

## PREFACE

The National Rural Employment Guarantee Act of 2005 is a path-breaking legislation. It signals a paradigm shift to legal entitlements, public accountability coupled with community rights, and responsive and participative management. In the past, wage employment programmes, though well stretched, suffered for a variety of reasons. Programme coverage was low. More than fifty per cent of beneficiaries were not from the most needy group. Labour employed was not always from the local population. Payment made was lower than the prescribed wage. There was disparity between wages paid to women and men. On an average, 16 to 29 days of employment were provided to a worker per annum. Quality of assets created was not always of the requisite standard. There were reports of forged muster roll. On the whole, wage employment programmes did not eventually achieve what they set out to do.

The unhappy result was that even though a number of such schemes were taken up, the poor continued to remain poor, caught in social captivity and were not enabled to participate in the mainstream process. This was particularly true of areas plagued by extremism, and frontal and inaccessible areas where employment schemes were taken hostage by contractors and middlemen, locking people in a seemingly perpetual cycle of poverty. Empowering the poor is best done by breaking the barriers of unemployment, illiteracy, backwardness, ill-health and debilitating social inequality. It is sad but true that these barriers continue to restrain the participatory possibilities of the rural poor in the growth process. Inclusion and participation in the process of growth is extremely important for taking the poor out of the vicious cycle of poverty. We need to note that, while the nation is growing in a high-income trajectory, the bottom of the pyramid of the society is excluded from the benefits of growth. Unless we target the poor aggressively on the supply side and embark on initiatives which benefit them directly, growth and equality cannot be reinforced.

The National Rural Employment Guarantee Act (NREGA) is one such revolutionary initiative targeted at the poor. In order to empower the poor, giving voice to them in the process of implementation of NREGA should be the main thrust of the Scheme. Community pressure on representatives of local authorities should demolish the traditional hierarchy of power that has disempowered the poor for so long. Such an accountability mechanism coupled with effective community participation should give democracy back to the people.

We also need to note that the deterioration in the country's administration and public delivery system has affected the poor the most. It is because they are critically dependent on the availability of public services and essential infrastructure. Corruption is one of the primary reasons why the public delivery system has not touched the lives of the poor. We have to fight corruption aggressively if the benefits of NREGA are to reach the poor.

Extremism and Naxalism have spread to parts of more than 12 States and have taken a heavy toll. It is not a coincidence that most of these districts represent areas of high concentration of poverty, poor governance systems and practices, weak infrastructure and unequal power structure. These are also areas where Panchayats are simply non-existent and in many places, non-functional. The spread of democratic space through the effective implementation of NREGA is the only way to liberate these districts.

The Commission has undertaken a study of institutional, administrative and financial management systems of NREGA. The study is greatly benefited by the deliberations at the National Workshops organized by the National Institute of Public Finance and Policy, and the eGovernments Foundation. It is also benefited by inputs from government functionaries, experts with domain knowledge, NGOs and other important stakeholders. Based on these inputs, the Commission has recommended comprehensive reforms so that the Act can be implemented seamlessly to benefit the poor. I am confident that, if successfully implemented, the Act will be the harbinger of transformative changes and participative democracy in rural India.

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Chairman