

## Some Studies on NREGA in Orissa- A Bird's Eye-view

**1.0 Introduction-** The NREGA, now called Mahatma Gandhi Rural Employment Guarantee Act came into effect in different States including Orissa from 2<sup>nd</sup> Feb. 2006. However, since then its questionable implementation has ever remained an object of criticism and controversy among both Government and non-Government circles, which the media quite often highlighted too. Several studies have also ever since been conducted on the state of implementation of this flagship legislation at national level and as well in Orissa. Among them, the following five studies (2 sponsored by Government, 2 by non-Government bodies and 1 by a semi-Government initiative) that probed in depth into the status of NREGA in Orissa are worth mentioning -

- *A Sample Survey on NREGA in KBK region of Orissa by CEFS, New Delhi (an NGO)*
- *A Pilot Study on NREGA in Orissa, guided by Prof. Jean Dreze (a semi-Govt initiative)*
- *Performance Audit into status of NREGA in 1<sup>st</sup> Phase States by C&AG (GoI)*
- *Pilot Social Audits of NREGA in Orissa by NIRD, Hyderabad (GoI)*
- *A Sample Study on NREGA in Orissa by PRIA, New Delhi (an NGO)*

The reason for calling the study guided by Prof. Dreze a semi-Government initiative is that though Prof. Dreze teaches at GB Pant Social Science Institute under Allahbad University, he was a member of Central Employment Guarantee Council constituted by Govt. of India as an apex body to monitor and supervise the implementation of NREGA in the country. Now we shall recapitulate the summary of each of the above studies in the order given above to find out what each of them had to say on the status of NREGA in Orissa.

### 2.0 Study on NREGA by CEFS, New Delhi

**2.1. Study Area -** The Survey on NREGA in Orissa was conducted by Centre for Environment and Food Security (CEFS), a Delhi-based NGO under the leadership of its Director Sri Parshuram Rai. It covered 100 sample villages belonging to 6 districts, Koraput, Nawrangpur, Rayagada, Kalahandi, Nuapada and Bolangir in Orissa's KBK (Kalahandi-Bolangir-Koraput) region. As to why the KBK region constituted the site of his study, Sri Rai explained that this patch was far worse than even the Sub-Saharan areas of Africa in terms of Human Development Index. To gather the authentic data for his survey, Sri Rai himself interviewed the concerned executing officials and beneficiary villagers in addition to collection of information from Gram Panchayats and Blocks and checking them against the data available online. The report of the survey so conducted during May-June of 2007 was released in both summary and detailed form at New Delhi on 17 August 2007 under the caption 'Rural Job Scam in Orissa'. The main contention of the said report was that out of the total NREGA money reportedly spent in Orissa during 2006-07 i.e. Rs.733 crore, a lion's share i.e. Rs.500 crore (75%) had been illegally pocketed by Babus (officials) entrusted with execution of NREGA. Expectedly this perturbing claim made by Sri Rai created widespread furore in and outside Parliament and also led the dismayed civil society groups and media persons across the country to raise serious questions about the very future of NREGA. The following are the main highlights of CEFS Survey on NREGA in Orissa.

**2.2 Official Claim & Reality Check-** As per the State Government's NREGA Implementation Status Report for the Year 2006-7, the total number of job cards issued in Orissa was 25,93,194 and 7.99 crore persondays of employment provided to 13,94,169 households spread over 19 districts of the state. In other words, each covered family got an average 57 days of wage employment in the year. And included in the above are 3.93 crore persondays of employment provided to Adivasis (STs) and 1.89 crore persondays to Dalits (SCs). But a 'back of the envelop calculations' suggested that less than 2 crore persondays of employment was provided on the ground. Only a very few families got 40 to 60 days of wage employment, and the rest of the families, if at all they got any employment, it is mostly between 5 to 21 days. On an average, a family got only 5 days of employment in the 19 NREGA districts in the year 2006-07.

**2.3 More than 100 days job, a white lie-** Orissa also claimed that 1,54,118 families in the state completed 100 days of wage employment during 2006-7. As for the district wise break-up of the said claim, 10572 households in Bolangir, 9074 in Kalahandi, 13893 in Koraput, 7581 in Nabarangpur, 11292 in Nuapada and 8357 in Rayagada completed 100 days of employment in the said year. But a reality check in 100 sample villages confirmed that not a single family could avail 100 days of work in the said year.

