

SAMPOORNA GRAMEEN ROJGAR YOJAN

2010-11

SCHEME BRIEF

Sampoorna Grameen Rojgar Yojana (SGRY) provided wage employment and food security, by undertaking labour-intensive work in rural areas and contributes to the creation of durable community assets. Wages were paid as a combination of foodgrains and cash. In 2008, the self-targeting programme merged with the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). This scheme brief looks at the programme’s salient features, various components, and achievements in the years it has been in operation.

BACKGROUND

Sampoorna Grameen Rojgar Yojana (SGRY) was a dual objective programme that aimed to break the cycle of unemployment and food insecurity by providing wage employment during the lean agricultural season, and by creating rural infrastructure. The self-targeting programme was open to all rural poor with a desire to supplement their primary income by doing unskilled manual work near their villages but laid special emphasis on women, Scheduled Caste (SC), Scheduled Tribes (ST) and parents of children withdrawn from hazardous occupations

SGRY was launched in 2001 as the result of a merger of two employment schemes, Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS). The primary objective of JGSY was to create demand-driven infrastructure to increase the opportunities for sustainable employment whereas EAS focused on providing assured wage employment for 100 days during the lean agricultural season. SGRY reflected the core objectives of JGSY

and EAS and sought to address food insecurity. With the launch of NREGS in 2006, the right to employment was put into practice, eventually phasing out SGRY until it was discontinued in April 2008. The transition marked a shift away from the works being initiated and undertaken, and beneficiaries being selected by implementing agencies, to where works to be undertaken are decided by the *gram panchayat* and those who want employment need to register with the local implementing agency.

Funding SGRY: The centre and states contributed funds for SGRY in the ratio 75:25. The annual outlay of the programme was ₹10,000 crore, which included 50 lakh tonnes of foodgrains paid by the central government directly to the Food Corporation of India (FCI). State governments bore the cost of transportation of foodgrains from FCI warehouses to public distribution shops, and their handling and distribution. The resources were further distributed among district, intermediate and gram panchayats in the ratio of 20:30:50. According to this wage employment scheme, the wages were paid as a combination of cash (at least

Ministry	Ministry of Rural Development
Department	Department of Rural Development
Sector	Employment
Goal	Provide additional and supplementary wage employment by undertaking labour intensive work, thereby providing food security and increasing nutritional levels
Output/ Scheme Indicator	Person-days generated Physical assets created
Funding	Shared by Centre and States in the ratio of 75:25
Year of Inception	2001
Expiration date	2008
2009-2010 Budget outlay	Nil

25%) and foodgrains (a minimum of five kg of foodgrains per person-day). The infrastructure development works were undertaken in consultation with the local community, within the available funds.

How did it work? The scheme fell under the purview of the Ministry of Rural Development with Panchayati Raj Institutions or any line department or any reputed NGO acting as the implementing authority. The Zilla panchayat formulated the Annual Action Plans (AAP) that acted as benchmarks for the execution of scheme, with priority given to works of soil and moisture conservation, watershed development, afforestation and rural link roads. Buildings of religious purpose, monuments, memorials, statues, bridges, buildings for higher secondary schools and colleges, black topping of roads are works prohibited under the SGRY scheme.

A minimum of 50% of the allocation to gram panchayats (inclusive of foodgrains) was earmarked for the creation of need-based infrastructure in SC/ST habitations, with a maximum of 15% of funds available for maintenance of the public assets created under the scheme. Of the resources available to zilla panchayat and panchayat samiti, 22.5% were designated for individual works for SCs/STs, which lead to creation of economic assets as well as sustainable employment for them.

Person-days generated were monitored work-wise, through muster rolls that were maintained by the executing agency.

Monitoring Local fund auditors of the state government did financial and physical audits at the district level at the end of each financial year. Social audits were conducted by zilla panchayats by publicising and informing the gram panchayats about the details of the work to be undertaken. The panchayat further placed these details before the respective gram sabhas, ensuring transparency, accountability and social control. These social audit meetings provided a medium to the members of village community to raise issues regarding implementation of the scheme.

PROGRESS

SGRY was initiated in 2001 and was implemented as two streams, the first at district and intermediate panchayat levels and the second at the gram panchayat level. Both streams were integrated in 2004 with the aim of improving efficiency of delivery mechanism of the scheme. In 2006, NREGS was piloted in 200 of the country's most backward districts and SGRY was phased out as NREGS was phased in. It was finally discontinued in 2008 when the NREGS was formally launched and made operational in all the districts of the country. How much

