

Report of the Working Group on MGNREGA  
Towards Formulation of the 12<sup>th</sup> Five Year Plan

October 2011

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## **Preface**

MGNREGA is a landmark legislation aimed at strengthening livelihood security for the rural poor. The Act prescribed the MGNREG scheme which is the largest wage employment programme in the world. It is also the only wage employment programme which is derived from legislation. This scheme has the potential to transform the lives of millions of rural poor by guaranteeing wage employment through the creation of productive assets. The scheme can also substantially improve the quality of governance in rural areas, in particular, the capacity and responsiveness of the Panchayati Raj Institutions. Recent studies indicate that MGNREGS has reduced distress migration from poor regions, provided secure incomes for women, supported agricultural wages and increased incomes for wage workers who are arguably amongst the poorest in the country. MGNREGS faces several challenges in reaching its full potential as a transformative development programme. Some of these challenges have been listed by the Union Minister of Rural Development on the MGNREGA website.

The Planning Commission's decision to set up a working group on MGNREGS to contribute to the formulation of the 12<sup>th</sup> five year plan is reflective of the critical contribution of MGNREGS to poverty reduction. The Working Group has the welcome opportunity to suggest steps to address the current challenges faced by MGNREGS and improve its effectiveness. The agenda set for the Working Group was broad enough to enable a set of recommendations that could contribute to the effectiveness of MGNREGS.

The members of the Working Group were drawn from the Government at various levels, civil society organisations and academic institutions. They brought with them a deep commitment to the development goals of MGNREGS and considerable experience in its implementation. Despite their busy schedules they accommodated the tight time lines for the Working Group and enthusiastically contributed to the proceedings and outcomes. The discussions reflected the high degree of expertise of the members as well as their intense interest in the objectives of the Working Group. I would like to convey my sincere appreciation of all members of the Working Group. Additionally I would also like to thank members who volunteered to host and organise meetings. Thanks are due to the technical support team for MGNREGS at the Ministry of Rural Development which back stopped the activities of the Working Group and provided detailed information on various aspects of MGNREGS implementation.

I hope the report of the Working Group enables the Planning Commission and the Ministry of Rural Development take concrete and effective steps to strengthen MGNREGS, as also help achieve stronger outcomes in terms of poverty reduction and livelihood security.

Rangu Rao

# 1. Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims at enhancing the livelihood security of the people in rural areas by guaranteeing hundred days of wage employment in a financial year, to a rural household whose members volunteer to do unskilled manual work. The Act also seeks to create durable assets and strengthen the livelihood resource base of the rural poor. The choice of works suggested in the Act address causes of chronic poverty like drought, deforestation, soil erosion, so that the process of employment generation is on a sustainable basis.

The Act came into force on February 2, 2006 and was implemented in a phased manner. In Phase I it was introduced in 200 of the most backward districts of the country. It was implemented in an additional 130 districts in Phase II 2007-2008. The Act was notified in the remaining rural districts of India from the 1<sup>st</sup> of April 2008.

Salient features of the Act include:

- Households willing to do unskilled manual work will have to apply for registration to the local Gram Panchayat (GP), in writing or orally
- The Gram Panchayat, after due verification will issue a Job Card to the household as a whole
- A Job Card holding household 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 fifteen
- 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
- If employment is not provided within 15 days, daily unemployment allowance in cash has to be paid. The Liability of payment of unemployment allowance rests on the States
- Disbursement of wages has to be done on weekly basis and not beyond a fortnight
- Panchayat Raj Institutions (PRIs) have a principal role in planning and implementation
- At least 50% of works have to be allotted to Gram Panchayats for execution
- A 60:40 wage and material ratio has to be maintained
- Contractors and use of labour displacing machinery are prohibited
- The choice of works suggested in the Act address the causes of chronic poverty like drought, deforestation and soil erosion so the process of employment generation is maintained on a sustainable basis.
- As per the Schedule I of the Act following works are permitted under MGNREGA:
  1. Water Conservation and Water Harvesting
  2. Drought Proofing (including plantation and afforestation)
  3. Irrigation canals including micro and minor irrigation works
  4. Provision of irrigation facility, horticulture plantation and land development facilities to land owned by households belonging to the Schedule Castes and Schedule Tribes or below poverty line families or to beneficiaries of land reforms or to the beneficiaries under the Indira Awas Yojana of Government of India or that of the small farmers or marginal

farmers as defined in the Agriculture Debt Waiver and Debt Relief Scheme, 2008

5. Renovation of traditional water bodies including desilting of tanks
6. Land Development
7. Flood control and protection works including drainage in water logged areas
8. Rural Connectivity to provide all weather access and
9. Construction of Bharat Nirman Rajiv Gandhi Sewa Kendra and any other work which may be notified by the Central Government in consultation with the State Government

The table below presents an overview of MGNREGA performance in the period 2006-10

**Table 1: Overview of MGNREGA Performance, 2006-10**

	(FY 2006-07) 200 Districts	(FY 2007-08) 330 Districts	(FY 2008-09) 615 Districts	(FY 2009-10) 619 Districts	(FY 2010-11) 626 Districts
Households Employed (crore)	2.10	3.39	4.51	5.26	5.49
Person-days of Employment generated (crore)	90.5	143.59	216.32	283.59	257.15
Work Provided per year to Households who worked (days)	43	42	48	54	47
Central Release (Rs. crore)	8640.85	12610.39	30000.19	33506.61	35768.95
Total Funds Available (including Opening Balance) (Rs. crore)	12073.55	19,305.81	37397.06	49579.19	54172.14
Budget Outlay (Rs. crore)	11300	12000	30000	39100	40100
Expenditure (Rs. crore)	8823.35	15856.89	27250.10	37905.23	39377.27
Average Wage per day (Rs.)	65	75	84	90	100
Total Works taken up (lakhs)	8.35	17.88	27.75	46.17	50.99
Works completed (lakhs)	3.87	8.22	12.14	22.59	25.90

Source : Ministry of Rural Development, GoI

## 1.1 Challenges in MGNREGS Implementation

Some major challenges have been identified by the Minister of Rural Development and listed on the MGNREGA website for public discussion. These are :

1. MGNREGA provides a legal entitlement to manual work. If work cannot be provided on demand there is provision for unemployment allowance. This demand driven legal entitlement is not functional
2. MGNREGS has been unable to substantially reduce distress migration from rural areas because workers do not have a timely assurance that work will be made available in the periods when it is required
3. There are significant delays in payments to workers
4. The number of days of work provided under MGNREGS may not adequately meet demand
5. The quality of assets created under MGNREGA and their relevance to the livelihoods of the poor is inadequate
6. MGNREGS is unable to assure payments of wages at the stipulated rate
7. The works executed under MGNREGS are not based on a strong participatory grassroots planning process.

8. There are limitations to the current system of flow of funds which constrain the effectiveness of MGNREGS.
9. Grievance redressal mechanisms are weak

The Planning Commission constituted a working group on MGNREGA under the Chairmanship of Shri Rangu Rao to contribute to the formulation of the 12<sup>th</sup> Five year. The Working Group was to review the implementation of MGNREGS and make recommendations on the following:

- *Implementation architecture* to ensure that MGNREGS effectively meets the objectives of the Act, viz, employment guarantee, creation of productive assets and empowerment of the rural poor. The architecture will include institutions, operational processes and administrative system
- *Plan allocation* required for the scheme on the basis of reasonable estimation of demand for works, potential for permissible works and the requirements for administrative and technical support
- *Governance provisions* to ensure that MGNREGS is a demand driven scheme, with an explicit employment guarantee and requisite transparency and accountability at the community level as well as within administrative systems

The first meeting of the Working Group was held on 19-05-2011 at Krishi Bhawan, New Delhi.

At this meeting 3 Sub groups were formed, one each to look at the following themes:

- 1) Planning and Execution
- 2) Institutional Strengthening and Capacity Building and
- 3) Transparency and Wages.

The detailed terms of reference of the Sub-Groups and the names of the Sub-Group members is presented in **Annexure 1**. The schedule of meetings of the Working Group and the Sub-Group is contained in **Annexure 2**. The Working Group examined the various reports submitted by the CEGC Working Groups, information provided by the Ministry of Rural Development and by State Governments, reference guide of the Ministry of Panchayati Raj, GoI for 'Outsourcing PRI Capacity Building and Training (CB&T) Related Activities'.

The Sub-Groups prepared reports after intensive discussions and on the basis of valuable contributions from individual members. The individual members brought to bear considerable and diverse experience from the perspectives of state governments, district administration, civil society organisations and academic institutions. The strong commitment of the members to improving the implementation of MGNREGS gave rise to several interesting solutions to the major challenges faced by MGNREGS. The reports of individual Sub-Groups appear in **Annexures 3, 4 and 5**

The Working Group met twice to formulate responses to the specific issues mentioned in the terms of reference. Each Sub-Group offered its assessment of the current situation, identification of challenges and solutions. These were discussed in the plenary meetings and a set of mutually consistent observations and recommendations were arrived at. These were organised on the basis of three specific items in the terms of reference of the Working Group. This is presented in chapters 3 - 5 in the current report.

The recommendations of the Working Group present a clear strategy to strengthen

implementation of MGNREGA. This may be expected to result in the following outcomes for MGNREGA by the end of the 12<sup>th</sup> five year plan.

- An increase in the number of days of employment per job card in response to potential demand for work
- Reduction in distress migration from the 2000 most backward blocks
- Improvement in the quality of the productive assets created under MGNREGS and their relevance for livelihood security of the rural poor
- Strengthened capacities of Gram Panchayats, enabling them to function effectively as institutions of local self governance
- Mobilisation and empowerment of poor and vulnerable communities particularly in remote regions of rural India

Among the major strategies are strengthening of the implementation structure, effective utilisation of the 6% provision of administrative expenditure, a clear focus on strengthening MGNREGS in 2000 most backward blocks and efforts improve transparency and accountability. The key recommendations are presented in Chapter 2.

## **2. Key Recommendations**

### **2.1. Institutional Architecture**

MGNREGS should be implemented by an autonomous society called the MGNREGS Mission. At the national level the Mission should be fully accountable to the Ministry of Rural Development. The Ministry of Rural Development should have a dominant presence in the governing body. The Governing Body should also include members from the Central Employment Guarantee Council (CEGC) and state representatives on a rotational basis. The Mission at the state level should be fully accountable to the state department responsible for executing MGNREGS.