**2.4 Progress in basics, miserable:** Even after 16 months of launch of the scheme, in the 100 sample villages as many as 18 villages had not received any job card, 37 villages didn't receive any job, 11 villages had received neither job card nor any job, and in 23 villages Job cards were lying with VLWs (Village Level Workers) and JEs (Junior Engineers) for months on end. In 25 villages, only half, one third or partial wage payments were made. In

20 villages, a wide discrepancy was noticed between the number of workdays recorded in the job cards and the number of actual workdays given to the workers. There were 3 villages where no wage payments were ever made even after 4-8 months of the works done. In 6 villages of Kashipur block of Rayagada district, NREGA works were being done without any job cards issued to the villagers.

**2.5 Manipulation of Records galore:** Notwithstanding the too dismal performance at the ground level, the online job cards of most of the households showed false and fabricated job and wage entries. Contrary to the facts, quite many households were shown online to have availed 108 days, 104 days, 102 days, 100 days, 96 days, 90 days and so on of wage employment. Moreover, in the 100 sample villages, not a single case was found where the entries in the job cards tallied with the actual number of workdays as physically verified from the villagers. In fact, only by such manipulation of records could Govt of Orissa “successfully” spend Rs.733/ crore and “provide” about 8 crore persondays of employment to the villagers in 19 NREGA districts.

**2.6 No transparency at all:** The surveyors couldn't meet a single person in any of 100 villages who had ever seen a muster roll of NREGS works. Moreover, from the conversation with the officials it transpired that Muster rolls in Orissa were treated as more confidential than even the nuclear secrets of the country. Muster rolls were always kept in the homes of VLWs, and villagers who worked in NREGS projects were made to sign on blank muster rolls. To their utter surprise, the surveyors further noted that if any citizen or NGO wanted to see the NREGS muster roll at the GP level, they were required to collect BDO's permission for the same. And funnily enough, when the concerned citizen sought BDO's permission for the purpose, he was directed by the latter to seek District Collector's permission before he could be allowed an entry into the Block office or meet BDO. When the BDO of Nandapur Block in Koraput district Sri Jyoti Ranjan Mishra instructed the surveying team in the above light, the latter in fact contacted then Secretary, Panchayati Raj, Orissa Sri Rabindra Nath Dash and requested his intervention in the matter. But as irony would have it, Sri Dash instead of facilitating their request instructed them bluntly to leave Koraput district forthwith. The team had also contacted the offices of District Collector Koraput, Chief Secretary and Chief Minister of Orissa seeking their intervention in the matter. However, nowhere in Koraput, despite all this, could they ever succeed in inspecting a single muster roll.

**2.7 No Social Audit-** There was no Social Audit whatsoever held in any of the 100 villages visited by the team. In the said 100 villages, the team couldn't find a single Gram Panchayat office remaining open during the working hours. Though the Gram Panchayats are legally the principal authority for implementation of NREGA, none of the Sarpanchs the team met was able to provide any information worth the name on NREGA works being undertaken. They benignly referred to their respective VLWs (Village Level Workers), who were the repository of all information. Sarpanchs were asked by VLWs to sign on blank cheques. In most of the Panchayats, VLWs didn't share a single information about the NREGS works with any elected representative of the concerned GP. In Khariar Block of Nuapada district the BDO had threatened the villagers with jail if they dared to disclose any irregularity in NREGA works before the NGOs. In Tentulikhunti Block of Nabarangpur district, the BDO himself had threatened the NGOs with dire consequences if they ever complained of any irregularities in NREGS works. In fact, some local activists who accompanied the CEFS survey team for information gathering from Tentulikhunti Block were threatened by a group of government officials and contractors, who had misappropriated NREGS funds. Worse, one midnight some drunken goons knocked at house of one such activist and warned him abusively of dire consequences.

**2.8 Far reaching impact of CEFS Survey:** Immediately after the sensational disclosures were made by the CEFS Survey Report, the Union Ministry of Rural Development asked the Government of Orissa to conduct a detailed official enquiry into the “Rs 500 crore NREGS scam”. An enquiry was reportedly conducted by an official team consisting of Sri R N Dash Secretary-cum-Commissioner, Orissa Panchayati Raj, Director, Special Projects, Panchayati Raj and then district Collectors from the concerned 6 KBK districts. Obviously, their Enquiry Report described CEFS survey findings, especially those alleging misappropriation of NREGA funds as bogus and baseless. The official Enquiry Report had however admitted, "There are procedural deficiencies in the record keeping on the number of working days in job cards and in the employment register" and “The online data posted on the national portal has not been validated and discrepancies have been noticed between the actual data (recorded in the register) and the data provided online”. In the immediate aftermath of CEFS Report, the Union Minister for Rural Development paid a visit to Orissa and promised to get the allegations enquired into by C&AG, the audit wing of Govt. of India. Besides the performance audit by C&AG, a couple of studies also followed the CEFS survey in quick succession, mostly egged on by the latter, i.e. one guided by Prof. Jean Dreze, Member Central Employment Guarantee Council, and the other conducted by Hyderabad based NIRD, an autonomous body under Govt of India. But as irony would have it, both the studies that took place post CEFS survey with the

encouragement from Govt of Orissa substantiated, to a more or less degree, the CEFS position on massive siphoning of NREGA funds by the bureaucracy.