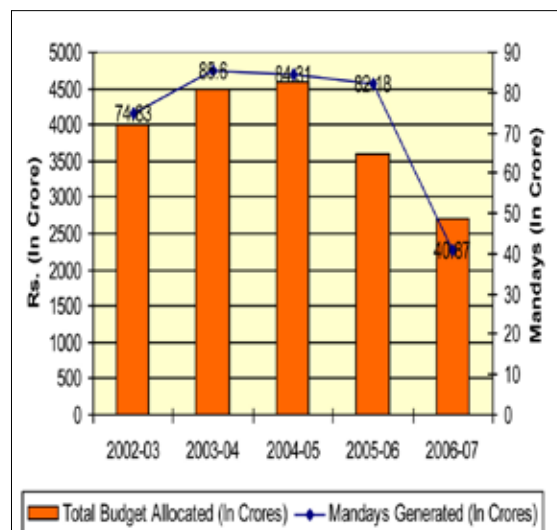


Figure 1:

Budget Outlay and Physical Progress of SGRY

Source: Compiled data from Ministry of Rural Development

funds were spent? Since its launch, the annual budget outlay on SGRY was ₹10,000 crore. In the initial two years of the scheme, the union budget allocations were divided as cash and foodgrains component, with a special component being added for calamity-affected rural areas in 2003. More than 80 percent of the union budget allocations were towards the cash component, utilised for asset creation and employment generation and a meagre six percent of the funds were allocated to the special component, with no provisions for continuing allocations after 2005. While the outlay increased from ₹3,996 crore in 2002-03 to ₹4,590 crore in 2004-05, an increase of 14%, it was drastically cut by 21% in 2005-06 due to the introduction of NREGS. The allocation continued to decrease until SGRY ceased to operate in 2008 and all the unspent funds under SGRY were transferred to NREGS. How has the scheme performed? Close to 75 crore person-days were generated in 2002-03 and this increased by 14% during 2003-04. In contrast, an increase of two percent in the budget allocation in 2004-05 decreased the person-days generation rate by 1.5 percent. In 2006-07, the number of person days generated decreased to 40.87 crore because of decline in outreach of the scheme. Due to introduction of NREGS in 200 of the country's most backward districts, the number of districts under SGRY also decreased. Of the total person-days generated, almost 35% created employment for the SC whereas 25% of them generated were for women. The number of person days generated for SC and women increased from 2002-03 until 2005-06

History of SGRY

September 2001 Launched with implementation in two streams: 1) at the district or zilla and intermediate panchayat levels and 2) at the village panchayat level. The allocations of the first stream were distributed between the zilla panchayat and the intermediate panchayats in the ratio of 40:60, with the zilla panchayat's share reserved for those areas suffering from endemic labour exodus. The allocation to intermediate panchayats was distributed among the panchayat samitis according to the proportion of SC/ST population in the village. The entire allocation under the second stream was distributed among the gram panchayats through the zilla panchayats according to the number of panchayats in the district. 2003-04 Special component was introduced by reserving a certain percent of allocated foodgrains for calamity-affected rural areas. Grains under this category were to be utilised in any wage employment scheme of the central and state government that were being implemented in the vulnerable districts. 2004-05 Implemented as a single scheme with allocation to the three tiers of district, intermediate and gram panchayats distributed in the ratio of 20:30:50 February 2006 Launch and implementation of first phase of NREGS in 200 districts April 2008 SGRY ceases to operate and NREGS made operational in all districts of the country. All unspent resources under SGRY transferred to NREGS

Objectives of SGRY

- Integrate multiple sectors i.e. employment, infrastructure and food security
- Create additional wage employment through access to market oriented economy
- Provide food security, increasing nutritional levels
- Develop demand driven infrastructure at the village level

Source: SGRY Guidelines issued by Ministry of Rural Development, GoI

at the rate of ten and seven percent respectively whereas in the same period the person-days generated for STs declined at a rate of 20%. There exist no separate details of the expenditure and utilisation of funds for the SC/ST.

Food grain distribution In addition to creating infrastructure in rural areas, the scheme also addressed the problem of food insecurity by distributing foodgrains to the beneficiaries. Rice and wheat were allocated as per the staple diet of the region, with the southern part of the country getting more rice. The data reveals exponential increases of allocation of rice and wheat between 2001 and 2003. Gaps in the supply chain, including problems of storage, transportation and distribution, are depicted by the difference between allocation and off-take of the grains. Decline in the foodgrains allocation since 2004, at an exponential rate, is due to pilot implementation of NREGS in numerous districts.

State performance Large-scale variations existed in the progress of the scheme across the country. Under the scheme, the funds as well as foodgrains were allocated to the states based on proportion of the rural poor in a state to the total rural poor in the country. States with highest allocation include Maharashtra, West Bengal, Madhya Pradesh, Jharkhand, Tamil Nadu, Uttarakhand, Assam, and Andhra Pradesh, with Uttar Pradesh got the maximum sum of ₹3,082 crore over a period of six years. Comparing the rate of expenditure with respect to allocated funds, Uttar Pradesh recorded the maximum utilisation rate followed

by Rajasthan, Tamil Nadu and Tripura whereas Manipur, Nagaland and Arunachal Pradesh were unable to fully utilise the allocated funds. Maharashtra, Assam and Uttar Pradesh generated the highest number of person-days while Goa, Mizoram and Arunachal Pradesh created the least person-days.

