

Why NREGA is Important?

The Union Ministry of Rural Development is said to be working on a proposal to bring about some far-reaching changes into the flagship rural employment scheme namely Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). One of the proposals aims to tilt the ratio of expenditure in favour of materials, which, as alleged by some, will likely result in contractors coming in through the backdoor. Increasing the material component of funds from 40 per cent to 49 per cent and decreasing the wage component accordingly, as proposed, would mean reliance on 'ghost contractors' with resultant corruption. Another fall-out of this development would be that the more vulnerable unskilled workers would lose out to the skilled ones in a contractor-based system.

As things stand now, the contractors and use of machineries have been consciously barred in NREGS to keep it focused on its basic purpose of providing rural employment to the needy households while also focussing on some critical sectors like water conservation and harvesting, soil conservation, watershed development, drought-proofing, flood-proofing and undertaking social forestry in a big way. As a result, the countryside has not only seen creation of millions of working person-days for the rural households, but has also seen huge creation of permanent assets.

MGNREGS by ensuring a socio-economic safety net through direct cash transfer to hundreds of thousands of rural households in India has worked wonders. This scheme is a much better mutant of a rural employment programme than many of its previous avatars given the latitude and scope it provides to the thousands of programme officers across the country. The scheme made significant progress in its outreach and effectiveness through the subsequent grafting of transparency and accountability norms. However, the carping Cassandras have been expressing serious doubts about the suggested moves to water down the obtaining norms including the universal entitlement of every agrestic household to rightfully demand work when needed.

It is believed that 'Aadhaar'-based cash transfers to the rural poor and underprivileged would do a lot more to provide a safety net than bringing in contractors via backdoor as the

same would mean less scope for manual work for the needy thereby compromising their 'right to work' as promised in the National Rural Employment Guarantee Act (NREGA). However, the same should not be done before 'Aadhaar' is made available to everyone. Brought out through a parliamentary legislation, this social welfare Act envisages an economic safety net for the rural poor during the lean season by promising a hundred days' work through a calendar year. Though there is nothing sacrosanct about any scheme including NREGA, but observers agree that MGNRES definitely was an improvement over all its predecessors.

If changes in society or technology allow a more effective way to deliver a particular social entitlement to the people, they should definitely be used. Even MGNREGS has used direct cash transfers to the bank accounts of the beneficiaries to minimise leakages. But the fact remains that the leakages have only been minimised and not completely eliminated. Jean Dreze, an advocate of NREGA, has rightly termed the transition to bank payments of NREGA wages as a 'major breakthrough.' After, the new '*Jan Dhan Yojana*' ensured a no-frill, zero-balance bank account for every Indian accompanied by a life insurance worth Rs. one lakh within a year, the direct MGNREGS wage transfers got a further impetus.

India's poor have often been shortchanged by the way our social welfare and subsidy programmes are structured. The most vulnerable section of society is at the mercy of bureaucratic despotism or lopsided power dynamics in thousands of Gram Panchayats where extension of a deserved government entitlement or benefit is often politically aligned. Hence, richer and relatively well-administered states make the most of these programmes by extracting a bigger share of the developmental pie even if the need is greater elsewhere. Cash transfer does provide a way to cleave through these societal dynamics. The evidence has been there for everyone to appreciate in NREGA when it transitioned from cash payment to bank accounts for paying the wages.

As per a report, total outgo towards subsidies in India is approximately 4.25 trillion rupees—around 4 per cent of our GDP. If leakages could actually be curtailed by plugging the extant programmatic loopholes to ensure a more efficient transfer of entitled wages to the intended beneficiaries, it will trigger radical social changes. Clinical targeting of various benefits including those of NREGA would mean huge multiplier effects for the rural economy. An efficient and effective delivery mechanism should allow the people to choose from a smorgasbord of socio-economic opportunities available through various government programmes and schemes instead of remaining passive objects of patronage. Once people are freed from the tyranny of whimsical discretions of the bureaucracy and political class, they will become more enlightened and empowered. This would reduce poverty, deepen democracy and improve the overall governance at all levels.

Overriding objections raised by senior officials and experts, the Rural Development Ministry has already initiated the process of restructuring the job guarantee scheme (MGNREGS) which is likely to change the fundamentals of this flagship scheme. MGNREGS, as a demand-driven scheme, has provided work to one in three rural households during the last decade. Ministry documents obtained under the Right to Information Act show as to how arguments were

advanced against diluting MGNREGS as the same run contrary to the 'spirit of the Act'. They are said to have pointed to an assumed reduction of up to 40 per cent in person-days provided through MGNREGS as a result of reducing the wage component of the total funds allocated for the scheme. The objection was reportedly overruled as the proposed move is supposed to be 'reflective of the view of the legislature'. The proposed change may soon become operational.

The RTI activists Aruna Roy, Nikhil Dey and many others including economists, women's activists, lawyers and former bureaucrats, as part of People's Action for Employment Guarantee (PAEG) have recently written to the Prime Minister protesting against attempts to dilute MGNREGS. The allegedly wilful starving of the MGNREGS by cutting down on release of funds to the states was described as a blatant attempt to abrogate a fundamental right of the people by economists like Prabhat Patnaik and Abhijit Sen.

Abhijit Sen, a former Planning Commission Member, also revealed that the creation of assets under MGNREGS was nine times more than the earlier Jawahar Rozgar Yojana although spending in both the schemes as a proportion of GDP was almost the same. The said RTI reply has revealed that the Union Rural Development Ministry owed a whopping Rs 6000 crores as on March 31, 2014, the bulk of which was delayed wages. The Ministry is alleged to be releasing funds in dribbles and most of it is getting used up in settling pending wages and other liabilities. These liabilities have since further accumulated and increased thereby resulting in virtual stoppage of NREGA works across the country.

Many panchayati raj institution (PRI) members have pointed to the difficulties being faced by them as a result of choking of MGNREGS. The Gram Panchayats across the country have utilised NREGA funds to not only give work to rural poor as and when demanded, but also for improvement of rural infrastructures in the countryside thereby leading to overall improvement in the quality of life there, not to speak of the macroeconomic Keynesian implications of the same for the economy as a whole. There are many positive stories regarding NREGA creating opportunities for the rural poor to ensure basic entitlements for themselves and their children.

Activists of PAEG have strongly condemned the proposal regarding restricting MGNREGS to certain selected and short-listed regions where need for such job-guarantee works are needed more and have called it a death knell for the job guarantee scheme. Critics have already questioned the grounds and parameters for selecting these Blocks from across the country and have questioned the move because of its potential to compromise the 'right to work' as enshrined in the Constitution. The fact remains that NREGA continues to be a premier government flagship programme. And, given the grounds it has broken in rural employment over all its previous avatars, one would wish its continuance with regular revision and modification.

Salient Points

- One of the proposals of MGNREGS aims to tilt the ratio of expenditure in favour of materials, will likely result in contactors coming in through the backdoor.

- Another fall-out would be that the more vulnerable unskilled workers would lose out to the skilled ones.
- The contractors and use of machineries have been consciously barred in NREGS to keep it focused on its basic purpose of providing rural employment.
- 'Aadhaar'-based cash transfers to the rural poor would do a lot more to provide a safety net than bringing in contractors via backdoor.
- NREGA envisages an economic safety net for the rural poor during the lean season by promising a hundred days' work through a calendar year.
- The new 'Jan Dhan Yojana' has given a further impetus to direct MGNREGS wage transfer.
- If leakages could actually be curtailed to ensure a more efficient transfer of entitled wages to the intended beneficiaries, it will trigger radical social changes.

Glossary

Cassandras: a person who prophesies disaster