### **3.0 Jean Dreze guided Study on NREGA in Orissa**

**3.1 An Introductory Note:** A sample survey on NREGA works in Orissa was conducted covering a total of 30 GPs @ 5 from each of the 6 Blocks randomly selected from three districts, Kalahandi, Bolangir and Boudh. It was undertaken by the students of G B Pant Social Science Institute of Allahabad University during 3-12 October 2007 under the guidance of renowned welfare economist Prof. Jean Dreze, with support from local volunteers. One worksite each from the selected 30 GPs was taken up for in-depth survey. Associated with this study were also right to food activists Ms.Reetika Khera and Mr.Rajkishore Mishra. In each worksite muster roll verification was done for 30 workers selected at random from the concerned muster rolls and the entries made therein were cross-checked firstly against the corresponding entries made in their Job Cards and then against the statements by the workers themselves. The findings of the Study were published as an Interim Report dated 21 October 2007 under the caption 'NREGA in Orissa: Ten Loopholes and the Silver Lining'. It is interesting to note that though the Report was described as an 'Interim' one, its final version never saw the light of day.

**3.2. Overall Findings -** From the verification of the muster rolls it was revealed that only 60% of the days of employment recorded therein could be confirmed by the concerned labourers. But the proportion of discrepancies in wage payments and consequent deprivation of workers might be larger. However, this was hard to ascertain as the verification of wage payments posed considerable difficulties, e.g. due to "clubbing" of payments for several labourers in the muster rolls. In fact, one of the main conclusions of the muster roll verification exercises was that, for reasons discussed in the report, the NREGA records in Orissa were virtually unverifiable. Though NREGA had a tremendous potential in Orissa, especially in deprived areas such as the sample Districts, but the large-scale incidence of corruption threatened to derail the entire programme. The Report discussed the main distortions that marred the NREGA operational process in Orissa under the title 'Ten Loopholes' as mentioned below.

**1. Faulty Design of Job Card-** There being no column for "wages paid" in the Job Cards issued in Orissa, it was impossible to verify from the Job Card the wages paid to an NREGA worker. Even the number of days worked was hard to verify, as the name of the labourer and that of the work and worksite were mentioned by "codes" and that too in English, which the NREGA workers find impossible to decipher. The main purpose of the Job Card was to enable NREGA labourers to "verify" their own employment and wage details. In Orissa, this purpose was defeated from the start due to faulty design of the Job Card. The Job Card in Orissa was virtually unreadable, even for trained investigators, let alone non-literate or little literate village workers.

**2. Erratic Maintenance of Job Cards-** The problem of faulty design of Job Cards is compounded by its erratic maintenance. In most of the sample villages, Job Card entries were incomplete or even blank. Even when entries were made, they were often illegible, or hard to read for one reason or another. Further, there was some lack of clarity as to who was to be held accountable in the event where Job Cards were not properly maintained.

**3. Haphazard Distribution of Job Cards-** In many of the sample villages, the distribution of Job Cards was far from complete. Cases were even found of entire hamlets where just a few households had a Job Card (in spite of an evident demand for Job Cards). Even among those who were given a dated receipt after applying for registration, some did not have a Job Card. Aside from depriving many rural households of their entitlements under the Act, the incomplete distribution of Job Cards led to problematic "adjustments" in the records to accommodate workers without Job Card at the worksites. These adjustments opened the door to further "adjustments" that serve unwarranted purposes.

**4. "Adjustments" in the Muster Rolls and Job Cards-** In many of the sample GPs, it was observed that various "adjustments" in the muster rolls and/or Job Cards had become a routine practice. For instance, a worker without Job Card is often accommodated by "clubbing" his/her wages with those of someone who had a Job Card, under the latter's name. Similarly, team work performed under the piece-rate system was often recorded under the name of the team leader alone. Sometimes "adjustments" were also made to meet the compulsions of so-called on-line Monitoring and Information System (MIS). Such practices, well intentioned as they might be in some cases, send however a dangerous signal that records can be "adjusted" at will.