PROBLEMS

Misappropriation and diversion of funds States spent approximately ₹47 lakh towards transportation costs from funds allocated from the central government. Whereas transportation costs are supposed to be met by the individual states with state funds, the diversion of central funds to cover transportation costs deprived the beneficiaries wages that could have covered 76,058 person-days¹ SGRY funds allocated for creation of assets in rural areas were utilised by government offices for the purchase of furniture, computer, air conditioner and renovation, in violation of the guidelines that specify the purpose of the allocated central funds. No attempt was made to retrieve the misappropriated amounts from the state governments. A similar case of misappropriation of funds was revealed in Karnataka, wherein 17,000 tonnes out of the allotted 14.5 lakh tonnes of rice that could have covered 34 lakh person-days was pilfered (CAG 2009).

Irregular employment generation and wage distribution In some states, the average employment available under the SGRY was about 30 days per beneficiary due to the fact that the *gram panchayat*-level works were small in nature and generated short-term employment of not more than a week.² The involvement of contractors, in violation of SGRY guidelines, reflects insufficient monitoring of resources of implementing departments highlighting the occurrence of corruption. Even though the cash component of the wages was received at the work site, problems existed in periodic delivery of cash payments as well as distribution of food grains, whether to be done weekly or fortnightly. In areas where the wage rates were higher than the official minimum wage, beneficiaries looked forward to working with

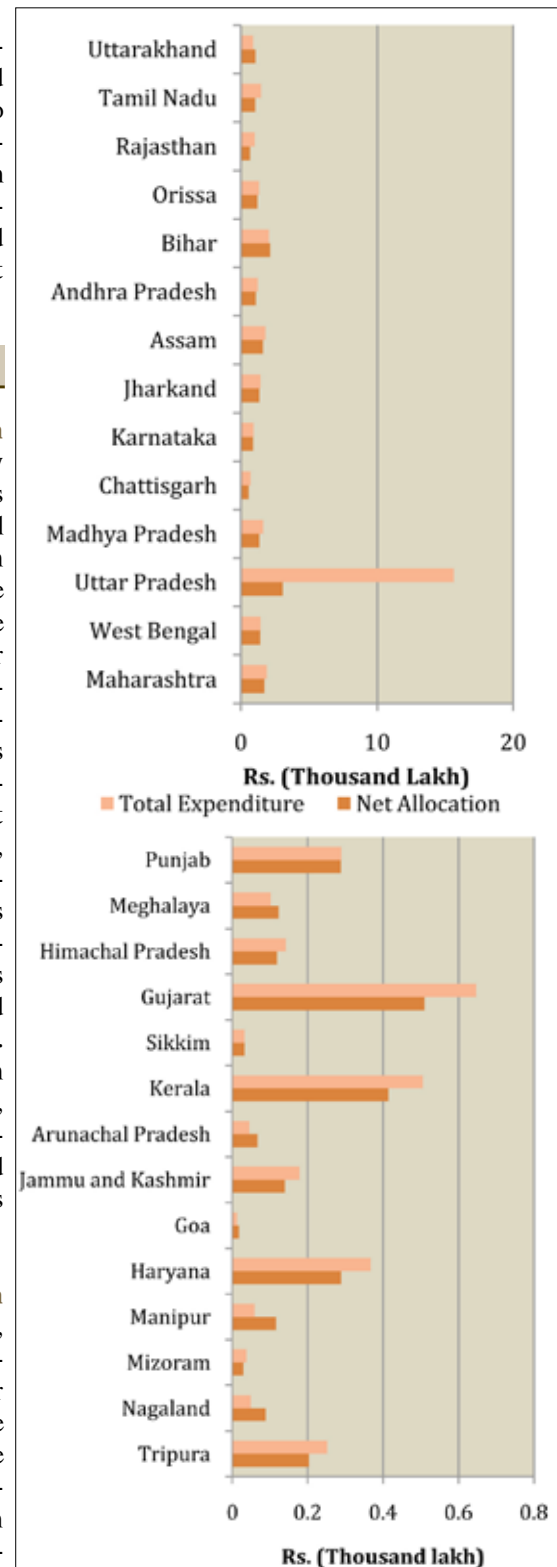


Figure 2: State wise allocation and utilisation of the funds

Source: Compiled data from the Annual Budget 2008, Ministry of Rural Development

the contractors, thus defeating the purpose of the scheme. Lack of availability of infrastructure to store food grains increased the cost of transportation incurred by the state governments, making it difficult for the north-eastern states that requested the central government to permit them to pay the entire wage in cash.