#### **2.1.1. At the National level**

- The National Mission should set up a National Management Team with leading experts from fields relevant to MGNREGS implementation. The Mission will be headed by the Joint Secretary MGNREGS as CEO of the Mission. The Mission will operate with adequate flexibility to provide technical and administrative support for implementation of the scheme.
- There is need to establish the Technical Secretariat of the CEGC as provided for in the NREG (Central Council) Rules, 2006. This Secretariat will enable the CEGC to fulfil its mandate under the MGNREG Act.
- A nation-wide network of capacity building institutions will be set up to deliver, in a cascading mode, with national, state, and district level units. The National Management Team will supervise the performance of the capacity building network.
- The network will include CSO and academic/training institutions which have a strong track record in field implementation, in addition to skills in training. The National Management Team will need to create an effective network by seeking and encouraging committed and capable civil society organisations (CSOs)/other institutions to participate.

#### **2.1.2. At the State Level**

- State level Missions need to be established similar to the National Mission. The State Mission will provide support to the Nodal department on technical and administrative issues. The Mission will have adequate operational flexibility and a facilitative HR policy to recruit and retain a team of committed experts. The team composition may change over time in response to evolving needs.
- State Governments currently recruit staff on a contract basis to support the District Programme Coordinator (DPC)/Programme Officer (PO) in MGNREGS implementation. The Working Group recommends such contractual employment be made by the State level Mission.

#### **2.1.3. At the District Level**

- A District level Technical Committee (TC) headed by the DPC will guide the implementation of the Act at the district level and below. This Technical Committee will

comprise of district officers from the relevant technical departments, representatives of leading NGOs with field presence in the relevant agro-ecological region and academic community.

- A technically qualified professional team is to be appointed on contract basis under the State Mission to support the DPC in awareness generation on entitlements, social mobilisation, planning, all sanctions, monitoring & evaluation and social audit.
- As part of the national network of capacity building there is need to set up a district training unit. The unit should comprise of full-time dedicated resource persons who will act as master trainers for MGNREGA and provide training and support to block and sub-block implementation teams. The expenditure on this unit may be met from the funds earmarked for capacity building.

#### **2.1.4. Block Level**

- Every Block should have a full time dedicated PO or additional PO with fully devolved authority for performing the role assigned in MGNREG Act. The additional PO could be on contract basis with the State Mission.
- The PO will have a team of 4-5 Junior Engineers or equivalent to assist in her tasks. The PO will also have a team of 2 to 4 members for administrative/ support functions.

#### **2.1.5. Cluster Level**

- GPs will be grouped in Village Development Clusters (VDC) so as to have roughly 3 VDCs in a block. The cluster will cover approximately 15,000 job cards or an area of 15,000 ha, broadly corresponding to the boundaries of a mini-watershed or local aquifer.
- A fully dedicated professional support team, to be called Cluster Facilitation Team (CFT) for MGNREGA needs to be placed at VDC level. These personnel should be recruited on contract basis under the state mission.
- Such CFTs should be set up in the 2000 most backward blocks of the country including all IAP districts during the 12<sup>th</sup> five year planperiod.
- The team will support GPs in their statutory role under MGNREGA and in their role as PIAs implementing MGNREGS works. The team will also extend support to other PIAs (line departments, NGOs) upon request in implementing MGNREGS works in cluster.
- The multi-disciplinary CFT will comprise 4 specialists, 1 each in community mobilisation, soil conservation & water harvesting, forestry and land use, agriculture and allied livelihoods. The cluster team will work under the overall supervision of the PO but will also be accountable to the GPs in the cluster. The cluster team will be located in the PO's office at the block level and will draw its expenses from this office.

#### **2.1.6. GP level**

- There is need to ensure that every GP has at least one Employment Guarantee Officer (EGA). For GPs with BPL /SC/ST population in excess of 3000, there is need to appoint an additional EGA.

## 2.2. Operational Processes

### 2.2.1. National Level

- The National Mission should develop a format to be used by the State Employment Guarantee Councils (SEGC) for the submission of proposals for new categories of works to be included in the list of works permissible under MGNREGS. SEGC recommendations should be based on a thorough analysis of why the new categories are suitable for MGNREGS along with quality parameters and design details.
- The Labour Material ratio (60:40) should to be prescribed at the block level i.e. 60% of the expenditure of all MGNREGS works within each block should be expended on wages.
- Separate SORs for MGNREGA based on work time and motion studies should be notified by each state.
- The National Mission should develop guidelines and provide guidance to the States to undertake time and motion studies for development of SORs.
- Effective working hours at MGNREGS sites should be pegged at 7 (i.e. 8 hours with 1 hour rest).
- Upward revisions of wages through the Consumer Price Index for Agricultural Labour (CPIAL) should be made annually by 31<sup>st</sup> July of every year. This will align with the timing of supplementary budget estimates.
- The Ministry should develop a standard chart of accounts for MGNREGA (with a provision for customization by states) and integrate the same into MGNREGA application for effective accounting, online banking , reconciliation and updation of MGNREGA management information system (MIS).
- To address the issue of delayed payments of wages, computerization of post offices needs to be expedited.
- The Ministry should establish an inter-departmental task force to work with the Postal department on adopting biometric enabled Point of Transaction hand-held and/or a local system with related back-end technologies to service wage payments for MGNREGA.
- Post offices should be paid commission ranging from 1% to 2% of transactions for handling MGNREGA accounts.
- The business correspondent model may be considered for facilitating wage payments in regions underserved by bank branches and post offices.
- The Ministry should draw lessons from the electronics funds management system of the government of Andhra Pradesh and the Central Plan Scheme Monitoring System (CPSMS) of the Controller General of Accounts (CGA), MOF, GOI to draw up a detailed implementation process.
- The Ministry should provide specific budgets at 1% of total expenditure on works for training and capacity building of staff.
- The Ministry should set up a Policy Evaluation and Research Service (PERS), as a

continuous policy evaluation and research think tank of MoRD for effective and efficient implementation of MGNREGA. This unit will generate evidence based recommendations for guidelines and innovative approaches.

### 2.2.2. State Level

- States must expand the list of permissible works under MGNREGA providing location-specific flexibility reflecting diversity in a) natural resource endowments, b) agro-ecological conditions, c) livelihood patterns and d) capacity of institutions responsible for planning and execution.
- SEGCs must be encouraged to specify the precise nature of works suitable for each agro-ecological region within their state. For example, in the water-logged and flood-prone areas of the Indo-Gangetic plains, indicative works are the repair and extension of drainage channels in *chaur* lands, desilting and deepening of ponds (which help in flood control, irrigation and pisciculture) and repair and strengthening of embankments. In the desert regions, plantation of appropriate species of trees, grass and shrubs, sand-dune stabilisation and wind-breaks are priority interventions.
- States should notify detailed time lines for completion of all interlinked tasks and processes for which detailed guidelines may be issued by the Union Ministry.
- States must undertake a systematic revision of SoR's based on carefully designed Work Time and Motion Studies (WT&MS).
- In blocks and GPs where there is inadequate provision of works under MGNREGA to meet the potential demand for works, the state government may proactively seek involvement of NGOs with adequate technical capacity and demonstrated presence on the ground, to function as PIA.
- Effective steps should be taken to increase the work being done under MGNREGA on forest land. The Forest Department (FD) must prepare a perspective plan and a Shelf of Projects (SoPs) on forest lands and propose these to the respective Gram Sabhas. This SoP may be executed by the Forest department as the PIA after due Administrative Sanction (AS) and Technical Sanction (TS). If the FD is unable to execute the SoP within a time frame of 2 years, the DPC should be required to appoint another PIA and allocate the works for execution to this PIA.
- State governments need to adopt comprehensive capacity development strategies ranging from needs assesment to monitoring the effectiveness of capacity building programmes.
- State governments must build a state wide network of capacity building institutions linked to the national network. The network should include key institutions which should have a combination of technical expertise, training capacity and field experience. State governments may seek assistance from MoRD for the empanelment of training institutions.
- Training of staff should be on a continuous basis so that they have requisite skills to perform even when systems and guidelines undergo change. This is important particularly

for the MIS staff.

- In districts where training infrastructure is inadequate, funds from the capacity building component of BRGF should be used for creating such infrastructure.
- Recruitment of staff for the State mission, including district teams, should be based on clearly defined roles and responsibilities. These should be the basis for deriving the knowledge, attitude, skill and value (KSAV) set required for the position.
- Independent HR agencies need be hired for recruitment and selection for state, district and block level staff.
- State Govts should evolve norms for remuneration to Gram Rozgar Sahayaks, Technical Assistants, Trained Mates, Data Entry Operators, Resource Persons for Social audit etc., and pay accordingly.
- States need to design a system of performance management for staff of the State missions for MGNREGS. Performance appraisal should be based by defining key indicators and assessing progress through feed back from a wide range of stake holders including Gram Sabhas, GPs, PIAs, block and district teams and technical support teams.

### **2.2.3. District Level and Below**

- Each GP has to prepare a five-year Perspective Plan which will outline the development requirements of the GP.
- The Perspective Plan may be prepared at the cluster level rather than at the GP level because a) natural resource boundaries such as aquifers, streams, forests, and grazing land usually extend well beyond the boundary of one GP and b) market opportunities and challenges for livelihoods typically spread well beyond single GPs.
- The Perspective Plan for each cluster should be prepared by the VCD in close consultation with all constituent Gram Panchayats.
- Each GP must prepare a base year assessment of demand for work (as part of the Labour Budget) on the basis of a survey of job card holders within the GP, eliciting information on the seasonal demand for labour from each job card holder. States should define suitable methodologies for assessment of demand for work (as part of the Labour budget), and train the GPs.
- This detailed assessment of the demand for work should be done on the basis of a primary survey by the GP once every five years. This should be reviewed every year by the GP on the basis of annual factors such as the monsoon, changes in cropping pattern and local livelihood diversification.
- The GP must finalise and present the assessment of demand for work at the Gram Sabha meeting of August 15<sup>th</sup> every year.
- The GP must organise a Rozgar Diwas every quarter. This should be an opportunity to invite applications for work and to inform the village of the latest status on planning and execution of works.
- Each PIA should be required to prepare a Shelf of Projects covering at least two years of

implementation. This shelf of projects should be based on the GP Perspective Plan.

