Basic Flaws in the Rural Employment Guarantee Act (REGA), Prepared by the Ministry of Rural Development

1. No time-bound extension to the whole of India: The MoRD draft states that the Act "shall come into force immediately *in such areas and for such periods as may be notified* and shall be extended to cover all the rural areas of India after evaluating the implementation in the Districts chosen." In effect, the revised Act guarantees 100 days of employment to every rural household but it does not guarantee when and where this will apply! In fact, the revised Act allows the government to *switch off* the employment guarantee anywhere at any time.

2. No minimum wage: The MoRD draft says, "*Notwithstanding anything contained in the Minimum Wages Act 1948, the Central Government may fix the rate at which wages shall be paid* to the labourers employed under the Programme…". This gives the government further opportunities to undermine the Employment Guarantee Programme at any time by setting the wage rate at an arbitrarily low level.

3. Hints of possible targeting: The preamble of the MoRD draft states that the purpose of the act is to "enhance livelihood security of the *poor* households in rural areas". The insertion of the word "poor" is a potential springboard for the targeting of the employment guarantee to (say) BPL households. This would defeat the basic principle of the act—universal entitlement and "self selection".

4. Sidelining of Panchayati Raj Institutions: The NAC draft gave a central role to Panchayati Raj Institutions (PRIs) in the planning and monitoring of the Employment Guarantee Programme. In the revised draft, the role of PRIs has been considerably diluted. For instance, the Block-level "Programme Officer" and the District Coordinator are no longer accountable to elected bodies (Intermediate Panchayat and Zila Parishad, respectively). The role of Gram Panchayats and Gram Sabhas has also been reduced.

5. Restrictive definition of permissible works: In the NAC draft, "productive works" were broadly defined as works that contribute directly or indirectly to "the increase of production, the creation of durable assets, the preservation of the environment, or the improvement of the quality of life". This has been considerably narrowed down in the MoRD draft, where emphasis is placed on specific types of work.

6. Excessive financial burden on state governments: In the MoRD draft, state governments are expected to pay for: (1) the "overhead" costs of the Employment Guarantee Programme, (2) 25 per cent of the cost of materials, and (3) the unemployment allowance. This is excessive, given that most state governments are bankrupt. The core Employment Guarantee Programme must be centrally funded.

7. Inadequate safeguards for women: The initial limit of "hundred days per household per year" could lead to the marginalization of women. Individual work entitlements (eg. 100 days per adult) would be more appropriate. In the absence of individual entitlements at least 40% of the total employment generated must be reserved for women.