**5. Lack of Transparency in Muster Rolls-** Lack of transparency in muster rolls had several aspects in the sample GPs. First, there are "dual" records: "kaccha muster rolls" at the worksite while official "pucca" muster rolls are filled and often fudged elsewhere. Second, muster rolls were rarely accessible for public scrutiny either at Panchayat or at the worksite. These were typically kept at someone's home. Third, like the Job Cards, muster rolls were unverifiable, and glaring discrepancy existed between the muster rolls and workers' testimonies.

**6. Rigid MIS** - Orissa's rigid MIS (Monitoring Information System) promoted the malpractice of "adjustments" in the written records. For instance, a muster roll could accommodate a worker without the job card, but not the MIS. Similarly, the MIS didn't allow employment to be given to a household that already secured 100 days of NREGA employment in the current financial year. Thus the MIS of Orissa itself spurred on a systematic manipulation of various records including muster roll on one hand and served a cover-up to such manipulations too on the other.

**7. Continued Hold of Contractors** – Though contractors are as such banned under NREGA, in a majority of the sample GPs, there was the evidence of continued involvement of contractors, directly or indirectly, in the guise of so-called Village Labour Leaders. The contractors, in turn, were often the agents of local political leaders. They milk the system by exploiting labourers, fudging muster rolls, and cheating on the material component. Above all, a major part of the loot is recycled through the so-called "PC" (percentage) system, which has been entrenched into NREGA process by the contractors lobby, which is its chief conduit.

**8. Local Collusion-** In Orissa, NREGA funds are transferred directly from the District to Gram Panchayat accounts after a project is sanctioned. Thereafter, GP functionaries (Sarpanch, Secretary, Executive Officer and Village Labour Leader) remain in control of almost everything: funds, accounts, payments, muster rolls, job cards, and even work measurements. The Junior Engineer (JE)'s work measurements are supposed to act as a "check" against inflated muster rolls. But due to the collusion between Panchayat functionaries and JE very little is left by way of checks and balances.

**9. Cryptic Work Measurement-** In Orissa, Junior Engineers are supposed to carry out regular (e.g. weekly) measurements of the individual output of each NREGA worker, and to note the individual measurements in their "measurements books". In practice, this is rarely done, and indeed it would involve an unmanageable work burden for the Junior Engineers, at current staffing levels. What seems to happen is that the GP functionaries (usually the Executive Officer and/or Village Labour Leader) do most of the measurements in their own way and note it in the unofficial measurement book, and the Junior Engineers just endorse the same in the official measurement book. While muster rolls include a column for "wages as per measurement", it is impossible to verify wage calculations without having access to the measurement book or the unofficial notebook, both of which are jealously sheltered from public scrutiny. This expands the scope for manipulating every such record.

**10. General Vulnerabilities-** Besides the above vulnerabilities specific to Orissa, there remained general snags in NREGA process, afflicting Orissa and other States too. These are Staff Shortage, Dormant Gram Sabhas, Dysfunctional Village level Monitoring & Vigilance Committees, Lack of Grievance Redressal Machinery and above all 'Lack of Clarity' on who would impose penalty against a violator under Section 25 of Act.

#### **4.0 Performance Audit by C&AG, GoI**

**4.1 Scope of C&AG-** At the instance of Ministry of Rural Development, Govt of India, a 'Performance Audit of Implementation of National Rural Employment Guarantee Act, 2005' in 200 nos. of 1<sup>st</sup> Phase districts from 26 States of the country including 19 of Orissa was held during May-September 2007 by the Comptroller and Auditor General of India. This official study covered the NREGA implementation for period February 2006 to March 2007. Based upon a sampling method the study took up at least 25% of the NREGA districts subject to a minimum 2 in each State, two sample Blocks in each District, 4 sample GPs in each Block, and all the registered households and 4 NREGA projects (3 completed and 1 ongoing) in each GP. Its findings were shared in Dec. 2007 with the Ministry of Rural Development, GOI, nodal agency for NREGA at national level, which had commissioned the study. The C&AG study inter alia brought to light several instances of corruption and misfeasance in NREGA process, salient ones of which relating to Orissa are briefly touched upon as follows.

**4.2 Contractors & JEs, the executants in disguise-** In Bhawanipatna Block of Kalahandi district as many as 149 works were executed at a cost of Rs 7.55 crore through contractors in the guise of Village Labour Leaders (VLLs) and through the Junior Engineers in the name of departmental execution. They managed in their own way procurement of materials, payment of wages, filling of muster rolls and measurement books and all financial transactions and record preparation without inviting tender or quotations or taking technical sanction before starting the works. And worse, they were also the monitoring authorities in respect of works executed by them.

