undertakings of the Central and State Governments, Cooperative Societies with a majority shareholding by the Central and State Governments and reputed NGOs having a proven track record of performance. Self-Help Groups (SHGs) may also be considered as possible implementing agencies.

**Sanctions and Allotment of Works**

The Gram Panchayat shall forward its proposals in the order of priority to the Project Officer for approval. The Programme Officer must be someone not below the rank of Block Development Officer (BDO) at block level (Schedule 15(1) of the Act). The Programme Officer shall allot at least 50 percent of works in terms of cost, to be implemented through Gram Panchayat. The Programme Officer shall supply each Gram Panchayat with muster rolls for the works and a list of employment opportunities (Schedule16 (4, 5 and 6) of the Act).

**Provision of Social Audit**

The Gram Panchayat shall make available all relevant documents; muster rolls, bills, vouchers, sanction orders and other books of accounts and papers to the Gram Sabha for the purpose of social audit (Schedule 17(3) of the Act). Ban of contractors on machines and contractors are banned. The Scheme shall not permit engaging any contractor for implementation of the project under this scheme (Schedule 1(11)).