- The works listed in the Annual Work Plan should be drawn from the SoP on the basis of prioritisation by the PIA. Since these works would have received technical sanction as part of the SoP, approval of the Annual Plan becomes simpler.
- All PIAs including GPs should be released funds against the Annual Work Plan in two instalments.
- Convergence projects designed on the basis of MoRD guidelines on convergence must be selected if they address priorities as expressed in the Perspective Plans prepared by GPs
- PIAs need to inform the respective Gram Sabhas of the convergence proposals and obtain their agreement. It should be ensured that convergence proposals deliver definite gains in terms of development outcomes which would not be available if the interventions are implemented separately.
- States must formulate a simple and accessible template of SoRs, which could be used by the GPs, EGAs and the mates during the execution of works.
- Whenever there is a revision in the SoR, the DPC must revise the approved estimates for projects in the Annual Plan which are yet to be started. This should be done on a *suo moto* basis by the DPC and the revised estimates conveyed to PIAs. For projects which are under execution when the SoRs are revised, the DPC must conduct a survey re-estimating the value of the unfinished portion of works. The entire process of re-estimation must be done within a period of one month of the revision of SoRs.
- For those PIAs that have incomplete works for more than one fiscal year after the year in which the works were proposed, no sanction is to be given for beginning new works
- There is need for a system for automatic compensation to workers for delayed wages.
- There should be an automatic generation of the pay order when muster roll is entered in the MIS.

#### **2.2.4. Management Information System (MIS)**

- The MIS needs to identify those works which are to be executed over more than one year. Such works may be split into annual work elements, with each annual segment given a distinct work identity. Such works should not be classified as 'incomplete' at the end of the year
- To take full advantage of the capabilities presented by computer networks in terms of speed of information-sharing, it is necessary that MGNREGA moves towards a real-time, online system wherein each stage of planning and implementation is tightly integrated. This will help better realization of entitlements on the part of wage-seekers and better monitoring of these entitlements on the part of implementation agencies
- A crucial step forward in this respect would be capturing work demand. For example, a cellphone-based online work demand application system can be worked out wherein a short message from a wage seeker's cellphone in a pre-defined format lodges itself on a server at the state level. The system could be voice-based, with IVRS technology to make the demand register in the system.

- A system may be piloted whereby hand-held devices are issued to EGAs and muster rolls are directly updated online to the state-level servers by biometric identification of the workers who are present on site.
- The MIS platform can be designed to allow non-standard estimations for particular types of activity or for activities which are above a threshold level of cost. In such cases, a field or spot check should anyway be required to supplement the MIS system. Second, the MIS can also be used as a repository of a wide variety of estimates made in very different conditions over the years in different programmes.
- A Janta Information System (JIS) may be designed and put in place to ensure that the relevant information is available to those who do not have access to computers.

### **2.2.5. Wages**

An Electronic Fund Management System (EFMS), integrated with accounting and reconciled with Core Banking systems, should be adopted in all states. This in itself will help to streamline many of the problems that are being experienced in the current system of monitoring MGNREGA.

## **2.3. Plan Allocations Required for the Scheme During 12th Five year Plan (2012-13 to 2016-17)**

1. The working group recognises that the above measures will help increase the person days of employment generated under MGNREGS. The Working Group estimates that 159124 lakh person days of employment will be generated over the 12<sup>th</sup> Plan period. This will require a financial allocation of Rs 322,147 crores for MGNREGS over the 12<sup>th</sup> Plan period. For details please refer to Chapter 5.

2. The Working Group recommends that one sixth of the provision of administrative expenditure i.e. one percent of total expenditure be earmarked for capacity development activities.

3. The Working Group estimates that the increased expenditure on additional human resources and on capacity development recommended above will be within the allocation of 6% of total expenditure for administrative purposes.

4. The Working Group recommends that additional resources be provided to the Ministry of Rural Development for social audit and to facilitate the expansion of financial services by commercial banks and post offices. Social Audit will cover all major schemes of the Ministry including MGNREGS. The expansion of financial services will enable MGNREGS wage disbursements as well as financial transfers under schemes such as National Social Assistance Programme and Indira Awas Yojana through banks and post offices.

### 3. Review of Institutional Architecture under MGNREGA

MGNREGS is the largest employment generation programme in the world. It aims to provide work to all who seek manual employment regardless of their location and this includes coverage in remote regions and in diverse agro-ecological zones. The programme also aims to strengthen livelihood security by improving the productive asset base of the poor. Finally it aims to improve governance systems by making them more capable and responsive to the needs of the poor.

To deliver such a scheme it is essential that the institutional structure has a) adequate capacity in terms of number and requisite skills and competencies in staff, b) it has flexibility and autonomy in decision-making, c) it has an orientation towards delivering clearly defined results.

A multi-tier institutional structure has been set up for implementing MGNREGS with specified roles and responsibilities at each level. Gram Panchayats (GPs) play a critical role in implementation. At the National, State, District and Block levels the current situation is as follows:

- a) nodal officials at different levels for example, Joint Secretary MGNREGS at the Centre, Principal Secretary/Commissioner MGNREGS at the State, the DPC at the district and the PO at the block level have very small support teams to assist them in implementation
- b) the teams includes members who are i) in regular service and devote only part of their working time to MGNREGS or are appointed on a contractual basis
- c) there is no systematic effort to match a detailed job description and skill competencies with the person placed for the job.
- d) the team capacities at all levels are inadequate to fulfil the requirements. This is particularly true of the teams set up by the block level and below.
- e) it is difficult for the implementation structure to draw upon high level technical expertise. The lack of autonomy in decision making, the absence of a performance management system which links rewards to delivery of outcomes and the mismatch between requirements and capacity of those recruited are some of the factors which need to be addressed.
- f) The block and district teams are unable to provide support to GPs and other PIAs for community mobilisation, information dissemination on entitlements, planning and execution of works and convergence with livelihood promotion strategies.
- g) The state rural development department is unable to provide evidence based guidance to districts and blocks to improve implementation. The state departments do not routinely evaluate performance and draw lessons from good practice as well as shortcomings in implementation.

The implementation structure at the district level and below is critical for successful implementation. GPs who are responsible for implementing 50% of the works under MGNREGS lack the capacity to plan and execute MGNREGS works. Line departments typically have adequate sectoral capacity. The MGNREGS works that they implement tend to focus on their specific sectors and lack strong coherent links with the local livelihood patterns and vulnerabilities faced by the poor and the marginalised. It is important to ensure that the Perspective Plans, Annual Work Plans and the selection, design and execution of works together ensure high level of quality, durability and relevance of

MGNREGS assets for the livelihoods of the poor.

### **3.1. Recommendation**

The Working Group recommends that the institutional structure be strengthened at the national level, at the state level for all states, at the district level for 200 most backward districts and at the block level and below for 2000 most backward blocks. The recommendations below pertain to specific levels of implementation.

#### **3.1.1. Gram Panchayat Level**

The MGNREGA Act as well as the Operational Guidelines provides a pivotal role to the GP in implementation of MGNREGA. The GP has a significant role under the Act as a local government to ensure that the Act is successful in providing livelihood security to every poor household in a transparent manner. This requires the GP to perform the following functions:

- Raising community awareness on the provisions of the Act.
- Providing Job cards and supporting poor households to get registered under the Act.
- Prepare a Perspective Plan for the panchayat.
- Mobilising the community to ensure greater participation in Gram Sabha so that the Perspective Plan, Shelf of Projects and Annual Plans are discussed in detail
- Preparation of a base line estimation of demand for labour after consultation with all poor households.
- Receiving application for works and issuing dated receipts
- Receiving claims for unemployment allowance from workers, forwarding these to the PO and tracking compliance with the provision of the Act.
- Maintenance of works registers and job card registers
- Ensuring that works executed by all PIAs address the development priorities of the GP as expressed in the Perspective Plan.
- Monitoring design and execution of works by all PIAs in the GP to ensure quality and utility.

In addition to the above functions the GP is expected to play the role of the Project Implementing Agency for at least 50% of the overall works budget. There is current provision for one Employment Guarantee Assistant (EGA) per GP. It must be ensured that this position is filled for all GPs in the country. A single EGA per GP is grossly inadequate in those regions where there is high demand for work under MGNREGA. It is recommended that an additional EGA is provided in each GP with BPL /SC/ST population in excess of 3000.

#### **3.1.2. At the Sub Block Level**

The Working Group recommends a technical support team at the level of a cluster of GPs. Each cluster will cover 15,000 job cards or an area of 15,000 ha, broadly corresponding to the boundaries of a milli-watershed and local aquifer. This will also enable plans to be made based on watershed principles and on a watershed/aquifer basis. A multi-disciplinary team will service each

cluster and will comprise of 4 specialists one each in community mobilisation, soil conservation & water harvesting, forestry & land use and agriculture & allied livelihoods. The cluster team will work under the overall supervision of the PO but will also be accountable to the GPs in the cluster. The cluster team will be located in the PO's office at the block level and will draw its expenses from this office.

This team will assist the GPs to prepare a Perspective Plan, Annual Plans, Labour Budgets, selection of sites, design and execution & measurement of works etc. Other PIAs may also request support from this multi disciplinary team.

The Working Group proposes that Cluster Facilitation team be set up in 2000 most backward blocks to facilitate MGNREGS implementation.

### **3.1.3. At the Block Level**

Every Block should have a full time dedicated PO (or additional PO with fully devolved authority for performing the role) for MGNREGS. In addition the PO shall have a team of 4-5 Junior Engineers or equivalent who are responsible for measurement and valuation of works, ensuring completion, checking estimates and designs, preparatory to according technical sanctions etc. The PO should also have the support of 2-4 members for administrative functions and operating the MIS. Most states have already provided for a team of junior engineers and administrative staff at the block level. This working group recommends the provision of additional staff at the block level in 2000 backward blocks. The additions will be an Assistant Programme officer and a Junior Engineer.

