

## **The Subversion of MGNREGS\***

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The National Rural Employment Guarantee Act that brought the MGNREGS into being was a unique piece of legislation in the history of independent India. It stipulated that employment was to be made available on demand, within a fortnight of being asked for, failing which an unemployment allowance had to be paid. True, its scope was confined only to rural areas, and it promised employment only upto 100 days per household per year; but it made employment a right. The fact that it was passed unanimously by parliament, after much deliberation, meant that parliament was in effect creating an economic right and thereby filling an important lacuna of the Indian Constitution, which, as is well-known, guarantees to every citizen only a set of social and political rights but no economic rights.

The MGNREGS therefore broke completely new ground. There had been anti-poverty programmes earlier, including the well-known food-for-work programme. But they contained no guarantees. There were budgetary provisions for them which could change from one year to the next; and, correspondingly, their scale, limited by the budgetary provision, could also wax and wane. But the MGNREGS was totally different; it offered a guarantee, and in the process not only created an economic right but also gave a deeper meaning to the concept of citizenship. Every citizen, including the most abject mendicant in the country, paid taxes to the State via the indirect levies on what he bought, but the State earlier did practically nothing for the citizen in return. To say that it provided “security” to the citizen meant little, since the “security” it did provide meant little to the poor. The MGNREGS, by contrast, promised to usher in a new era where the State would provide a degree of economic security to its citizens, which meant something to the poor.

This promise alas has been grossly belied, which is hardly surprising, given the acute class-prejudices, overlaid by the equally acute caste-prejudices, of our ruling classes. (Around 40 percent of the households employed under the MGNREGS every year are estimated to belong to the SC/ST category). The subversion of MGNREGS began under UPA II when Finance Minister Chidambaram effected a cut in real terms in the budgetary provision for the scheme. He defended it on the grounds that since the scheme was demand-driven, more funds would be made available if necessary, and that not much should be read into what was actually provided under the budget. What this meant however was that when demand exceeded what was provided, wage arrears got built up.

Now if the allocation for the scheme does not increase while demand persistently exceeds allocation, then wage arrears accumulate over time. This is exactly what has happened in the present case; wage arrears have kept increasing, which means both that more and more workers under the scheme have remained unpaid during any year and also that the average time required for obtaining wages has kept increasing.

At a certain point, this very fact began to affect the demand for work under the scheme, as workers discouraged by the non-payment of wages in time began to drop out of it. At the same time a tendency developed to keep down demand through the non-registration of applicants, and not to provide even the registered applicants with

work within the stipulated period of time, while not giving them the unemployment payment that was required under the law. What was meant to be an economic right was thus whittled down to just yet another anti-poverty programme at best, where the benefits coming towards the jobless poor became a matter of the largesse of the State.

To be sure, even as an anti-poverty programme the MGNREGS remains quite substantial in scope. Since its inception it has employed, at one time or another, nearly one out of every three rural households in the country; and in 2017-18 alone, it employed close to 8 crore people, with the average number of days worked per household amounting to 46 in that year. It is clearly the largest employment generation programme in the world.

But with the allocation for the programme becoming progressively more meagre, its scale even as an employment-generation programme, as distinct from an employment guarantee programme, is bound to shrink, and indeed has been shrinking. It was mentioned above that if allocation remained constant, and below what was required every year, then wage arrears would mount over time. In such a case the net allocation, net of wage arrears, would actually shrink. What has been happening is not even a constancy of allocation, but a reduction in real terms, so that real net allocation, net of wage arrears, has shrunk quite sharply. The inflation-adjusted allocation in 2017-18 for instance was even lower than in 2010-11. Not surprisingly, delayed wage payments accounted for 56 percent of the total wage payments under MGNREGS in 2016-17 compared to 39 percent in 2012-13.

The reduction in gross allocation, i.e. even without counting wage arrears, is particularly sharp when we look at it in relation to the GDP. The World Bank itself had estimated that 1.7 percent of GDP had to be earmarked for this programme if it had to run properly. By contrast the allocation (not the actual expenditure) in 2017-18 was a mere 0.28 percent of GDP, which was even lower than that for 2010-11 (0.58 percent, which marked a particularly good year), and for 2011-12 (0.34 percent). Looking at actual expenditures, net of liabilities of previous years, we find that the share of such net expenditure was 0.36 percent of GDP in 2012-13 but came down to less than 0.30 percent in 2016-17. Hence no matter how we look at the matter, the availability of funds for the MGNREGS relative to GDP has been coming down over the years.

The government of course denies delays in wage-payments. In fact it has been claiming that more than 90 percent of the wages under the MGNREGS are paid within 15 days; but this is a palpable untruth. A detailed study by a team of researchers conducted on a sample of 3500 gram panchayats, whose findings were released at a press conference on the 4th of January by a group of NGOs in New Delhi, shows that the average delay in wage payments under the MGNREGS amounts to 50 days. This fact, in addition to all the other hurdles that MGNREGS workers face, such as being unable to access wages, even when they have supposedly been paid, because of the official insistence on the Aadhar link, has been a major factor in dampening demand for work under the programme.

Even the work actually demanded is not provided; and no unemployment allowance is paid in any such case as required by law. In fact it is clear that the MGNREGS has stopped being a demand-driven programme altogether; its scale depends rather on the amount of resources made available for it. A resource crunch for a demand-driven

programme is a contradiction in terms: such a programme should have the first claim on the government's budget, since it expresses an economic right of the people, and rights cannot be turned on and off depending upon the availability of funds. The government is obliged to curtail other expenditures which are not reflective of any right of the people in order to fund a programme that is. What we find however is just the opposite, namely that other expenditures claim priority and the funds left over for this programme are simply insufficient to meet the demand for work.

The study mentioned above finds that even taking the demand for work that is officially registered (a good deal of demand is not even registered on one pretext or another), the actual work provided amounts to only 68 percent of the demand. In other words half as much officially-registered demand for work remains unsatisfied as is actually satisfied; and this ratio has been rising.

We thus not only have an abrogation of an economic right of the people, which is tantamount to an assault on the parliament that had legislated such a right, but a reduction over time in the scale of the programme even when viewed as a simple employment-generating programme.

This is bizarre: the rapid increase in unemployment in the country has attracted much attention of late, and the MGNREGS could be an effective weapon against such unemployment, because of its high multiplier effects, much higher indeed than the multiplier effects of other kinds of government expenditure. If the government was serious about tackling unemployment it should be spending much more on the MGNREGS, instead of letting this programme run to the ground. This however is the current trend.

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