MGNREGA - Explained

Why in news?

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Budget 2017 announced an allocation of Rs.48,000 crore for the MGNREGA scheme. This is the highest allocation ever to be made under the scheme, but, it is just Rs.501 crore more than the actual spending for 2016-17.

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What is MGNREGA?

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- Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is the **largest social security scheme in the world** that guarantees 100 days of unskilled manual work to all rural households in India.
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- The MGNREGA actually gives rural households the right to work. It makes obligatory for the State to give them work on demand. Household could actually sue the states for not doing so.
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- The work is usually on projects to build durable assets like roads, canals, ponds, wells etc.,
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Why is it important?

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- MGNREGA creates livelihood opportunities for our fellow citizens and sets a minimum wage threshold for low income earners.
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- It has changed the nature of the rural labour market. It gave opportunity to rural households to earn minimum income.
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- While the poor have used it to climb out of poverty, the not-so-poor used it

as a measure to supplement their income by working during lean agriculture periods.
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- With higher participation of women and SC and ST individuals, **the scheme is inclusive.** About one in two jobs created under the scheme is for women and about 40 per cent for SC/ST.
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- Today, payments under the scheme are mostly done by way of direct transfer into beneficiary accounts, which in turn forced people to open new bank or post office accounts.
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What are some of the issues?

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- The scheme forces the Government to offer work, but so far does not measure productivity or durability of the work done. One of the complaints is about **the slow pace of work.**
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- While there is incentive for workers to turn out as much as is needed to earn the wage rate, there is no incentive to expedite the process.
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- Then, there are some administrative glitches. Panchayat Samitis don't meet for months. It results in work sanctioning getting delayed.
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- **Only 10 per cent of 4.8 crore households managed to fully benefit** with 100 days of work in 2015-16.
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Source: Business Line

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