### **3.1.4. At the District Level**

A District level Technical Committee must be set up to guide the implementation of the Act. This Technical Committee must comprise district officers from the relevant technical departments, representatives of NGOs and the academic community. The Committee will examine GP and Block Perspective Plans on the basis of technical considerations of district level priorities. Additionally, the functions of the Technical Committee will include

a) examining the shelf of projects submitted by the PIAs and recommending the grant of technical sanction to the DPC

b) preparation of district specific schedule of rates for common tasks under MGNREGA, c) determination of rates, quality parameters and list of suppliers for the district for the material component. This list should be reviewed at least once in six months

c) revision of district specific SoR whenever there is a revision of wage and material rates assisting DPC in the *suo moto* revision of financial estimates for shelf of projects, upon a revision of wage and material rates.

The District level TC must meet at least twice in a year. State Governments may devise procedures to ensure that the District Technical Committee is active and contributes to the DPC's role in implementing MGNREGS.

The Working Group recommends that a support team of 4 specialists be established at the District level to work under the supervision of the DPC. The team will include one specialists each for community mobilisation & entitlements, works ( soil conservation, water harvesting, plantation), MIS and capacity building & convergence. This team will support the DPC to strengthen MGNREGS

implementation in the district. The Working Group proposes that this support team be provided to 200 most backward districts.

The Working Group recommends that a District level training team be supported under MGNREGA. This training team will be part of a state network of training institution. The team maybe embedded in a CSO or an academic institution which has the requisite combination of technical expertise, training skills and experience in field implementation of development projects.

### **3.1.5. At the State Level**

The Working Group recommends that states set up state level MGNREGS missions as autonomous societies. The state level nodal officer for MGNREGS implementation (Principal Secretary Rural Development or Commissioner MGNREGA) will be the CEO of the state MGNREGS mission. The Governing Body will have representatives from the state governments as well as CSOs and academic and training institutions.

The state mission will employ a state level technical team, the district level teams described in the previous section, the additional staff recommended at the block level and the cluster facilitation teams. The mission will have adequate functional autonomy to facilitate recruitment of qualified staff at various levels.

The state level technical team will include specialists in the following fields

1. Rights & Entitlements,
2. Planning for Livelihoods Promotion & Convergence,
3. Works: Soil Conservation & Water Harvesting, Forestry & Land Use
4. Wage Payments and other administrative systems,
5. Social Audit & Grievance redressal
6. Capacity Development
7. Records and MIS
8. ICT
9. Evaluation, Research and Learning
10. Human Resource Management

The state mission will perform the following functions :

- Recruit and manage support staff at the district, block and cluster levels
- Develop capacity, appraise performance and ensure result orientation of staff at all levels
- Develop guidelines and technical manuals for MGNREGS implementation
- Ensure that MIS accurately captures relevant data
- Review administrative systems and suggest changes for effective functioning
- Support assessment of MGNREGS results
- Identify lessons, document them and facilitate sharing

### **3.1.6. National Level**

A National Mission should be established to guide and oversee the implementation of MGNREGS. The Joint Secretary, MGNREGS will officiate as the CEO of the National MGNREGS mission. The Governing body of this mission should be chaired by the Minister of Rural

Development. The Governing Body must include representatives from two related Central Ministries and 4 states on a rotational basis. In addition, the Governing Body should include representatives from CSOs and academic institutions which have demonstrated involvement in MGNREGS implementation.

The Mission will recruit a team of qualified specialists in fields such as

1. Rights & Entitlements,
2. Planning for Livelihoods Promotion & Convergence,
3. Works : Soil Conservation & Water Harvesting, Forestry & Land Use
4. Wage Payments and other administrative systems,
5. Social Audit & Grievance Redressal
6. Capacity Development
7. Records and MIS
8. ICT
9. Evaluation, Research and Learning
10. Human Resource Management

The mission should have adequate functional autonomy to recruit highly qualified technical staff and to enable them to work with a clear focus on results.

Functions of National Mission include

- Provide technical support to the Ministry to enable it to issue advisories to states to improve MGNREGA implementation
- Follow up on advisories issued by Ministry including obtaining feedback from states
- Examine reports and the MIS to identify issues to be reviewed by the Ministry with state governments
- Field visits to work sites, GPs and block and district offices to report on qualitative issues.
- Coordinate with different ministries for establishing linkages with MGNREGA outcomes
- Identify CSOs, academic and technical institutions and qualified individuals who may be empanelled by the ministry to support MGNREGA implementation through capacity development, preparation of IEC material and technical material, monitoring and evaluation, documentation etc.
- Coordination with state mission on support activities
- Organising documentation and events for sharing lessons
- Identify innovative applications of ICT to improve MGNREGS implementation
- Design and support pilots for improving MGNREGS implementation
- Provide advice on human resource strategies which will enable national and state missions to recruit and retain qualified staff, build their capacity and assess staff performance

The Working Group recommends the strengthening of the Technical Secretariat of the Central Employment Guarantee Council (CEGC) as envisioned under Section 11 of the Central Council rules. The Secretariat will assist the CEGC to perform the advisory and oversight function prescribed under the Act. This Secretariat will report to the CEGC and will nominally be independent of the Ministry of Rural Development.

The Working Group recommends setting up of a National Network for Capacity Development for MGNREGA. The Network will include national level institutions which will identify capacity development needs, design, capacity development strategies and programmes, prepare training material and evaluate the effectiveness of capacity development activities. The network will be supervised by the MGNREGS national mission with the capacity development specialists working as the nodal officer.

### **3.2. Network of Capacity Building Institutions**

At the national level, an apex body or resource agency for MGNREGA training needs to be created to anchor the entire training effort. This organization will-

- Act as a coordinating and anchoring agency between different state level resource centres
- Help to define and refine, in coordination with state resource centres, training policy at both state and national levels and make training needs assessments
- Act as a clearing house for training material and resources and as a nodal centre actively involved in development and dissemination of training material, methods and resources
- Identify and mobilize institutions which can play the role of training institutions for MGNREGA across the country
- Define training content and syllabi for different stakeholders. Draw up a national level training plan for different stages of MGNREGA implementation and for different stakeholders, factoring in state level training plans
- Identify and induct capable CSOs with proven track records, professional agencies, technical institutes and other institutions who can play the role of Lead Resource Centres or Anchor Organizations (AOs) for MGNREGA training and support in different states, with the active participation of the state level training and support organizations
- Monitor the quality of training imparted and make specific recommendations for improvement
- Seek advice from the Central Employment Guarantee Council as the apex body steering the MGNREGA and report to the CEGC on the action taken by it and state governments in furtherance of its recommendations. A Steering Committee of the CEGC may be formed to oversee the functioning of the National MGNREGA Training and Support Organization (NMTSO). This committee must also induct representatives from reputed and prominent CSOs to guide and monitor its work.

At the state level too, a coordinating resource institution needs to be set up with the same responsibilities. At both the State and national levels, CSOs with track record and experience may be involved in this role. The State and National level institutions should further identify State level training organizations. These could be CSOs, technical resource agencies identified through a careful screening process. If CSOs are involved, the same CSO could also contribute to the resource agency in different states.

### **3.3. Policy Evaluation and Research**

The Working Group recommends setting up Policy Evaluation and Research Service ( PERS) as

a continuous policy evaluation and research think tank for enhancing the capacity of MoRD in its effective and efficient implementation of MGNREGA by developing innovative participatory approaches and syncretic methodologies for impact analysis, anticipating policy research needs of key stakeholders and responding to specific policy analysis requests in the areas of innovation, convergence and capacity building on all current and emerging issues in MGNREGA. Additionally, PERS would also function as a forum and clearing house for the sharing of information as well as the dissemination of best practices through workshops, seminars, publication of journals, reports, bulletins, briefs and other literature. PERS would also help create an environment for imparting expertise to people interested in rigorous program evaluation and training to policy makers/implementers on how to conduct randomized and qualitative evaluations in social policies. With a rigorous adherence to objectives of MGNREGA especially articulating voices of poor in the realm of livelihood security, PERS would help create a robust, dynamic and self-evolving knowledge-space that is authoritative, objective, nonpartisan and transparent in generic terms of monitoring and evaluation as mentioned in the Section 11 of the Act. Further, PERS is intended to breakdown the silos in social science research and deepen the sphere of participatory and informed dialogue between policy makers and civil society.

PERS will be composed of three units (or sections):

- Independent Evaluation or Impact Assessment Unit that will focus on various implementing aspects including impact analysis and appraisal of MGNREGA.
- Research and Analysis Unit will be a new avatar of current PIN (Professional Institutional Network) for commissioning, guiding, and coordinating studies from a network of universities, social science institutes, and civil society organizations for fostering public-private partnership in the monitoring and evaluation of MGNREGA.
- Publication & Communication Unit: This will be primarily responsible for publishing Policy Briefs, Occasional Papers, Special Reports, Working Papers, documentaries, short films etc. for effective and transparent dissemination of information and setting the stage for informed dialogue between people and the government about the implementation of MGNREGA.

The PERS should also be linked to current system of National level monitors and the independent monitoring mechanism set up by the Ministry.

### 3.4. CSO Involvement in MGNREGA Implementation

Multi-level involvement can be visualized for mobilization, transparency, vigilance, quality monitoring and social audits. The table below attempts an illustrative matrix of possible roles that civil society can play.

Particular	National	State	District	Block	Cluster
Resource Agency	*	*			
Training and Support		*	*	*	
Implementation Facilitation and Support Teams				*	*
Mobilization of Wage-seekers				*	*
Quality Monitoring				*	*

Vigilance, Social audit		*	*	*	*
Interface with Implementation Architecture			*	*	*

To ensure quality in CSO involvement and prevent undesirable entries, a special purpose vehicle may be set up for pro-actively identifying and bringing on board CSOs with a proven track record. Short listing of such CSOs could be done on the basis of specifying stringent minimum inclusion criteria. A consortium approach may be considered for ensuring collective and peer responsibility of partner CSOs. Under such an approach, partner CSOs will work together as regional, state-level or sub-state level networks, which is anchored by one organization from amongst them, with several years of experience in working on mobilization and planning related issues and has an impeccable track record. The responsibilities of the anchor organization would be capacity building, hand holding support, monitoring and review. Such a concept has the merit of ensuring collective, peer group accountability among CSO partners. (A more complete discussion of this concept is given in the report of the Working Group 4 of CAPART reforms submitted in 2010).

