MGNREGA Tracker Report

Why in news?

A report tracking the implementation of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was recently brought by the People's Action for Employment Guarantee (or PAEG) and LibTech India.

What is the rationale behind MGNREGA?

- The MGNREGA was enacted in 2005 by the Congress-led UPA government.
- Farming was proving to be increasingly unremunerative even as cities failed to create adequate job opportunities.
- Thus, MGNREGA was a response to the deep economic distress that existed in rural India.
- It provided 100 days of "guaranteed" employment in a year to any rural household (or family) at minimum wages.
- It was believed that fast economic growth will eventually reduce poverty and bring prosperity.
- Alongside the employment, safety net in the form such as subsidised food grains under NFSA were ensured to make the growth process more "inclusive" than before.

Why is tracking NREGA significant?

- MGNREGA's performance is possibly the most important proxy for the health of the informal economy (80-90% of all employment in India).
- If the Indian economy is booming and creating new jobs, one should expect less demand for jobs under the MGNREGA.
- Conversely, if the economy is struggling, MGNREGA would see exalted levels of activity.
- Be it the aftermath of demonetisation or the Covid-induced disruption, MGNREGA and NFSA continue to play crucial roles.

Counter-arguments

- MGNREGA payouts are making Indians lazy and taking away the incentive to migrate and work hard.
- It is also raising the cost of doing business for business firms.

What are the key findings of the latest MGNREGA 'tracker'?

Inadequate Allocation

- The total budget allocation for MGNREGA for the current financial year (2021-2022) was 34% less than the revised budget of 2020-2021 financial year. Click here to know more.
- As of September 2021 end, the government had already spent 90% of its MGNREGA budget.
- Many states such as West Bengal, Andhra Pradesh, and Tamil Nadu have a negative net balance of funds remaining.

- There is little clarity on how MGNREGA budgets are decided.

Arrears and delayed payments

- The inadequate budget allocation being an annual occurrence, each year's Budget allocation also has to contend with the previous year's arrears or unpaid dues.
- E.g., In the current year, of the total allocation of Rs 73,000 crore, over Rs 17,000 crore will be used just to pay off last year's arrears.



Under MGNREGA, work should be provided within 15 days of demanding work failing which the workers are entitled to an unemployment allowance.

Workers should be paid within 15 days of completion of work, failing which they are entitled to compensation for the delays.

The wages due to the worker must be transferred immediately failing which the prescribed compensation would have to be paid.

As per the Act, all the labour wages are to be paid by the central government.

Demand suppression

- Being a "demand-driven" scheme, if there is greater demand, a higher allocation can be made in time.
- But, on the ground, the initial allocation is of critical importance; if it is low, it delays payments and eventually suppresses demand.
- The inadequate allocation thus has a detrimental impact on people asking for a job, because people seeking MGNREGA work cannot afford to not be paid for so long.
- Low budgets discourage the officials from even registering all the demand for jobs.
- Reportedly, the scale of such unmet demand is around 33%.

Caste-based payment delays

- A March 2021 central government circular asked the state governments to send three bills, officially called Funds Transfer Orders (FTOs), instead of just one for MGNREGA payments.
- So, instead of a single FTO, states are to give 3 FTOs - one each for MGNREGA workers belonging to Scheduled Castes, Scheduled Tribes and "Other" categories.
- The recent study has found that after the Caste-based circular, workers belonging to the "others" categories (over 87% of all MGNREGA workers) ended up facing much longer delays in payments.
- Jharkhand, Odisha, and Madhya Pradesh saw a particularly poor record of payments for non-SC, non-ST workers.
- The caste-based wage payments go against the universal nature of the programme, lead to more bureaucratic work at the lower levels and delays.
- Over time, such differences may discourage non-SC, non-ST workers from demanding work at the MGNREGA work sites and may lead to other social discrepancies.



What lies ahead?

- The NREGA can play a critical role in reviving rural mass consumption that is much needed for the economic recovery, given its multiplier effects.
- The tracker report underlines the importance for the Indian government to redouble its efforts towards MGNREGA and NFSA.

Reference

https://indianexpress.com/article/explained/explainspeaking-what-ails-mgnrega-and-what-it-means-for-the-indian-economy-7601323/

