

'AADHAAR AIDED MGNREGS BENEFICIARIES'

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

Refuting criticism of Aadhaar-linked payments and the direct benefit transfer system, the Economic Survey 2018-19 has used the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) as a case study to show the benefits of the use of technology in improving targeting and efficiency in welfare schemes, especially for the most vulnerable groups.

Going forward, the Survey recommends that digital technology and the JAM troika — Jan Dhan, Aadhaar and Mobile — be expanded to other welfare schemes. The Survey cites data on the timeliness of wage payments, worker turnout, demand and supply of work under the scheme before and after Aadhaar-linked payments (ALP) were implemented as a proof for its benefits.

Data show that in 2014-15, less than 27% of wage payments were generated within 15 days. Direct benefit transfers were introduced two years later. By 2018-19, more than 90% of wage payments were generated within 15 days. "Payment delays drive away farmers in genuine distress, while others not in distress take the benefits. A person undergoing economic distress needs immediate and certain liquidity. Working for uncertain promised wages, which are likely to be realised with a substantial lag, presents an unattractive proposition for a person in distress as delayed payments effectively imply zero wages in adverse times," says the Survey. The Survey also compared the MGNREGS performance in blocks affected by drought versus other blocks, using drought as a proxy for distress. In drought-affected blocks, the number of persons demanding work increased more than 20% after the implementation of ALP, while there was no effect in other blocks. A similar trend is seen in the supply of work. Muster rolls, which are work site attendance registers, show a 19% increase after ALP implementation in most blocks. In drought-affected blocks, muster rolls increased by 44%.

"It appears that before the implementation of ALP, the rural poor treated MGNREGS as an option to earn additional income during good times rather than a shock absorber during bad times. This actually defeated the purpose of the programme. Post implementation of ALP, there is a reversal of trend, wherein an increase in demand for work under MGNREGS is observed in drought-affected areas," says the Survey, arguing that effective targeting has been possible because of ALP.

The Survey suggests that going forward, "demand for work under MGNREGS may be used to develop a real-time indicator of distress at the granular district or panchayat level." The Survey also recommends that other welfare schemes implement the lessons learnt from Aadhaar linkages in MGNREGS.

Scholarships, pensions, and subsidies for food, kerosene, and gas cylinders should be next in line to implement Aadhaar-based payments, it said.

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