**4.3 Poor quality of works-** NREGA Guidelines permit execution of road projects providing all weather connectivity in rural areas. However, joint physical inspection in September 2007 of three road works executed at a cost of Rs 15 lakh in Bhawanipatna block revealed that the roads remained kutcha, and were not able to provide all weather access. Further, recording of inflated measurement in the measurement books and Level Section Graph sheets was noticed in all 3 cases, along with an excess payment of Rs.1.80 lakh in one case.

**4.4 Gross Irregularities in Works Execution:** In Kalahandi district, due to delay in execution of 46 works by an executing agency (Assistant Soil Conservation Officer, Bhawanipatna), there was a cost overrun to the tune of Rs 35.03 lakh. In Bhawanipatna block, one roadwork was executed at Rs 5 lakh during 2006-07 without technical sanction. Excess payment of Rs. 7.98 lakh in 13 cases in Bhawanipatna block had to be incurred due to non-deduction of voids and volume of sand and morum utilized. Two executing agencies in Bhawanipatna block utilized Rs 47.80 lakh to complete seven nos. of incomplete works taken up under NFFWP, without following the NREGA Guidelines. Similarly, the Assistant Soil Conservation Officer, Bhawanipatna utilized Rs 29.85 lakh during 2006-07 irrespective of NREGA Guidelines, as he engaged non-registered workers and used 'kutcha' muster rolls available in the market without letting the Programme Officer know about all this.

**4.5 Defrauding the Beneficiaries:** Interview with beneficiaries of 142 households in 21 villages of Kalahandi and Bolangir Districts in the presence of the Sarpanch/ PRI member and BDO revealed that in 98 cases, the beneficiaries disputed their engagement, and in 117 cases, they admitted to receipt of wages of only Rs. 3.41 lakh against Rs. 5.76 lakh shown in the online job cards and Muster Rolls. In 13 muster rolls (Bhawanipatna block), 64 ineligible labourers (30 unregistered labourers and 34 labourers belonging to the households already provided with 100 days employment in a year) were engaged in work and paid Rs.0.77 lakh as wages. Out of 142 job cards test checked, in 55 cases the employment provided as per the physical job cards ranged from 9 to 99 days, totaling 2515 days, while the online job cards showed employment provided from 13 to 108 days, totaling 4313 days. In the remaining 87 cases, similar discrepancies were noticed too.

**4.6 Unemployment Allowance not paid at all-** In Orissa no budget provision was made by the State government for payment of unemployment allowance. Resultantly, in 12 test checked blocks, no unemployment allowance was paid to 5143 registered households, who were not provided with employment during 2006-07 despite demanding the same. Undated applications, non-issue of receipts against applications and non-maintenance of employment registers, as were the order of the day in Orissa, led to a situation where the right to unemployment allowance couldn't be verified. This was compounded by lack of awareness.

**4.7 Manipulation of Muster Rolls-** The proforma for Muster Rolls prescribed by Ministry of Rural Development, GOI was not followed, nor copies of Muster Roll available for public scrutiny in the concerned GPs. Further the MRs didn't contain requisite details viz. the name of the person on work, job card number, days worked/absent and wages paid. In all 12 test checked blocks, there was no congruity between the muster rolls and payments made. Instead, payment was released to the executants/Junior Engineers just in the manner followed for payment to contractors. The names and wages paid as per the muster rolls did not agree with corresponding entries in online muster rolls. In three cases of Patnagarh block, the dates of engagement of 45 labourers mentioned in the muster rolls were manipulated and changed at the time of online entry. In Bhawanipatna block, the muster rolls for the period 16 March to 30 March 2007 that showed payment of wages amounting to Rs 1.76 lakh were visibly tampered with. In four other GPs, wage payment to 114 labourers for 684 mandays (Rs 0.67 lakh) was manipulated on higher side in relation to the online muster rolls. Test check of muster rolls, public complaints and cross verification with villagers revealed that in 18 cases, wages amounting to Rs 11,521 was shown as disbursed to seven deceased beneficiaries, and Rs 44,859 to daughters of labourers living outside after marriage, students undergoing studies in towns, businessmen and employees etc who never worked under NREGA. In Keonjhar and Bolangir districts, 21 labourers were engaged for 155 mandays in three works whereas 762 mandays were shown in the muster rolls and online job cards. In two GPs of Narla block, the self-same 11 labourers were shown as engaged in different works on the same days and were paid Rs. 23,282/- as wages.