## **4. Review of Operational Systems and Processes**

### **4.1. Processes Related to Planning and Execution**

#### **4.1.1. Assessment of Demand for Work**

The Labour Budget is prepared on the basis of District Perspective Plan or a consolidation of Annual Plans. This is revised every year on the basis of the previous year's performance and estimating the likely changes in the demand for work. The Annual Plans typically, are based on proposals by Principal Implementing Agencies (PIAs) to execute works. These are determined by the capacity of the PIA and the PIA's assessment of the natural resource base. The Labour Budget therefore does not independently estimate the demand for work on a seasonal basis from potential workers.

To make the process more participatory the Gram Panchayat should have the capacity to prepare a base year assessment of demand for work on the basis of a survey of job card holders within the GP, eliciting information on the seasonal demand for labour from each job card holder. They may be assisted in this task by the cluster level facilitation team. Every State must define a suitable methodology for assessment of demand for work. The state mission must train the cluster facilitation team in conducting the same.

The assessment of demand for work by GP must be presented to Gram Sabha (GS) for verification on August 15<sup>th</sup> every year. The assessment for demand for work on the basis of household survey should be done once every five years to account for changes in the local pattern of livelihoods and opportunities for work in productive activities. This base line assessment must be a mandatory component of the development plan of the GP and the district. This base line assessment must be reviewed by the GP every year on the basis of that particular year's monsoon and a forecast of agricultural and related activity for the year.

Annual Plans and budgets should be approved only when the base line assessment of demand for work is formulated on the basis of a survey of job card holders. The estimation of the demand for work in the Gram Panchayat should be presented at the Gram Sabha meeting held on August 15<sup>th</sup> along with an assurance from the GP that employment will be provided to job seekers as required in the labour budget. The GP will inform the GS that the Annual work plan for subsequent fiscal year will be developed to meet this demand for work and will be presented to the GS at the October 2<sup>nd</sup> meeting.

#### **4.1.2. Perspective Plan**

Currently works taken up under MGNREGA are not based on a technically validated assessment of livelihood opportunities of the region. Such an assessment requires a thorough analysis of the natural resource base including groundwater, surface flows, topography, soil types, land use etc.

Each GP has to prepare a 5 year Perspective Plan which will outline the development requirements of the GP. The Perspective Plan will a) assess natural resources b) analyse current use patterns c) identify opportunities provided by markets and d) identify natural resource constraints such as limited groundwater, endangered bio diversity, upstream/ downstream of water harvesting and the capacity of soils to support specific production systems.

The Working Group recommends that the Perspective Plan is better prepared at the cluster level rather than at the GP level because a) natural resource boundaries such as aquifers, streams, forests, grazing land etc. usually extend well beyond the boundary of one GP. Thus, planning water harvesting structures on a river that runs past several GPs requires an aggregate plan for the entire catchment. Similarly, silvi-pastoral interventions require joint commitments from neighbouring GPs on grazing management. There may also be advantages of scale in promoting livelihoods for a cluster of GPs rather than for a single GP.

The Perspective Plan for each cluster will be prepared by the VCD in close consultation with all constituent Gram Panchayats. Further, the portions of the Cluster Perspective Plan pertaining to specific Gram Panchayats will be presented at the respective Gram Sabhas for ratification. The Cluster and Block Perspective Plans must be reviewed by the District level TC with advice from a panel of independent experts. The District Perspective Plan must be prepared through a bottom up process based on GP/Cluster and Block Perspective Plans. The Perspective Plans form the basis for preparation of GP/PIA Shelf of Projects and Annual Plans.

#### **4.1.3. Preparation of Shelf of Projects (SoP)**

All PIAs must be required to prepare a SoP covering atleast two years of implementation. Every year the PIA must add new proposals to the shelf of works to replace the components already executed. To ensure quality and relevance of works proposed by PIAs in the SoP it is important to subject them to technical scrutiny and provide the PIAs feedback well in advance so that PIAs may modify their proposals. A SoP covering atleast two years of implementation enables a) adequate technical scrutiny before granting technical sanctions and b) limited delay in requisite approvals for starting of works. The DPC must ensure that the SoP is consistent with the Perspective Plan for the respective GPs and will contribute to livelihood security. At present many State Governments provide technical sanctions to a list of works without ensuring that the works are adequate for two years of implementation.

#### **4.1.4. Participatory Process in Preparation of Annual Plan**

The guidelines require that all PIAs consult the GS while identifying works for inclusion in the Annual Plan. There is need to strengthen the consultation process so that the selection, design and precise location of works, selection of beneficiaries, scheduling of works and other aspects be fully driven by the preference of the GS. This requires prior effort in community mobilisation and information dissemination. The GS should be fully informed of the Perspective Plan and livelihood promotion strategies for the village. The GP and CSOs must use innovative approaches to ensure participation of marginalised and vulnerable communities in the decision making process. Where required they must devise smaller platforms for consultation which will feed into the GS.

#### **4.1.5. Annual Plan and Issuing Work Orders for Commencement of Works**

Approval of the Annual Plan should be equivalent to Administrative sanction for all its constituent works. The works listed in the Annual Work Plan should be drawn from the SoP on the basis of prioritisation by the PIA. Since these works would have received TS as part of the SoP, approval of the Annual Plan becomes simpler.

The GPs and the other PIAs are appropriate authorities to start works by issuing work orders once they have received administrative sanctions for the Annual Plans. The administrative procedures of issuing unique identity for every work and issuing muster rolls should be simplified with a tight time line. The PO should be responsible for adhering to this timeline. The above process is to facilitate speedy response by PIAs to demand for work, while ensuring technical quality of works.

## 4.2. Strategy to Address Incomplete Works

MGNREGS works are left incomplete for several reasons. These causes need be addressed by different steps:

- The MIS needs to identify those works which are to be executed for over a year. Such works may be split into annual work elements, with each annual segment given a distinct work identity.
- Some works are left incomplete because revisions of wage and material rates raise the actual cost beyond the approved estimates. Whenever there is a revision in the SoR, the DPC must revise the approved estimates for projects in the Annual Plan which are yet to be started. This should be done on a *suo moto* basis by the DPC and the revised estimates conveyed to PIAs. For projects which are under execution when the SoRs are revised, the DPC must conduct a survey re-estimating the value of the unfinished portion of works. The entire process of re-estimation must be done within a period of one month of the revision of SoRs.
- For those PIAs that have incomplete works for more than one fiscal year after the year in which the works were proposed, no sanction is to be given for beginning new works.

## 4.3. Revision of Schedule of Rates

A systematic revision of SoRs requires a estimation of the amount of work (a “Task”) a human being can perform in a given area during a given period of time (normally 8 hours). Carefully designed Work Time and Motion Studies (WT&MS) need to be undertaken for this<sup>1</sup>. This exercise has to be done in a transparent manner, by an agency which is independent of the Nodal Department (for MGNREGS). The agency conducting the time and motion studies should have adequate knowledge and capacity to carry out this complex task. The WT&MS should also allow for regional variations in tasks, depending on the variable local conditions and the health and nutrition status of the population. In particular they must reflect the productivity of mixed group of workers including both men and women, elderly workers and those who are physically challenged. Some States have moved to create district specific SoRs which enables them to take into account inter-regional and inter-district variations in conditions under which work is performed.

The Ministry should establish a technical cell to develop guidelines and provide guidance to the

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1 As the Operational Guidelines states: “the State Governments may undertake comprehensive work time and motion studies. These studies will observe out-turn and fix rates after detailed location specific observations. This implies that productivity norms must follow possible out-turn under different geo-morphological and climatic conditions, across and within Districts. This is of particular significance in areas with a high degree of location specificity and variability in the soil, slope and geological conditions and seasonal variation. Therefore, a matrix of rates for the same task needs to be drawn up that follows ecological rather than administrative boundaries. The Schedules of Rates (SOR) may be prepared on the basis of these studies” (MoRD, 2008, 6.7.2).

states to undertake time and motion studies and for development of SoR. The technical cell should provide a toolkit of procurement templates for hire of agencies to conduct such studies and for development of SoRs. Such a cell may also empanel agencies for further augmentation and selection by the states. IEC material must be developed and disseminated to demystify SoRs amongst potential workers.

Formulation of a simple and accessible template of SoRs could be developed at two levels: one, with rates for the simple and often repeated tasks and the other with rates for more complicated tasks. The SoR for common tasks may be developed at the level of the district whereas the SoRs for the complex tasks may be developed for a group of districts within the same agro-climatic region. Comprehensive training on SoRs should be made part of the capacity building exercises of the personnel involved in the execution of MGNREGA works. The template should also allow for regional variations and include special works to be taken up in the hills region, coastal regions, deserts, water-logged and flood-prone plains and saline areas.

#### **4.4. Modification in the List of Permissible Works**

Many states have expressed the need to expand the list of permissible works under MGNREGA providing location-specific flexibility reflecting diversity in a) natural resource endowments, b) agro-ecological conditions, c) livelihood patterns and d) capacity of institutions responsible for planning and execution. State Governments must identify regions within the State on the basis of the above variations and for each region come up with a list of permissible works that could subsequently be approved by the Centre, in a manner that does not compromise the basic architecture of MGNREGA.

For **coastal areas** works which will improve the productive assets of the fishing community may be included under MGNREGA. An indicative list of such works will include construction of country boats for artisanal fishing, weaving of fishing nets, construction of landing jetties, drying yards and market platforms.

In the **water-logged and flood-prone areas in Indo-Gangetic plains**, there is ample opportunity for taking up works in the MGNREGA framework. Indicative are repair and extension of drainage channels in *chaur* lands, desilting and deepening ponds (which help in flood control, irrigation and pisciculture) and repair and strengthening of embankments.

In the **desert region in western Rajasthan** MGNREGA offers resources for works such as sand dune stabilisation and wind breaks, establishing nurseries of suitable grass and shrub species and reviving traditional water harvesting systems. Plantation of appropriate tree, grass and shrub species on an extensive basis is an important intervention for this region.

