

THE SOLUTION IS UNIVERSAL

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

Rural distress has hit unprecedented levels. According to news reports, unemployment is the highest in 45 years. To allay some misgivings of the distress, one of the announcements in the Budget speech was that “vulnerable landholding farmer families, having cultivable land up to 2 hectares, will be provided direct income support at the rate of 6,000 per year”.

This cash transfer scheme has been called Pradhan Mantri Kisan Samman Nidhi (PM-KISAN). The Ministry of Agriculture has written to State governments to prepare a database of all eligible beneficiaries along with their Aadhaar numbers, and update land records “expeditiously”. The letter further states that changes in land records after February 1, 2019 shall not be considered for this scheme.

Undoubtedly, farmers’ distress needs urgent attention but let’s see if the PM-KISAN is a reasonable solution. Let us first compare some basic numbers with the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). For example, if two members of a household in Jharkhand work under MGNREGA (picture) for 30 days, they would earn 10,080 and a household of two in Haryana would earn 16,860 in 30 days. Jharkhand has the lowest daily MGNREGA wage rate, and Haryana the highest. Put simply, a month of MGNREGA earnings for a household is more than a year’s income support through PM-KISAN anywhere in the country.

PM-KISAN is a targeted cash transfer programme and MGNREGA is a universal programme. Any rural household willing to do manual work is eligible under the Act. According to the 2011 Socio-Economic and Caste Census, around 40% of rural households are landless and depend on manual labour. The landless can earn through the MGNREGA but are not eligible for the PM-KISAN scheme. Notwithstanding the meagre amount, the PM-KISAN might be pitting the landless against a small farmer.

Further, it is unclear how tenant farmers, those without titles, and women farmers would be within the ambit of the scheme. There is also substantial evidence to demonstrate that universal schemes are less prone to corruption than targeted schemes. In targeted programmes, it is very common to have errors of exclusion, i.e., genuine beneficiaries get left out. Such errors go unrecorded and people continue to be left out. It is in some of these contexts that strengthening an existing universal programme such as the MGNREGA would have been a prudent move instead of introducing a hasty targeted cash transfer programme.

The Agriculture Ministry’s letter states that “funds will be electronically transferred to the beneficiary’s bank account by [Government of India] through State Notional Account on a pattern similar to MGNREGS”. There are important lessons to be learned from the MGNREGA implementation. The Centre has frequently tinkered with the wage payments system in the MGNREGA. It’s creditable that timely generation of pay-orders have improved, but contrary to the Centre’s claims, less than a third of the payments were made on time. And in contempt of the Supreme Court orders, the Centre alone has been causing a delay of more than 50 days in disbursing wages.

Moreover, repeated changes in processes result in a hurried bureaucratic reorientation on the ground, and much chaos among workers and field functionaries alike. Field functionaries are pushed to meet stiff targets. Being short-staffed and inadequately trained, this results in many

technical and unforeseen errors. A case in point is the rushed manner in which Aadhaar has been implemented for the MGNREGA.

Several MGNREGA payments have been rejected, diverted, or frozen as a consequence. In the last four years alone, more than 1,300 crore of the MGNREGS wage payments have been rejected due to technical errors such as incorrect account numbers or faulty Aadhaar mapping. There have been no clear national guidelines to rectify these. There are numerous cases of MGNREGS payments getting diverted to Airtel wallets and ICICI bank accounts. In a recently concluded survey on common service centres in Jharkhand for Aadhaar-based payments, it was found that 42% of the biometric authentications failed in the first attempt, compelling them to come later. This continued harassment faced by people would have been a more humane question to address rather than brushing them aside as “teething problems” and build a new scheme on similar shaky platforms.

The success of the PM-KISAN is contingent on there being reliable digital land records and reliable rural banking infrastructure — both are questionable at best. While 75,000 crore has been earmarked for this scheme, the MGNREGA continues to be pushed to a severe crisis. The MGNREGA allocation for 2019-20 is 60,000 crore, lower than the revised budget of 61,084 crore in 2018-19. In the last four years, on an average, around 20% of the Budget allocation has been unpaid pending payments from previous years. Thus, subtracting the pending liabilities, in real terms, the Budget allocation has been lower than 2010-11. Despite a letter to the Prime Minister by citizens and MPs in January 2019, (as of February 8) all MGNREGA funds have been exhausted. While the country stares at an impending drought, workers languish in unemployment. The MGNREGA is neither an income support programme nor just an asset creation programme. It is a labour programme meant to strengthen participatory democracy through community works. It is a legislative mechanism to strengthen the constitutional principle of the right to life. That the MGNREGA works have demonstrably strong multiplier effects are yet another reason to improve its implementation. Despite all this, the MGNREGA wage rates in 18 States have been kept lower than the States’ minimum agricultural wage rates. This acts as a deterrent for the landless. Yet, work demand has been 33% more than the employment provided this year — underscoring the desperation to work. By routinely under-funding this Act, the Bharatiya Janata Party government continues to undermine the constitutional guarantee.

In an employment programme, adequacy of fund allocation and respectable wages are crucial, so meaningless claims of “highest ever allocation” and other dubious claims through a management information system are unhealthy for democracy.

At a time of such acute distress, does it not behove the Central government to improve the existing universal infrastructure of the MGNREGA before plunging into a programme pretending to augment farmers’ income?

Rajendran Narayanan teaches at Azim Premji University, Bengaluru. Debmalya Nandy is a social worker

Pakistan’s identity crisis, going back to the debates since its creation, remains unresolved

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