Lack of evidence on impact One of the primary objectives of SGRY, as specified by the guidelines, was to increase the nutritional levels of beneficiaries by improving food security. However, impact evaluation studies undertaken by research agencies do not measure the outreach and impact of the allocated supply of foodgrains. The official records provide information only about the allocation and off-take of rice and wheat across the states, overlooking the main objectives of the scheme. There exists no record of assets planned and completed under the scheme, making it difficult to estimate the improvement in infrastructure in rural areas.

Inefficient monitoring and evaluation Lack of coordination among the state, district and *panchayat samitis* for monitoring and supervision hampered the supervision of works. Uniform record-keeping and accounting practices along with the reporting schedules were not adhered to, contributing to a weak internal control mechanism. Irregularities in muster rolls, absence of provision for maintenance of infrastructure created along with involvement of contractors indicated prevalence of corruption during the implementation of the scheme. The monitoring guidelines under the scheme monitored only the physical and financial aspects overlooking the maintenance of the assets created.

RECOMMENDATIONS

Poverty line approach The use of the poverty line to identify beneficiaries creates an artificial dichotomy of poor and non-poor that results in the exclu-

sion of the poor who fall marginally above the poverty line. Moreover, a static income criteria assumes a high stability of income while the rural poor, like many others, experience unanticipated distress and resort to borrowing credit at exorbitant rates to overcome short-term income shocks. The poverty line criterion also ignores non-income features such as lack of access to common property resources and basic social services like drinking water, education and healthcare. These aspects make the poverty line criteria susceptible to manipulation, allowing for a high degree of corruption in the selection of beneficiaries.³ This was also one of the main criticisms of IRDP – an earlier generation employment generation programme, which the National Rural Employment Guarantee Scheme (NREGS), now Mahatma Gandhi NREGS (MGNREGS), has avoided by relying on self-selection instead of using selection criteria.

Maintenance of data Accurate and uniform maintenance of records is a prerequisite for monitoring and evaluation and for introducing improvement measures in a scheme. Thus, poor maintenance of records at the lowest level needs to be progressive in nature. Instead of muster rolls, issuance of job cards provides a better mechanism to monitor the works and employment generated. This approach is implemented to supervise the creation of person-days under MGNREGS, by providing a unique identification number to beneficiaries.

Demand-based work: Timing is crucial for success of employment-generation programmes due to frequent

migration of labour to urban areas in the lean season. A regular source of employment, with sufficient food and funds, near the beneficiaries' habitats will prevent migratory labour. The demand for public works needs to be maintained across the year to provide sustainable means for earning livelihood. This is another aspect which has been incorporated in to MGNREGS. Cash-based programme One of the primary drawbacks of SGRY was that foodgrains were not being given to workers, and a large portion of the allocations to states were being pilfered. In many cases, sufficient amount of foodgrains were not available for distribution and workers would not be given this component of their wages, nor cash in lieu of the foodgrains. Under MNREGS, the food-for-work component has been removed and all wages are paid in cash, thereby overcoming several important obstacles to the smooth functioning of SGRY. This scheme brief was prepared by Manasi Pathak with support from Satyarupa Shekhar and Bree Bacon as part of CDF's Centrally Sponsored Schemes initiative, which is supported by the IFMR Foundation

¹ Audit Report (Civil) for the year ended 31 March 2009. Comptroller and Auditor General of India, New Delhi. 2009

² Panda, M., Mishra, S., Kamdar, S., & Tondare, M. April, 2005. Evaluation of Food for Work (FFW) Component of Sampoorna Grameen Rojgar Yojana (SGRY) in Selected districts of Maharashtra. Indira Gandhi Institute of Development Research, Mumbai

³ Dreze, Jean. Poverty in India and the IRDP Delusion. 2009. Economic and Political Weekly.

This scheme brief was prepared by Manasi Pathak with support from Satyarupa Shekhar and Bree Bacon as part of CDF's Centrally Sponsored Schemes initiative, which is supported by the IFMR Foundation.

FOR ADDITIONAL INFORMATION	
www.rural.nic.in	Website of Ministry of Rural Development, the principal authority on elementary, secondary and higher education, and literacy related to the same. It is also responsible for formulating policies and regulations
www.planning-commission.gov.in	Website of the Planning Commission of India, responsible for evaluation of government expenditure in form of various Centrally Sponsored Schemes
www.cag.gov.in	The Comptroller and Auditor General of India audits schemes and undertakings at the behest of the principal authority. The CAG Audit Report 8 for the year 2009-10
www.igidr.ac.in	Indira Gandhi Institute of Development Research (IGIDR) is one of the agencies responsible for monitoring and evaluation of SGRY.