The State Employment Guarantee Council may recommend the inclusion of specific interventions in the list of permissible works on the basis of detailed reasoning which includes a) relevance of proposed works for livelihood security of the rural poor, b) consistency with MGNREGA stipulations such as labour-material ratio, the deployment of manual unskilled labour, c) selection of specific works by the GS and d) enabling measurement of productivity leading to determination of wages. The Ministry of Rural Development may prepare a template which will enable SEGCS to recommend works and provide information on the above issues. The Ministry must also commit itself

to systematic and time bound process of evaluating SEGC recommendations on the addition of new categories of works.

#### **4.5. Treatment of Forest Land under MGNREGA**

In several states, forest land offers vast opportunities for productive investment through labour oriented works. Such investment will increase productive assets such as ground and surface water and biomass yield. It will also reduce soil erosion. Such works are usually aimed at forest conservation and within the ambit of the Forest Working Plan.

In most states however, very little work has been undertaken on forestland under MGNREGA. The Forest Department has been reluctant to execute such works or permit other PIAs to do so. While taking up MGNREGA interventions on the watershed development approach, the ridge area in a typical watershed is located on land in the control of the forest department. If no erosion control works are taken up in this part of the watershed, the entire principle of ridge-to-valley planning is violated. Moreover, since adivasis are normally concentrated in villages close to the forest, it becomes difficult to carry out development activities under MGNREGA in adivasi villages. The Working Group recommends that effective steps be taken to rectify this situation. The FD must prepare a perspective plan and a SoP on forest lands and propose these to the respective GSs. In case the works proposed are not located within any village boundary (revenue or forest) the FD may propose these to the GS located closest to the forest area. Once the GS approves the works, such treatment becomes the part of the perspective plan of the GP. This SoP may be executed by the Forest department as PIA after due AS and TS. If the FD is unable to execute the SoP within a time frame of 2 years, the DPC should be required to appoint another PIA and allocate the works for execution to this PIA. The DPC will also facilitate coordination between such a PIA and the FD. Since the SoP will be prepared by the FD, there will be consistency between the SoP and the objectives of forest conservation.

The FRA has given a clear and overwhelming mandate to the Gram Sabha to take decisions relating to work in the forest areas. Work on NREGA in forest areas could hold the key to bringing the adivasi communities and other forest-dwellers out of their absolute level of poverty. The inclusion of forest lands for treatment under MGNREGA, the preparation of Perspective Plan and SoP for forest lands and the execution of works by the FD or other PIAs become important steps for MGNREGA to be successful.

#### **4.6. The Appropriate Level at which the Labour-Material Ratio Should be Maintained**

Currently most States observe the labour-material 60:40 ratio either at the level of individual works or at the level of the district. The former is too rigid an interpretation of the Act and does not permit use of materials to the extent required for quality in many works. And by fixing it at the district-level, it often happens that material intensive works get taken up in those parts of the district which are able to push their case early in the year. Those blocks or GPs which design labour intensive works in response to demand for employment, are not able to avail adequately of the material component even when their natural resources require higher material usage, for example, masonry check dams, blasting of hard rock strata, lining of wells and irrigation channels, fencing etc.

The Working Group should specify that the 60:40 ratio is to be maintained at the block level.

This will reduce the imbalance in the regional distribution of the material component, and enable labour-surplus blocks too to gain from material component in ensuring longevity of specific works.

#### **4.7. Convergence of Works taken up under MGNREGA with other Schemes.**

There are strong opportunities for convergence between MGNREGS and other development programmes. Such opportunities are particularly strong with programmes aimed at livelihoods promotion (RKVY, NRLM, National Horticulture Mission) or strengthening the natural resource base (the National Watershed programme, National Afforestation programme, the Green Indian Mission, schemes to revive water bodies, compensatory afforestation with CAMPA funds, schemes working on soil remediation).

The Ministry has developed and disseminated Guidelines for convergence of NREGS with different Schemes and specific programmes viz. Indian Council of Agricultural Research, National Afforestation Programme and other schemes of the Ministry of Forest & Environment, Schemes of the Ministry of Water Resources, PMGSY (Department of Rural Development), SGSY (Department of Rural Development), Watershed Development Programmes (Department of Land Resources, Ministry of Rural Development) .

The District Technical Committee must align the MGNREGS Perspective Plan with the broader District Development Plan prepared as part of the District Planning process. The MGNREGS Plan will thereby build on livelihood opportunities that will be supported by the broader District Plan. Convergence projects may be encouraged provided they address priorities expressed in the Perspective Plan and are ratified by the GS.

Convergence is most appropriate where the programmes have a common process and a compatible implementation architecture. MGNREGS has a process that accords centre place to the Gram Sabha and the Gram Panchayat in prioritizing ‘works’. The Scheme has a strong role for the Programme Officer and the block office. There is an annual planning cycle, which needs to be responsive to changes in the demand for work. While seeking convergence, MGNREGS’s features must not be compromised.

A few principles need to be observed while designing convergence projects:

- The convergence projects must address priorities as expressed in the Perspective Plans prepared by GPs or cluster of GPs
- The respective PIAs need to inform the respective GSs of the convergence proposals and obtain their agreement
- It should be ensured that Convergence proposals deliver definite gains in terms of development outcomes which would not be available if the interventions are implemented separately
- Convergence projects are governed by the transparency provisions of the MGNREGA guidelines including monitoring by the GS

Specifically, MGNREGS can be used to promote the adoption of sustainable land-use practices, including agriculture using less chemical inputs, livestock based systems, integrated farming

systems, etc. In such cases, MGNREGS must support long-term improvement in soil fertility and productive assets. The MGNREGS support should be for incremental activity (for additional benefit) and not to subsidise business-as-usual.

#### **4.8. Determination of MGNREGA Wages**

The Ministry has revised MGNREGA wages based on the Consumer Price Index for Agricultural Labourers (CPIAL), with 1<sup>st</sup> April 2009 as the “base” and have also accepted in principle, the need for upward revision of such wages – in line with CPIAL every 6 months or every year. However, no notification to this effect has been issued so far. In this context, it is recommended that:

- The Ministry use CPIAL for all future upward revisions
- Such upward revisions be made annually by the 31<sup>st</sup> of July of every year to be aligned to supplementary budget estimates, to serve peak demand requirements and to align with the practical working processes for the scheme. Careful thought is required on the timing of announcing these revisions in order to ensure that implementation of MGNREGA works are not disrupted.
- States that had wages notified at more than Rs 100/day at the time of the 1<sup>st</sup> of January 2009 notification should have their wages indexed to CPIAL with their notified wage as a base.
- Setting an upper limit on the number of revision that the State Governments can make each year (e.g., twice a year in exceptional circumstances), and once a year otherwise. By default, wages should be revised once a year.

##### **4.8.1. Wage Indexation and Rise in Real Wage Rates**

The Government has appointed the Sen Committee to develop a satisfactory index to link wage rates with prices. As an interim measure the Government of India has taken a decision to index wage rates notified under MGNREGA to the Consumer Price Index for Agricultural Labour and accordingly issued the notification on the 14<sup>th</sup> of January 2011. Reverting to the provision of the Minimum Wages Act for MGNREGA works and indexing wages to the CPIAL once a year, leaves one issue unresolved. That is to devise a suitable mechanism for real wages to increase over a period of time. The Planning Commission may set up a separate group for working on this issue.

##### **4.8.2. Prevention of Delays in Wage Payments**

There are at least three major sources of delay in wage payments in MGNREGA - the flow of funds, the restricted capacity of banks and post offices and the lack of accountability in the wage payment process. To reduce delays in wage payments the Working Group recommends that:

- all states adopt Nregasoft or other uniform software.
- The statement of accounts updated by the states/districts through Nregasoft should be used as the basis for timely release of funds.
- The Ministry strengthens the capacity of financial accounting at all levels by establishing a competent accounting cadre
- All States should adopt the Ministry recommendation on the formation of State

Employment Guarantee Fund (SEGF). The Ministry proposes to release funds to the States through SEGF. This will give the States a decisive role in managing funds in the districts. The adopted MIS should also enable tracking of funds through an online monitoring system to ensure that the funds being released through the State Fund are according to financial norms

- The MIS should also track the entire process of fund flow below the State level including requests for funds and responses. The MIS should be accessible to all
- The Ministry should draw lessons from the electronics funds management system of GoAP and the Central Plan Scheme Monitoring System (CPSMS) of the CGA, MOF, GOI to draw up a detailed implementation process
- Ministry should develop a standard chart of accounts for MGNREGA (with a provision for customization by states) and integrate the same into MGNREGA application for effective accounting, online banking, reconciliation and updation of MGNREGA MIS
- Since Post offices are key partners in wage payments they should be computerised on a priority basis. Post offices should create postal extension counters to expand their reach in making wage payments under MGNREGA
- Commission be paid to Post offices ranging from 2% to 1% of transactions on a graded basis. This will enable the department of Posts to accelerate computerisation, employ more staff and expand the reach of Post offices
- Delays in measurement of work should be reduced by appointing more staff for this function
- A clear timeline should be defined for the steps of submission of muster rolls, measurement of work, generation of payment order, transfer of payment order to payment agency and disbursement of wages. This timeline should be monitored through the MIS.
- There should be provision for automatic compensation to workers in case wage payments are delayed
- Provision should be made for making an interim payment on the basis of muster rolls and attendance in case there are lengthy delays in measurement of works. An initial measurement of works by mates may be taken as the basis for the interim wage payment. The MGNREG Act Schedule II item 32 states that "The State Government may prescribe that a portion of the wages in cash may be paid to the labourers on a daily basis during the period of employment".
- The electronic fund management system may be implemented in combination with biometrics. This requires adequate physical infrastructure at the block level and below, appropriate computerisation of MGNREGA processes, a technology service provider as a system integrator and trained staff at all levels. The Ministry has initiated the process for using the biometric data captured by Registrar General of India to avoid cost duplication and plug gaps. The Biometric data will be used for authentication of MGNREGA processes and it will be UIDAI and core banking compliant.
- Ministry may pilot the Business Correspondent model to facilitate speedy payment of

wages.