**4.8 Messy Record Maintenance-** None of the records or registers maintained did follow the format prescribed in Operational Guidelines. And in the absence of maintenance of critical registers, it was impossible to authentically verify whether the entitlements were made available to the workers as per the Act and Operational Guidelines. One can't possibly find answer to the following basic questions from the records and registers maintained in Orissa-

*How many households demanded employment?*

*How many households were provided employment, and for how many days?*

*How many households got 100 days of employment?*

*What was the break-up of SC, ST & women beneficiaries, and how much employment did they demand & receive?*

*What was the entitlement of individual households to unemployment allowance?*

**4.9 Fund Mismanagement-** While demanding additional funds, the GPs didn't furnish the mandatory report of the Vigilance & Monitoring Committee duly approved by the Gram Sabha. Against an actual expenditure of Rs. 49.80 lakh only, the DRDA Kalahandi had submitted UC for the entire release of Rs. 70.02 lakh during March 2006. During 2006-07 a total Scheme fund of Rs 29.67 lakh was diverted in Loisinga block, Bhawanipatna block

and 3 GPs for purposes not connected with NREGA viz. payment of staff salary, Calamity Relief Fund etc., of which Rs. 11.16 lakh remained still un-recovered. BDO Bhawanipatna, Kalahandi irregularly charged Rs. 11.37 lakh as works contingency against his miscellaneous expenditures unconnected to NREGA. Although the State Government mandated submission of vouchers in support of advances within 7 days of receipt of cash advances, such vouchers in respect of advances of Rs. 71.74 lakh were outstanding from 13 officials/ ex-officials for periods ranging from six to nine months. In 2 GPs, the Executive Officers, despite being transferred, had not handed over the unspent cash balance of Rs. 1.77 lakh to their successors. Delay in release of State share of Rs 4.03 crore for DRDA Bolangir ranged between 37 and 74 days.

**4.10 No full-time, dedicated PO and other personnel-** While the Act and Operational Guidelines mandated the provision for appointment of full-time, dedicated Programme Officer at Block level and administrative and technical assistants at both Block and GP level, several States including Orissa were found to be managing the implementation of NREGA with the help of existing BDO and JE as Programme Officer and Technical Assistant respectively. As a result, the existing BDOs and JEs who are already overburdened with so many responsibilities in their respective posts, couldn't possibly pay the exclusive attention to NREGA, a fact which stroke at the root of its effective implementation.

**4.11 Non-participation of people in NREGA planning-** It was found that the Annual Plans under NREGA in a GP, which should be framed by Gram Sabha/Palli Sabha were not formulated that way in any sample GP.

**4.12 Haphazard Registration and Issue of Job Cards-** A meeting of Gram Sabha should have been held at the inception to explain the provisions of the Act, followed by a door-to-door survey to identify the persons willing to register themselves as Workers under NREGA. Then the persons/families so identified should have been issued Job Cards. In Orissa neither such door-to-door survey was held nor job cards issued timely to registered households free of cost.

**4.13 Employment and Wage Norms not observed:** The NREGA Operational Guidelines stipulated that depending upon geo-morphological conditions and productivity norms, District Schedules of Rates (DSRs) should be prepared and posted at worksites in the local language. Even the District Schedule of Rates (DSRs) should be further worked out for each locale in such a way that seven hours of normal work earned minimum wages on a piece rate basis. Measurements must be recorded daily in a transparent manner, whereby individuals might verify their measurement on a daily basis. In Orissa, however, no DSRs were announced, nor NREGS works measured on a daily basis, nor the measurement books available at the worksite. And the wages disbursed were not only less than minimum wages in quite many cases, but also not paid within the stipulated period of maximum 15 days. No compensation was paid on account of delayed payment of wages.

**4.14 No Social Audit held-** The Chapter-11 of Operational Guidelines detailed the procedure of Social Audit forums to be held by Gram Sabha on NREGA works on 6-monthly basis. But nowhere in Orissa the social audit in prescribed procedure was ever held.

## **5.0 Pilot Social Audits on NREGA in Orissa by NIRD**

**5.1 About the NIRD Study-** On the request of State Government of Orissa, the National Institute of Rural Development (NIRD), Hyderabad, an autonomous body working under the Ministry of Rural Development, Govt of India conducted in November, 2007 pilot Social Audits in 40 Gram Panchayats across the State to evaluate the implementation of NREGA in Orissa. The NIRD was given a free hand and logistic support by the State Government in respect of conducting the Study. The Study concluded that though the overall performance of NREGA in the year 2007-08 has improved over 2006-07, its operational process suffered some significant deficiencies, to overcome which political will on the part of the Government was barely necessary.

