

18 Feb 2023.

95-2 - Govt policies

1. Analyse the centre's suggestions on changes in Mahatma Gandhi National Rural Employment Guarantee Scheme.

Mahatma Gandhi National Rural Employment Guarantee Scheme is a Social security scheme, providing at least 100 days of unskilled work per household in rural areas.

Importance of the Scheme

Scheme $\rightarrow$ Life line for farmers during lean agri period - wage employment, ensure food security, way to alleviate poverty; Entitles Right to work; Even during pandemic, ~~there~~ it acted as a source/lifeline for urban migrants.

Issues with the Scheme

1. Budget allocation . decreasing year on year
2022-23 $\Rightarrow$ ₹ 89000 cr $\rightarrow$ 2023-24 $\Rightarrow$ ₹ 60,000 cr (there is 33% decrease in funding)

2. wage payment delays . It is seen that ~~with~~ Aadhaar enabled payment system neither reduce wage delays nor corruption.

Changes proposed

Ministry of Rural development proposed change in
funding pattern

current	proposed
100:1.	to 60:40
(central sector scheme)	centrally sponsored scheme

with main aim $\rightarrow$ to control menace of corruption.

Criticisms

1. Already states revenue has been affected due to pandemic.
2. Good & services tax - has leverage center's taxation power; while states are being compensated for loss of revenue, the compensation cess has not been extended after 2022.
3. Since it is a demand driven scheme, poorer states may need more revenue due to more demand, posing additional burden on states.

Way forward

The ~~scheme~~ Best practice like Rajasthan even provides urban Guarantee Scheme. Center must ~~to~~ undertake adequate study on financial health of states before making any. Such amendment & also ensure Right touch.