## **4.9. Human Resource Management Systems**

There is need for a systematic and purposive human resource policy to cover all staff employed to implement MGNREGS. The Working Group has recommended above an expansion of the MGNREGA implementation teams at the National, State, District and Sub district levels. A systematic human resource policy is important to recruit and retain the appropriate teams at the respective levels. Further the HR policy will ensure that the teams perform effectively and remain accountable for performance. This becomes even more important because the staff will be employed on a contractual basis. The HR policy should include:

- a clear and cohesive organisation vision
- clear definition of roles and responsibilities of each staff position in the implementation structure.
- Proper job descriptions for each position
- identification of expected results and performance standards from each position
- Performance assessment and system of incentivising performance
- mentoring and feedback to strengthen performance
- linking capacity development with roles and responsibilities

The recruitment process needs to be done in a professional manner and may be outsourced to credible agencies if required. The recruitment and selection must include the following steps

- create a profile of the desired candidate with respect to knowledge, skill, attitude and values
- Devise a methodology for selection that assesses the skills, competencies, empathy with the poor, ability to work in teams and achievement motivation
- Administer the methodology in an impartial and transparent manner. This will require involvement of external individuals in the selection process

## **4.10. Capacity Building Strategies and Processes**

The Working Group has recommended above that a national network of capacity building institutions be created for MGNREGA. This network will include CSOs, academic and technical institutions which have adequate technical capacity, training skills and experience in field implementation. This network will work very closely with and under the overall supervision of the National and State missions for MGNREGS.

The National mission in consultation with leading institutions of the network should prepare a capacity development strategy for MGNREGS. The elements of such a strategy will include :

- An assessment of the organisation structure, roles and responsibilities of positions and the performance assessment systems
- analysis of the extent to which the organisation structure can support and facilitate effective performance
- assessment of training needs of staff on the basis of a matching of roles with skills and competencies possessed by staff

- a training plan for different stages of MGNREGS implementation and for different stakeholders
- identification of institutions who can contribute to capacity development across the country
- Defining training content and syllabi for different stakeholders
- Monitoring the effectiveness of training activity
- tracking changes in MGNREGA implementation systems and the development context
- modifying the training plan to respond to the changes as above

The National and State missions may nominate apex institutions at the national or state level to execute the capacity building strategy. Alternatively they may create a national consortium of capacity building institutions and execute the strategy through a Secretariat housed in one of the consortium members.

#### **4.11. Management Information System**

All financial and technical transactions relating to the MGNREGA must be proactively (*suo moto*) entered into a Management Information System (MIS) so that it is accessible to any interested person.

- All financial and technical transactions related to the MGNREGA need to be entered into MIS
- The software used for MIS should satisfy principles of open-source and open access
- The formats used for entering information, analysis and display would be uniform across the country so that information can be uploaded and downloaded seamlessly at all levels from the Gram Panchayat/Block level up to the National level.
- All payments shall be made through pay orders generated either from Nregasoft or its State companions. Location of pay order generation and power supply should be taken care by the states
- MoRD shall release the funds on the provision of certificate that payments are made only through Nregasoft or its state companions
- Issuing of cheques, cash books, asset cum cumulative register and preparation of various ledgers shall also be similarly done; and the application should seamlessly interface with the Banks/Post Offices, making it possible to reconcile the accounts of Banks and Post Offices through this application.
- GP and Block level MGNREGA staff should be provided with a log in with a password to authenticate data that has been entered
- The MIS system shall be designed and operated to highlight and send out alerts (at specified intervals to specified persons), the following information-
  - work demanded;
  - work demanded but not supplied;
  - positioning w.r.t supply of work, in particular, list of Panchayats that do not have an adequate shelf of projects;

- List of Panchayats not generating adequate work days in each week;
- Names of job cardholders who have not got 100 days of employment in each year;
- List of works with name in each Panchayat that has failed to record engineering measurements within the stipulated period.
- List of all incomplete works, along with number and total value of such works for which there is administrative approval;
- List of Panchayats in which wages have not been paid within fifteen days of closure of the muster roll;
- List of Panchayats in which muster rolls are not fully entered into the MIS each week; and
- List of Panchayats, which either have over rupees four lakh unspent or less than rupees one lakh to spend

The MIS should be so designed that any worker who enters the job card number should be able to access all information relating to every transaction connected with that Job Card/worker.

The worker should also be able to demonstrate the time lapse between application and provision of work, and the time lapse between completion of work and date of payment, thereby generating automatic claims for unemployment allowance and/or compensation for delayed payments.

Information to be displayed through the MIS, must include but not be restricted to:

- interactive graphs that offer quick analysis along key indicators such as allocations and expenditures person days of work allocated
- maps with search facilities so that the user can search for data down to the Panchayat/ worksite level to assess allocations and expenditures

include features that allow citizens to comment on data available, share experiences and so on

Considering the widespread growth of mobile connectivity even amongst MGNREGA beneficiaries and potential beneficiaries, the MIS shall be so designed to capture the mobile number of the job card holder (if available), and SMS alerts shall be automatically generated in the local language to the mobile number in case of critical events, e.g. (a) receipt of application for work (b) allotment of work (c) generation of pay order (with details of work days and amount due) etc.

A national asset register shall be built on an appropriate platform (like Google Earth/Maps) using latitude-longitude coordinates and made available in the public domain.

Key stakeholders in MGNREGA implementation may be broadly classified into three: (a) wage seekers (b) implementors and (c) those monitoring the implementation. Similarly the key stages in the MGNREGA workflow may be identified as (a)work demand (b) planning (c) start of work (d) muster roll updation (e) wage payments (f) social audit. At each of the above stages, the requirements of the MIS may be looked at from the point of view of the key stakeholders. For instance, wage seekers would require that the MIS enables them a channel for better registration of their demand for work. Implementors would require that such work demand is visible to them. Monitoring and grievance redress mechanisms would require that the MIS alerts them to delays in start of work after it has been demanded so that they can ensure that implementors provide the work.

For MIS to be able to deliver to each of the stake holders along the above lines a necessary condition is that it becomes central to the workflow and is tightly integrated end to end. In addition, for

maximization of benefits, it requires a system that is real time and online. The first is a case for better use of IT. The second requires better connectivity backbones, hardware and innovations

An often voiced critique of the MIS is that muster roll data or wage payment data are entered much after the event has occurred. From the point of view of ascertaining whether the 15-day legal entitlement of wage payment has been met or not, the delay is fatal. Another critique is that work demand is always equal to work supplied. Because work demand data are entered after the system has provided work and those who get work are also shown as those who demanded it (done partly to get over the stringent provisions in the act with respect to unemployment allowance). Many system administrators working for the MGNREGA MIS often raise the issue of double work when it comes to filling up muster rolls - fill up paper musters and then also fill them online. Yet others talk of the time it takes for approvals to come in after muster rolls have been filled before payments can be made.

To address the above issues IT systems need to move (already moving in some states), with the recommendation that the MGNREGA implementation and monitoring system is strengthened by mainstreaming these. MoRD needs to build partnerships and common steering groups in order to enable this.

## **4.12. Online Real Time Systems**

- As stated above, a common issue with work demand is that work demand is not immediately visible on the MIS. In terms of IT for monitoring, the issue is to make this work demand visible as soon as it arises. If MGNREGA correspondents with a hand held or a computer are available even within the perimeter of the cluster or the Block, the application can be made online. For those monitoring the system, this is enough information to trigger needed oversight functions. A cellphone based online work demand application system can be worked out wherein a short message from a wage seeker's cellphone in a pre-defined format lodges itself on a server at the state level. The system could be voiced based, with IVRS technology to make the demand register. The PO's office, which is also part of the network takes cognizance of the application and ensures that employment is provided.
- It needs to be emphasized here that from the viewpoint of IT for monitoring MGNREGA, the sanctity of the work demand application is unquestionable. Since this is the demand which the entire system is geared to provide and is thereby a monitoring yardstick against which the sluggishness of the delivery system needs to be measured.
- Similarly, the opening of works is again an event which is recorded post-facto along with wage payments. If the initial work demand is visible, the system will be able to flag any delays in subsequent stages and raise the necessary alerts down the line.
- A similar system can be visualized for complaints and their redressal. Either they are entered through hand held or directly by the wage seeker through her cellphone and the complaint is lodged to a central server. A recent move in Uttar Pradesh to enable a cellphone based complaints and grievance redressal system is on similar lines
- A system can be visualized whereby hand held are issued to field workers under MGNREGA, and muster rolls are directly updated online to the state-level servers by biometric identification of the workers who are present on site. Such an immediate updation will go a long way in aiding

concurrent monitoring. In fact, the paper muster roll can be a print out of the online muster. Equipped with a non-repudiable authentication mechanism, the muster roll print outs are authentic enough records to be kept at the panchayat level. Fitted with GPS and webcam facilities, the system should further aid in verification of the work being done on the site at which is reportedly being done. It seems that this has also already been piloted in different states by the MoRD. The results of this pilot should be made public and appropriate policies framed on the feedback.

- Each technical assistant responsible for taking measurements is given a mobile phone where measurements are recorded and sent by compressed SMS to the central server along with GPS coordinates. This will ensure that the TAs visit the work site and avoids delay in processing the payments at the mandal computer centers
- The low-cost rural ATM (Gramin-teller) can be implemented if the bank account transfer mechanism is put in place. The ATM works with both used and new notes and has a fingerprint based authentication system. It works on very low power with a built-in battery back-up and does not require air conditioning.

Each of the online systems referred to above can use well designed non-reputable, de-duplicable and possibly bi-directional authentication mechanisms, with a facility for beneficiaries locking their identification information. This has the potential of engendering far greater transparency than a paper based system which is far more susceptible to identity fraud. Simultaneously, this mechanism can also ensure that crucial data are concurrently available for monitoring. For this, however, steps will need to be taken to ensure that the needed connectivity backbone is in place.

