

UNDERESTIMATED UTILITY: THE HINDU EDITORIAL ON MAHATMA GANDHI RURAL EMPLOYMENT GUARANTEE RURAL JOBS SCHEME FUND CRUNCH

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

That as many as [21 of 35 States/UTs have utilised, by October 29, over 100% of their allocated funds](#) under the [Mahatma Gandhi Rural Employment Guarantee Scheme \(MGNREGS\)](#) for FY2021-22 is not a surprise. In the previous year, the allocations for MGNREGS were increased by 50,000 crore to meet the demand for work, with the Revised Estimates for spending for the scheme going up to 1,11,500 crore. MGNREGS was a life-saver for the poor, especially migrant labourers, following the sudden lockdown announced by the Union government. In this year's Budget, the Finance Minister allocated 73,000 crore for the scheme, which was higher than the previous year's absolute number in Budget allocations, but this amounted only to 2.1% of the Budget expenditure, the lowest outlay in those terms in the last six years. By October-end, Kerala, Tamil Nadu, Andhra Pradesh and Himachal Pradesh had utilised more than 130% of their respective allocations for the scheme, indicating the extent to which rural workers depend on the scheme even in relatively better-off States. Clearly, the Union government has underestimated the demand for work under the scheme, which even if it involves arduous and menial labour has accounted for a large chunk of rural employment at a time when the economy suffered a steep contraction due to the effects of the pandemic.

In response to a report, officials in the Rural Development Ministry accused States of "artificially" creating demand, but this has not been borne out from ground reports which continue to indicate rising demand for work and wages in rural India; civil society activists claim that some workers have been turned away by officials despite the demand for work because of the paucity of funds. The Union Government must ensure that the allocation is adequate for wage payments to be done and for demand to be met in the remaining months of this financial year. The utility of MGNREGS as a scheme that alleviates distress has never been in question. From acting as an effective substitute in the absence of crop and weather insurance in aiding poor farm households and helping to provide wages during agrarian crises, to being an avenue for employment during the economic crisis induced by the pandemic and the response, MGNREGS has turned out to be a salve for farm workers and labourers. Delays in wage payments could also result in a decline in rural consumption, which plays a vital role in stimulating the economy. Besides the scheme's utility in distress, it also has the potential, if works are upgraded suitably, to continue to improve rural development and infrastructure. The Union Government must consider this during allocations and not be conservative in its outlay or remain unmindful of the overall potential of the scheme.

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