**5.2 Deficiencies noticed-** The study noted the following gaps observed also in earlier Surveys-

- *Quite many households not yet registered, and a good many though registered, not given job cards yet;*
- *Ineligible works i.e works involving high proportion of materials, taken up in some Gram Panchayats;*
- *Incongruity between actual workdays performed & actual wages paid with the entries made in Muster rolls;*
- *Persons having no Job Cards were engaged in NREGA works;*
- *Inflated measurement shown in measurement books;*
- *Inclusion of bogus names in Muster Rolls as workers;*
- *Engaging of outside labour in NREGA works through contractors;*
- *Spill over works of earlier Schemes like SGRY & NFFW messed up with NREGA works; and*
- *Use of fake muster rolls.*

**5.3 Miserable scenario in KBK region**– The NIRD Study stated inter alia, “It is a matter of concern that all the KBK districts which are the poorest and backward districts in the state showed worst record of performance. In the case of KBK region (Bolangir, Kalahandi, Koraput, Malkangiri, Nawarangpur, Nuapada), only 26 percent of the reported wage payments actually reached workers”. Further giving the district-wise picture, the NIRD report stated that 88 percent of reported wage payments are bogus in Kalahandi district, 89 percent in Malkangiri district, 75 percent in Koraput, Keonjhar and Dhenkanal districts, 73 percent in Nawarangpur district, 59 percent in Nuapada district, 57 percent in Bolangir district and 53 percent in Rayagada district. Again, according to the NIRD Social Audit report, during 2006-07 and 2007-08, “more than 58 percent of the reported wage payments are bogus” in Orissa on the whole.

**5.4 Response by CEFS, New Delhi**- The above disclosures made by NIRD prompted Sri Parshuram Rai of CEFS, who had conducted a study earlier, to comment that NIRD’s finding that 74% of NREGA money was siphoned off, did nearly corroborate his own finding which had put the misappropriated amount at 75%. He further observed that though the NIRD social audit report proved the CEFS survey report as basically correct, the official enquiry report of the Orissa Government submitted to MoRD, GoI giving a clean chit to all the officials guilty of misappropriation should be treated as absolutely false and fabricated. The 8 members of the enquiry team, all IAS officers were equally responsible for such massive misappropriation, since they provided cover-up to the actual embezzlers. He demanded exemplary action against these IAS officers for they had misled the whole nation and subverted the rule of law. Sri Rai faxed a letter to Prime Minister Dr. Manmohan Singh in Sept. 2008 in the above light seeking his intervention to stem the NREGA downside engineered by the bureaucrats atop. Sri Rai had also lodged a PIL in Supreme Court of India in January 2008 requesting a CBI enquiry into Orissa’s NREGA scam and suitable action against all those who were responsible for it. Taking the cue from Sri Rai’s petition, the Supreme Court got a quick test-check audit done by C&AG into NREGA works in selected 68 districts of the country including Orissa, and the latter to every body’s surprise found that only a miniscule 3.2% of the households registered under NREGA could avail 100 days of guaranteed employment in the said districts. Then a joint bench comprising CJ Sri K.G. Balakrishnan and Justice Sri M.K. Sharma issued notices to the Union and all concerned State Governments including Orissa to respond to the PIL lodged by Sri Rai.

## **6.0 Sample Survey on Status of NREGA in Orissa by PRIA, New Delhi**

**6.1 Scope of Survey:** A sample survey on the status of NREGA in Orissa was conducted by Delhi based NGO, PRIA (Participatory Research in Asia) in 8 districts of the State (Gajapati, Nawarangpur, Dhenkanal, Anugul, Puri, Sundargarh, Sambalpur and Malkangiri) covering a total of 12 Blocks (Mohana, R.Udaygiri, Tentulikhunti, Dhenkanal Sadar, Banspal, Satyabadi, Sundargarh Sadar, Kuanramunda, Lahunipada, Koira, Kuchinda and Khairput) and 36 GPs occurring in them. Two sample villages from each GP thus totaling 72 villages were covered under the Study. The NREGA implementation during the first half of financial year 2008-09 (April through September 2008) was the focus of the Study. The activists of the local NGOs, who were the partners of PRIA engaged themselves in Oct-Nov 2008 for collection of data from concerned Block and GP offices, and also checking the ground reality through interview with the beneficiary workers in the villages. The information so collected through both questionnaires and Focus Group Discussions were compiled and compared with the data available from muster rolls and online sources. Then the results of all these exercises were analysed keeping in view the mandate of the Act and provisions of Central Operational Guidelines and Orissa Rural Employment Guarantee Scheme. In the process, not only the gaps between the instruments of law and the ground reality were identified, but also the deficiencies and incongruities in the instruments of law themselves were taken note of for the purpose of amending the said instruments.

