

A MINDSET PROBLEM IN THE HINDU EDITORIAL ON RURAL JOBS SCHEME FUND CRUNCH

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

It needs no reiteration that the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has acted as insurance for landless labourers during crop failures, agrarian crises and periods of a stressed economy. With the ongoing economic slowdown resulting in depressed rural wages and the lack of adequate opportunity to work, the MGNREGS has provided much needed succour and this explains why demand for it has peaked in the last few months across various parts of the country. The [report that 15 States have already overshot budgets for the scheme's implementation](#) and many have not been able to pay wage dues should be a cause for concern. Compounding the situation is the fact that the Centre is on the verge of running out of funds. This problem was not unexpected. While in absolute terms, the allocations for the scheme in the budget presented in July 2019 were higher compared to the previous financial year, the outlay fell in relative terms as a percentage of the overall allocations. The outlay was also lower than the actual expenditure in the previous year, which indicated the importance of the scheme in arresting rural distress.

MGNREGS has been in place for more than a decade. The present Central government's approach has been to treat it as a secondary scheme that cannot be done away with. Several studies have pointed to its effect on the lives of the rural poor by providing employment in the agricultural off-season, offering alternative jobs during years of lean agricultural growth and as a safety net during crop failures. Researchers have also found that a large proportion of those availing the scheme are from the 18-30 age group, which suggests that this has addressed the problem of youth unemployment, which according to official statistics has peaked in recent years. Besides, other studies have also shown that MGNREGS has improved agricultural productivity where it has been implemented properly. The scheme, by now, should have been an ideal vehicle for rural development and not just a fallback option. It could also involve rural workers in skilled work and pay them more wages for asset creation beyond just roads, wells and check-dams. A change in mindset is therefore key in not just tiding over problems such as funding and wage-delays, but also in using them as an opportunity to address the slowdown. Economists have pointed to a slowing of rural consumption, which has also dragged down the economy. By paying wages adequately, and on time, to rural workers, the government could allow for more spending and consumption and stimulate the economy. A more meaningful allocation for the scheme in the budget is therefore a much needed imperative.

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