

COVID Second Wave and MGNREG: Need to Enlarge Scope

Vukkala Srinivasulu¹

Abstract

The return of COVID with a vengeance and with greater severity has brought back the consequences of the first wave, especially the sorry figure of migrants walking going back to their villages with all its attendant hardships. NREGA saved the day for many after they lost their livelihoods due to COVID induced lockdown. It was fondly hoped, apparently without scientific basis that India had escaped from the worst of the COVID. This led to complacency at all levels - a consequence which the country now is forced to regret due to the colossal tragedy that it has triggered in the form of human and economic costs. As in the previous year, MGNREG works have emerged as a saviour and have provided welcome succour to millions of poor, especially in the rural areas. This paper attempts to analyse the role of MGNREG in the past year and the manner in which it is spanning out in the aftermath of the Second Wave. The paper is divided into three parts. The first part or the review of literature briefly overviews the recent views on the role of MGNREG post covid while the second part provides data and its functional dynamics on a national basis. The third part highlights some of the challenges and offers suggestions for its improvement.

Key words: MGNREG, Livelihoods, Lockdown COVID,

Introduction

The Act emphasizes on the creation of durable assets by strengthening the livelihood resource base of the rural poor. Convergence of various schemes is now an integral component of the programme and this convergence has expanded vastly in scope over the years. The works allowed under the Act broadly include: (1) Water Conservation and water harvesting, (2) Drought proofing (including afforestation and tree plantation), (3) Irrigation Canals including micro and minor irrigation works; (4) provision of irrigation facility to land owned by households belonging to SC and STs or beneficiaries of land reforms, Indira Awas Yojana of the Government; (5) renovation of traditional water bodies including desilting of tanks; (6) land development; (7) flood control and protection works including drainage in water logged areas and, (8) rural connectivity to provide all-weather access, (9) road building works. Apart from the above, the scope of the works includes any other work that may be notified by the Central Government in consultation with the State Government.

¹ Dr. Vukkala Srinivasulu Dept. of Political Science, School of Social Sciences, University of Hyderabad, Prof. C.R. Rao Road, P.O. Central University, Hyderabad- 500046, Telangana, India

It is pertinent to note that the implementation of the programme is such that the focus of work is on providing employment during the lean period, though beneficiaries can demand work at any time of the year. Hence, the demand for work peaks during May and June and subsides in July of the year and thereafter trends downwards. The statutory provisions in the Act clearly require transparency and the aim of successive governments have been to provide information to the public. The wage rates for NREG are notified every financial year for each state and are publicly available (Ray Sarathi Surya, 2021). Similarly an extensive “Dashboard” provides the required information about access, payments, statutory requirements, etc (Mohanty Kumar Basant, 2021). Hence, most of the information is sourced from the Dashboard or from publicly available resources including newspaper reports.

Review of Literature

Ashok (2020) opined that MGNREG served as a social security net and its use in the aftermath of the migrant crisis in 2020 burst a number of hitherto held myths that it does not serve a useful economic purpose. The works under the programme provided an important backstop for the poorer households, especially those in rural areas. The paper opines that there is a need to sharpen the focus of MGNREG by making the stipulated payments within fifteen days of completion of the work by the household and automatically increasing or decreasing the budgetary allocation of funds based on the overall economic conditions so that the programme can provide work during times of severe economic stress. Goswami, et al (2020), suggest “ecological restoration” as a possible method to regenerate rural employment in the context of reverse migration which has created a large, high-volume demand for employment Rajkamal Gowami, Sheya Bedia, Nitin Pandit. 2020: 435). The positive impact of MGNREG was analysed Varman and Kumar (2020) who found that participant households witnessed an increase and change in consumption patterns with a rise in high value and nutrient rich food. They opine that this increase in nutrition rich foods in the consumption baskets was supplemented by the smoothening of consumption and there was an increased investment in durable goods (Mahendra Varman P and Neeraj Kumar, 2020:49-54).

First Wave and MGNREG

Any discussion the present role of NREGA requires contextualizing its role in the past year and in the run up to its role in the aftermath of the national lockdown. There was a sharp increase in the number of households who sought work in the aftermath of COVID. The number of households who applied for job cards in the year 2018-19 was 13,24,82,104. Among these applicants a total of 12,80,70,410 job cards were issued to 5,55,28,954 households and a total of 7,34,82,046 persons were given work. It is imperative to note that among those who were allotted work 50,32,299 households were able to find work for the maximum permissible number of 100 days. An useful and inclusive aspect of MGNREG work is that 4,04,790 persons with disability and 1,04,42,977 scheduled caste households benefitted from this work. In that year it generated 2,56,18,58,623 person days of work and a total of Rs.39,445 crores was spent on wages while another Rs.15,847 crores was spent on material across 30215672 works. In 2019-20 the number of households who applied for a job card under MGNREG increased to 13,90,39,960 of which 13,41,99,395 were issued card. Of the 5,88,38,414

households who demanded work 5,87,25,374 were allotted work. Interestingly, the number of households that reached the 100 day limit declined to 38,84,826. The number of persons with disability increased to 4,09,857 while the number of SC households who benefitted increased to 1,07,45,159 while the person days of works generated increased to 2,54,53,53,660. The amount spent as wages was Rs.40,861 crores while Rs.12,057 crores was spent on materials across 34731925 works – an increase of more than 10% over the previous year.