**6.2 Typology of Recommendations:** It needs to be mentioned that the PRIA sponsored study had discovered more or less the same kind of operational snags, which were noticed by earlier studies. While avoiding a reiteration of the same for obvious reasons, what is presented below is a pool of recommendations that address to the larger imperative of setting aright the entire NREGA regime to the extent and where it has gone flawed in delivering the promised entitlements to the rural poor. Its recommendations can be divided into 3 categories-

- Omissions and Commissions in the NREG Act and Operational Guidelines that require Amendment;
- Incongruity between Act and Operational Guidelines on one hand, and Orissa Rural Employment Guarantee Scheme on the other, which requires correction in the latter; and
- The loopholes in the existing administrative machinery which account for poor delivery of the promised entitlements and which therefore need to be plugged.

**6.3 Recommendations:** The recommendations of the PRIA sponsored study were as follows:

1. *The NREG Act be amended forthwith to provide for an appellate mechanism whereby the penalty provision under Section 25 can be given effect to.*
2. *To set at rest the existing confusion at different levels around the prefix 'minimum' occurring in expressions 'minimum wages' and 'minimum 100 days of wage employment' frequently used in the Act, the Act needs to be amended by way of inserting an Explanatory Note to clarify that the word 'minimum' means 'not less than' but may mean 'more than'.*
3. *To put the prevailing confusion at rest for good, the Operational Guidelines must declare unequivocally that the Muster Roll is basically a Register of Daily Wages and must incorporate an explanatory note that the vacant box in the column for each day should be filled with the exact amount of wages received by the particular worker on that day along with his/her initial or thumb impression in attestation of the same.*
4. *To render the meetings of Gram Sabha/Palli Sabha more participatory and representative, the Operational Guidelines ought to incorporate the provision at appropriate place saying that any such meeting to be held for the purpose of NREGA should have its quorum at 50%.*
5. *The Operational Guidelines in order to ensure timely and proper measurement of works as a condition precedent to timely and proper payment of wages to the workers ought to clearly state that the current, flawed practice of the State Governments like Orissa in managing the measurement of works through the existing, overburdened JEs at Block level be discontinued forthwith, a suitable technical person be appointed at GP level for the purpose of daily measurement of works and as well a full-time, dedicated JE, if required, may be put in place at Block level to ensure timely conduction of the final measurement of the works for the purpose of compilation at Block level.*
6. *In order to prevent the States from putting in place any Scheme or instruction that runs counter to the parent Act [For instance, Form C-2 (Notice to join the work) of OREGS is ultra vires, while Form B-2 (Job Card) is deficient vis-a-vis the parent Act], the Operational Guidelines should provide for an ever vigilant mechanism for monitoring and review of the legal or quasi-legal instruments that are framed by a State in the name of complying with the Act or Operational Guidelines.*
7. *Full-time, dedicated personnel for such crucial posts as Programme Officer and Junior Engineer at Block level should be appointed in keeping with the direction of Operational Guidelines. The present practice by States like Orissa to manage such posts by existing BDOs and JEs who are already overburdened with so many responsibilities and there incapable paying exclusive attention to NREGA should be discontinued forthwith.*
8. *The OREGS-2006 must introduce the provision that a dated receipt be issued to the complainant forthwith at Block, District and State level against the complaint submitted by an aggrieved person and an independent grievance redressal machinery be put in place at every level to ensure time bound redressal of grievances along with penalisation in proven cases of violation.*
9. *In the interest of translating the concept of social audit, the single greatest mechanism for ensuring transparency and accountability in NREGA process, into a vibrant reality at ground level, the OREGS need to be amended to incorporate a full chapter for elaborating on its conditions and procedure.*
10. *OREGS-2006 be suitably amended to incorporate a detail built-in mechanism in respect of application for information, post of officers to receive and dispose of the application, fees if any required against the copy or extracts, time limit for compliance to an application, procedure for inspection, appellate mechanism to be availed in the event of denial of information, and moreover nature of suo motu disclosures to be made at different levels.*
11. *In keeping with the wage policy as outlined in the Chapter-6 of Operational Guidelines (3<sup>rd</sup> Edition), the OREGS be suitably amended to incorporate a detail, area-specific wage rate fixation mechanism along with its regular monitoring and review besides the overdue DSR (District Schedule of Rates).*
12. *OREGS-2006 be suitably amended to incorporate the detail provision in regard to formation and functionalization of watchdog organisations like Monitoring and Vigilance Committee and Beneficiary Committee.*
13. *Both GRS and Gaon Saathis be notified as an integral part of OREGS and the latter be amended suitably to accommodate the same.*

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**Compilation by Chitta Behera, 4A Jubilee Tower, Choudhury Bazar, Cuttack-9, Orissa, Mobile-9437577546 Email: chittabehera1@yahoo.co.in , Dt 31<sup>st</sup> January 2010**