#### **4.13. Integration of All Stages of Workflow**

The integration of all stages of workflow into the MIS is an important step in ensuring quality of data and hence monitoring. It is recommended that all stages should pass through the MIS. Some concerns have been expressed as to the rigidities that such a MIS-dependent system may create. For instance, in planning and estimation, if standard rates and estimates are created for different activities, it may be the case that any deviation from the MIS estimation module may require special authorizations. It is felt that such instances do not constitute a case against the use of MIS in such aspects of MGNREGA work. For one, the MIS platform can be designed to allow non-standard estimations for particular types of activity or for activities which are above a threshold level of cost. In such cases, a field or spot check should anyway be required to supplement the MIS system. Second, the MIS can also be used as a repository of a wide variety of estimates made in very different conditions over the years in different programmes. Such a repository allows for benchmarking and reference system which suggest whether deviations may genuinely be allowed or not. Finally, the MIS potentially allows for alerting the entire system for delays in approvals in cases where estimates are non-standard.

For fairly frequent changes in MIS design and standards, a system of hand holding of states must be in place. A few technically qualified and trained MIS resource persons should be placed at each state capital to train the MIS staff of the state so that the training of state MIS staff can take place as soon as changes are introduced

In respect of the centrality of the MIS, there is no option but to aggressively push for greater connectivity especially at the below-block level. States where such connectivity is lagging behind should

be taken forward in the first half of the twelfth plan period

Design glitches in the MIS very often prevent efficient use of the system. A proper country-wide consultation should be held in order to immediately sort out such issues.

There are other projects like Common Service Centres, e-Panchayats, etc., percolating down to the panchayat level and State-Wide Area Networks are also available at the panchayat level in some States, where the use of ICT & GIS in MGNREGA implementation should be seen in synergy and complementary to all these initiatives that are contemplated or in progress.

#### **4.14. Janta Information Systems**

A Janta Information System (JIS) may be designed and put in place to ensure that the relevant information is available to those who do not have access to computers. This system requires disclosure of information by agencies at different levels. The disclosure maybe through transparency walls, display boards, printed material, press and media releases, through internet and IVRS systems. Examples include -

- the sarpanch/panchayat head must disclose information on muster rolls, all GP level records and registers including current roster of work applications and work orders
- the PO at the block level must disclose information about the labour budget, the annual plans, financial and social audit reports, summary of muster rolls, summary of bills of material purchase, assets register, evaluation and inspection reports etc
- the muster roll should include space for measurement and should be disclosed at the work site
- the employment register should be maintained at the GP office with information on work demanded and provided, amount paid as wages
- transparency walls should be set up in villages accessible and visible to all. These walls should contain summary of information on works and employment generated
- All records will be open for inspection at the location where the records are used or stored
- persons seeking copies of records should get them within 7 days on the basis of RTI rules

#### **4.15. Social Audit**

The notification of Audit of Schemes Rules 2011 by the Ministry is a positive step forward because of its unique features like - the definition of the term audit of schemes to include social audit, State Governments to identify or establish an independent and autonomous unit to facilitate the conduct of Social Audits by Gram Sabhas, separation in the bodies responsible for conducting social audits and those responsible for implementing the MGNREGA, amongst others.

## **5. Estimation of Fund Allocations to MGNREGS in the 12<sup>th</sup> Five year plan**

### **5.1. Plan Allocation as Grant in Aid**

The recommendations made above will result in an increased provision of employment to job cardholders particularly in the 2000 most backward blocks. This outcome is made possible through

1. Increased demand for work: this is facilitated by

- Increased awareness of entitlements amongst potential MGNREGS workers
- Modification of the planning process to be more closely aligned to the process through which poor households make decisions on migration and local employment
- Greater transparency in the process of preparation of labour budget including household based assessment of demand for work
- More predictable and transparent scheduling of works and employment generation
- reduction in delays in wage payments
- Rational design of schedule of rates to ensure that workers earn the prescribed wage rate

2. Increased capacity of GPs and other PIAs to plan and execute works

- Provision of 1 EGA in every GP and one additional EGA where needed
- Technical support to GPs and PIAs from cluster facilitation team
- Preparation of perspective plan which will guide GPs and PIAs in selection of works
- Steps to increase the number of works to be taken up on forest lands
- Expansion in the list of works to specify suitable intervention in agro ecological zones

3. Improvement in system of Planning and Execution

- District and block teams strengthened to facilitate the process of technical and administrative sanction and approvals as well as the process of measurement of works and issue of utilisation certificate
- Increased in opportunities for MGNREGS works through greater convergence with line departments
- All PIAs empowered to commence works which have received technical and administrative sanction. This enables PIAs to respond to increased demand for work
- Specification that the 60:40 labour-material ratio is to be maintained at the block level. For blocks where there is very high demand for work, such block levels specification increases opportunities for more work items

### **5.2. Assumptions in Estimating Funds Required for MGNREGS**

- The number of persondays will increase at the annual rates of 5%,15%,5%,5% and 0% in five years, with 2011-12 as the base year.
- The number of job cards is constant over the 12<sup>th</sup> five year plan period. The working group expects additional job cards to be issued in the period to households registering under

MGNREGA. However since many households holding job cards do not currently avail of employment under MGNREGS, the working group views the increase in the number of job cards to be a marginal influence on MGNREGS expenditure.

- State wise labour-material ratio is constant at the levels existing in 2011-12. There are variations across states in labour-material ratios.
- Wage rates will rise every year at the weighted average of annual increase in CPIAL over the period 2007-10. There are variations across states in the annual increase in CPIAL.

On the basis of above assumptions annual expenditure on MGNREGS has been estimated for each state for the 12<sup>th</sup> five year plan period. This is presented in **Annexure 6**. In the Table below is a summary for the entire country of the Annual allocations for MGNREGS estimated for the 12<sup>th</sup> five year plan period on the basis of an aggregation of the state level estimation presented in **Annexure 6**

**Table 2**

**Estimated persondays of employment and expenditure on MGNREGS in 12<sup>th</sup> Plan period**

Year	Estimated Person Days of Employment (in lakhs)	Estimated Expenditure ( Rs crores)
2011-12 ( Base Year)	25715.24	45353.18
<b>12<sup>th</sup> Five Year Plan</b>		
2012-13	27001	53725.57
2013-14	31051.15	70564.04
2014-15	32603.71	84652.07
2015-16	34233.9	101589.59
2016-17	34233.9	116151.96
<b>Total for 12<sup>th</sup> Plan</b>	<b>159123.66</b>	<b>322147.23</b>

**5.2.1. Utilisation of the Provision of upto 6% of the Total Expenditure for administrative purposes**

States are currently utilising this provision for i) IEC ii) training iii) MIS iv) Quality Supervision v) Setting up a Grievance Redressal System, vi) engaging professional services, vii) additional staff. The Working Group's recommends an increase in the number of staff deployed

- in GPs, at the level of cluster of villages (sub- block)and at the block office for 2000 most backward blocksat the district level in 200 most backward districts andat the state-level in all states, with intensive support in 15 poorest states.

The additional staff requirement at the district, block and cluster level are detailed in **Section 3.1** above. The details of estimated costs for the state level team are in **Annexure 7**. A summary of the estimated costs on additional staff at state, district, block and cluster level is presented in **Annexure 8**. These recommendations will result in increased utilisation of the 6% provision for administrative expense.

The Working Group recommends that one sixth of the provision of administrative expenditure i.e. one percent of total expenditure be earmarked for capacity development activities. This fund may be utilised by the Ministry to focus on capacity development in the priority areas for MGNREGA i.e. 2000 most backward blocks, 200 most backward districts and 15 major states. The Ministry must take proactive steps to guide effective capacity development in these priority areas. The Working Group recommends that a National Network of capacity building institutions be set up by the Ministry. The 1% fund for capacity development should be steered by the Ministry of Rural Development which may make the fund available to states to execute an effective capacity building strategy.

The Working Group recommends the establishment of a National mission within the Ministry of Rural Development. This dedicated institution will guide and support states in implementation of MGNREGS. The technical expertise will improve the quality of implementation, continuously evaluate performance and share lessons. The annual expenditure for the National Mission is estimated to be Rs 10 crore with an annual increase of 20% (**details at Annexure 9**)

### **5.2.2. Additional Resources Required for Ministry of Rural Development Initiatives which will Improve Performance of Major Programmes Including MGNREGS**

**Social Audit:** Social audit can ensure greater public accountability in the implementation of MGNREGS. 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. In this perspective, a social audit is an ongoing process through which the potential beneficiaries and other stakeholders of MGNREGS are involved at every stage from the planning to the implementation, monitoring and evaluation. This process helps in ensuring that the activity or project is designed and implemented in a manner that is most suited to the prevailing (local) conditions, appropriately reflects the priorities and preferences of those affected by it, and most effectively serves public interest.

The Audit of Schemes rules formulated by the Ministry need to be operationalized. The mandate of the organizational structure proposed for Social Audit in the aforesaid rules should be extended to cover all the schemes/programmes of the Ministry of Rural Development to begin with and gradually to all schemes/ programmes for rural areas supported by Central/ State government. The annual expenditure for the Social Audit would be Rs 270 crores for the 1st year of the plan period. As the Social Audit process will anchor around MGNREGA, this grant should be made available as allocation for MGNREGA to begin with but later could become a grant to the Ministry as it will cover all schemes of the Ministry.

### **5.2.3. Reimbursement of Transaction Cost to Banks and Post Office for Wage Disbursement**

Inadequate banks and post offices networks have become a major bottleneck in schemes that

involve Benefit Transfer (MGNREGA, NSAP, IAY, etc.). The Working Group has recommended that wage payments be routed through banks and post offices to reduce delay in wage payments. This will help increase the demand for work as well as the impact of MGNREGs on distress migration. The Business Correspondent Model of Banks and Postal network need to be promoted and strengthened to facilitate payments to wage recipients and other scheme beneficiaries. Banks and post offices will incur additional transaction costs and will need to invest in infrastructure. They need to be reimbursed on this account. The Working proposes that a service charge of 2% of the total disbursement be provided to banks and post offices. This facility for fund disbursement may be utilised by other schemes of the Ministry to improve their implementation. As this facility will be for all schemes of the Ministry and will get extended to benefits of other Ministries/ Departments, the cost may be directly provided to the Ministry of Rural Development rather than be a part of Grant in aid allocation to MGNREGA. Year wise estimated service charge under MGNREGA for wage disbursement is in **Annexure 8**.