

THE NEED FOR A MILLION WORKSITES NOW

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

The abominable plight of migrant workers in recent weeks has invaded television screens and stirred the nation's conscience. Alas, this is just the tip of the wave of hardships that is sweeping through the country. The situation looks increasingly alarming in the light of a series of surveys conducted by Azim Premji University (APU) and other institutions. The APU survey, for instance, found that 74% of the respondents (thousands of poor households scattered over many States) were "consuming less food" today than before the lockdown. Another survey, conducted by Farzana Afridi and her colleagues in low-income neighbourhoods of Delhi, found that 80% of the respondents had not earned any income during the lockdown, 90% reported "financial stress", and about half were too anxious to sleep at night.

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Thankfully, the Public Distribution System (PDS) is preventing the worst. The same surveys show that an overwhelming majority of poor households (86% according to the APU survey) are currently receiving food rations. The doubling of food rations for three months was a good move on the part of the central government — there is every reason to extend it beyond the end of June. The PDS, however, leaves out 500 million people, including many who live in poverty. Further, even for those who are covered, the PDS is little more than a protection against hunger. It cannot ensure adequate nutrition, let alone a decent standard of living.

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To cope with the crisis, poor households urgently need a chance to earn cash beyond small mercies. Unconditional cash transfers are not easy to use for this purpose, because there is no simple way of identifying those in need, and covering everyone would amount to spreading the money very thin. Universal basic income is a nice idea, but when you do the maths, anything practical tends to reduce the "basic income" to a pittance. India's National Rural Employment Guarantee Act (NREGA) offers an obvious alternative, at least for rural areas: employment on demand at basic wages.

The demand for NREGA work is stronger than ever. This is not surprising: most people would prefer to do some work and earn a little than to sit idle with empty pockets. This huge demand contrasts with the resilient indifference of rural workers towards NREGA in recent years, due to low wages and erratic payments. Wages are still low, and payments are still far from timely and reliable; what has changed is that for most workers today, there is nothing better on the cards.

We had a telling experience of this renewed demand for NREGA work in a number of deprived villages of Latehar district (Jharkhand) in the last few days. In this area, the idea of work on demand is still alien to most rural workers, so few of them take the initiative of applying for NREGA work. But whenever we helped people to prepare work applications, men and women from almost every household in the village flocked to the spot with their job cards to fill the forms.

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Without assistance, however, most workers would find it difficult to submit work applications.

The sad truth is that except in areas where rural workers are relatively empowered, work applications (reflected in “e-muster rolls”) are not generally initiated by the workers themselves. Instead, they are initiated on their behalf by others, who have a stake in activating NREGA works: for instance, landowners who want some work done on their land, middlemen who take cuts at various steps, government officials who are under pressure to meet targets, and village heads who wish to please or serve their constituency. In other words, NREGA works attract the workers, and not the other way around. That, at any rate, is how it tends to work in the poorer States.

In the old days (good or bad), workers were allowed to turn up at the worksite and enrol on the spot. That made things easier for them: applying for work was a right, not an obligation. But now, it has become an obligation: no-one can be employed unless his or her name has been entered in advance in the e-muster rolls. Most workers have no idea how to go about this.

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This is one reason why the scale of NREGA works remains very low in many States in spite of a huge demand for employment. This situation calls for large-scale opening of NREGA works on a proactive basis. Every village needs at least one major worksite, where a good number of people can work at short notice (with adequate distancing precautions). Ideally, workers should be allowed to enrol at the worksite. Further, large-scale employment generation should continue throughout the monsoon, the hardest period of the year for poor people in large parts of rural India. Averting a humanitarian disaster in the next few months calls for a veritable explosion of NREGA work.

Much can be done to facilitate this: expanding the list of permissible works, hiring more *gram rozgar sevaks* (employment assistants), simplifying the implementation process, mobilising para-teachers for work application drives, and so on. And of course, top-down orders to expand the scale of works could work wonders. NREGA is not supposed to be top-down, but it does have a long history of top-down orders, and after all, this is an emergency.

It is also worth considering a return to cash payment of NREGA wages, at least as an option for the duration of the crisis. This would not only help to ensure timely and reliable payment of wages, but also spare workers the ordeal of extracting their wages from overcrowded banks or business correspondents. Further, cash payment of wages would act as a tremendous incentive for rural workers to demand NREGA work, whatever it takes.

The idea of a return to cash payment of wages is likely to horrify those who trust digital payments to eliminate corruption. But recent experience suggests that this trust is misplaced. The digital payment system has merely changed the modalities of corruption in NREGA: the crooks used to fudge the paper records, now they fudge the electronic records. The latter may or may not be harder to fudge than the former depending on the circumstances. Even if cash payments are a little more vulnerable to leakages, that may be a tolerable price to pay in an emergency, to protect workers from the hazards of NREGA’s byzantine payment system. These include a payment rejection rate of 4%, according to official data, and the tyranny of “Qwicy”, as the Know Your Customer (KYC) process is known in rural Jharkhand. Of course, the possible hazards of a hasty switch to cash payments also need to be considered.

Funds are not an immediate concern since the NREGA budget for 2020-21 has been raised to 1-lakh crore or so. But more is likely to be required to meet the tremendous demand for NREGA work. It is important to ensure that funds never dry up: this happened every year in the last few years, leading to huge wage arrears. NREGA is supposed to be a demand-driven programme

with an open-ended budget; nothing in the Act authorises the government to impose a budget cap.

These are some of the issues that arise in activating NREGA for crisis relief. The main thing is to provide work aplenty and pay wages at speed. This is a matter of life and death.

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