

THE DEMAND FOR MGNREGS WORK IS UNMET

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The allocation for [MGNREGA](#) in the [Budget](#) is 60,000 crore. This is less than 0.2% of the GDP, the lowest ever allocation as a percentage of GDP. World Bank economists had estimated that the allocation should be 1.6% of the GDP. In the last two years, the new financial year began with more than one-fourth of the allocation as pending wages from previous years. Assuming a conservative estimate that the next financial year will begin with pending wages of 15,000 crore and accounting for inflation, in real terms, the allocation for MGNREGA will be less than 45,000 crore. A statement by People's Action for Employment Guarantee and NREGA Sangharsh Morcha has provided an estimate of 2.72 lakh crore as the minimum budget required. As per this, even 1.24 lakh crore can only generate 40 days of work per household per year.

Aided by a complex technical apparatus, there has been a steady centralisation of the programme architecture even as wages for most States remain lower than minimum agricultural wages. Wage payment delays continue, and there is evidence that these are caused by inadequate allocations. But what has received less attention is the case of unmet demand which is also correlated with inadequate allocations.

MGNREGA is a demand-driven law. Every household must get work within 15 days of demanding work, failing which the workers are legally entitled to an unemployment allowance. But this demand-driven aspect has suffered. Getting work and wages is contingent on the household details being entered on the MGNREGA software called the Management Information System (MIS). The MIS has been used to subvert the Act in many ways, one of which is work demand suppression. Owing to budgetary constraints, officials usually give fewer days of work to many households or provide many days of work to a few households. Two crore new job cards were issued between 2019-20 and 2022-23 showing the continued demand; yet, the average number of days of employment continues to be around 45 days bearing testimony to demand suppression.

We define unmet demand as the deficit between the work demanded and obtained. Officials don't even register work demand on the MIS owing to inadequate funds. This can be learned only through surveys. Unless details are on the MIS, it is impossible to calculate unmet demand. We present some early estimates of unmet demand from an ongoing study based on MIS data.

The national MIS reports show the number of households that demanded and got work. The person-days of work generated is available nationwide and for each State and panchayat. However, the aggregated person-days of work demanded at the State and national level is not

available as a national MIS report; it is available for each panchayat. So, using the national MIS reports we only get an incomplete picture of unmet demand. Let us see why. Suppose a household has demanded seven days of work and got three days. Then, as per the national MIS report, since the household demanded and got work, the household-level unmet demand is zero. But the person-days of unmet demand is four days. There is no national MIS report showing this. To arrive at person-days of unmet demand for each State, we have to resort to statistical techniques.

In our ongoing study, we randomly sampled 10 panchayats from one randomly selected block in each district of seven States (Assam, Bihar, Chhattisgarh, Jharkhand, Karnataka, Kerala and West Bengal) for 2019-20. The analysis is based on person-days of work demanded and work done for 11.14 lakh workers from 1,400 panchayats. Our preliminary results don't account for situations when work is offered but either workers are absent or their details are missing in the worksite attendance register.

Using a method called Bayesian hierarchical modelling, we estimated that the weighted average person-days of unmet demand for these States was 34%. But the national MIS reports show that the household-level unmet demand for these States was 11%-13% in the last four years. The country-wide household unmet demand was in this range too. This means national MIS reports grossly underestimate the unmet demand.

A four State study released in October 2022, conducted by Azim Premji University, NREGA Consortium and CORD, also showed high levels of unmet demand in 2019-20. As per this, 39% of the households did not get a single day of work despite wanting 77 days on average, and those who got at least one day of work wanted 64 days of more work. It was found that, to meet the full extent of work demand, the labour Budget should have been three times what was allocated in the surveyed blocks. In contrast, as per the national MIS reports, it appears that almost all the households that demanded work were offered work in each of the last four years.

The Rural Development Ministry claims that low demand has resulted in Budget cuts, but the reality is opposite. Budget cuts have created a vicious cycle of demand suppression, wage payment delays, an overburdened field staff and corruption. These further discourage workers from doing MGNREGA work.

For the sake of transparency, the person-days of work demanded must be made readily available for each State. Ground reports suggest that the recent introduction of an app to register workers' attendance has only increased worker woes. This is just the latest in a series of technical fixes when the real problem is underfunding and excessive centralisation.

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