

## 'DEMAND FOR MGNREGA WORK SOFTENS'

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

Demand for work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme has dropped from the peak of the first lockdown, but is still higher than pre-COVID levels, the Department of Economic Affairs said in its annual Economic Survey, noting that this is "an indicator of rural labour markets".

However, it cautioned against drawing conclusions about the movement of migrant labour on the basis of MGNREGA employment, noting that the highest demand for work under the scheme was seen in States which are usually the destination of migrant workers, rather than source States.

### More funds sought

Advocates for rural workers argued that the drop in demand is also due to funding constraints, and urged a significant increase in allocations for the scheme in Tuesday's Union budget.

According to the Survey's analysis, though demand for work stabilised after the second COVID wave with a maximum of 4.59 crore persons in June 2021, aggregate MGNREGA employment is still higher than pre-pandemic levels of 2019, after accounting for the seasonality of demand.

"The supply side effect of MGNREGA funding skews the picture of demand," said Nikhil Dey, founder of the Mazdoor Kisan Shakti Sangathan, a union for unorganised rural workers across the country. "There is no doubt that demand went up during the lockdown and when money was available through the increased allocation," he said, noting that the Centre had infused Rs. 40,000 crore worth of additional funding early in the first lockdown, meaning scheme administrators had sufficient money to cope with the hike in demand.

### 'Artificial suppression'

In 2021-22, on the other hand, additional funding was not available until late in the year when many States had already run out of money, forcing an artificial suppression in demand on the ground.

"For the upcoming 2022-23 financial year, activists have asked for a budget allocation of Rs. 2.6 lakh crore, which would cover the guaranteed 100 days of work for all active job card holders. But anything less than Rs. 1.4 lakh crore, which is the amount spent in 2020-21 plus inflation, will be a clear suppression of demand by the government," said Mr. Dey.

The Survey also mapped the State-wise demand trends. "Intuitively, one may expect that higher MGNREGS demand may be directly related to the movement of migrant labour i.e. source States would be more impacted. Nevertheless, State-level analysis shows that for many migrant source States like West Bengal, Madhya Pradesh, Odisha, Bihar, the MGNREGS employment in most months of 2021 has been lower than the corresponding levels in 2020," it said.

According to the Survey, demand has been higher for migrant recipient States like Punjab, Maharashtra, Karnataka and Tamil Nadu.

Mr. Dey noted that Karnataka, Tamil Nadu and Rajasthan have a record of administrative

sensitivity and efficiency with regard to MGNREGA implementation even pre-COVID.

“These States also see high levels of short-term migration within their own borders,” added Rajendran Narayan, an assistant professor at Azim Premji University who is part of a research group on MGNREGA.

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