The statistics for 2020-21, despite the fact that there are four months for the end of the financial year exceed any other year till date. The number of households that have applied for a job card exploded to 149876591 of whom 140556705 job cards were issued. The total number of persons who demanded work was 107910903 of whom 107630777 were provided work. Of the 71572704 households who demanded work, 71466115 were provided work across 62208518 households – a record by any standard. The number of persons with disability who were provided work was 461980 while a total of 12917228 SC households were provided – an increase of more than 20%. The total person days of work generated was 2531579654 and the amount of money disbursed is rs.48,695 crores as on 29 November 2020 and another Rs.20,733 crores was spent on material across 39947393 works. The demand for work was a consequence of the large number of migrants returning from the cities in the aftermath of the National Lockdown. It is imperative to note that the Government of India filed an affidavit in the Honourable Supreme Court wherein it stated that of the total migrant population of about 4 crore workers about 75 lakhs had returned home as at end of May 2020 (Meenakshi Sowmya, 2020).

Second Wave and MGNREG

As in the case of the previous year, the demand for work increased as more states announced a lockdown to combat the second wave. Two important trends are discernible from the data in the public domain. First is that while under normal circumstances it is common for work demand to increase in May with a peak in June and thereafter gradually declining from July. However, in the aftermath of the second wave there is a sharp increase in work demand in the Month of April itself. This year (financial year 2021-22) April witnessed a 27% increase in those seeking work: 2,73,29,298 against 2,00,14,122. This is indicative of the fact that a large number of returnees from urban areas who had to return in the aftermath of the national lockdown in 2020 have not returned to urban areas and are now desperately seeking work. The following table provides an overview of the major performance indicators of the programme over the past few years.

Table-1: Overview of MGNEG: Important Parameters

Particulars	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Approved Labour Budget (in Cr)	278.32	384.1	277.62	256.56
Person Days Generated (in Cr)	37.82	389.37	265.35	267.96
Total Labour Budget %	13.59	101.37	95.57	104.44
SC person days % as of total persondays	17	19.78	20.38	20.77

ST Person days % as of total Person days	20.08	17.91	18.51	17.42
Women person days out of total (%)	54.5	53.18	54.78	54.59
Avg days of employment provided per household	16.99	51.52	48.4	50.88
Average wage rate per day per person (in Rs)	204.22	200.72	182.09	179.13
Total no of households completed 100 days	6040	72,04,456	40,60,463	52,59,502
Total Number of HH worked (in Crores)	2.24	7.56	5.48	5.27
Total individuals worked (in Crores)	3.1	11.19	7.88	7.77
Differently Abled persons worked	2,14,593	6,01,544	4,62,917	4,61,880
Number of ongoing works (in Lakhs)	133.93	137.42	114.64	106.84
Number of completed works (in lakhs)	6.47	83.26	74.67	90.22
Wages (in Rs Crores)	8,338.56	77,921.94	48,847.94	47,172.55
Materials and skilled wages (in Crores)	2,127.3	29,492.23	16,192.15	19,465.87
Material (%)	20.23	27.46	24.9	29.21

Source: http://mnregaweb4.nic.in/netnrega/all_lvl_details_dashboard_new.aspx?Fin_Year=2021-2022&Digest=B5DSyTB/eSUSkZd2BpGzbA (as on 16 May 2021)

The above table reinforces the fact that in the aftermath of COVID, MGNREG has emerged as a major source of livelihoods for a large number of migrant returnees who would have otherwise been unable to find employment. Our anecdotal observation indicates that these works have helped put a floor on wages and have avoided a larger collapse in rural wages. However, despite providing some employment the amount of work provided under the programme is insufficient to fully compensate the migrant returnees for their loss of incomes. The net result of this is that there is large scale under-employment in large parts of India.

The above table indicates that there is a 70% increase in number of persons who were provided employment in 2020-21 against 2019-20 and a near 63% increase in amount disbursed as wages to those who were provided work. Interestingly, in 2019-20 (before COVID), the increase in MGNREG works was only marginal and witnessed only a 4% increase in allotment from Rs.47,172.55 crores to Rs.48,847.94 crores.

Challenges

The success of the MGNREG may be seen from the fact that as of date since its inception it has generated 3492.02 crore per days of work with a total expenditure of Rs.7,06,205.96 crores (Sharma Seth Yogima, 2021). The sharp increase in MGNREG works last year seems set to only increase in the current financial year, after the second wave. The month of May despite only about half way through

already witnessed demand of about 40% of the April work demanded by households. This may be considered an important development despite the fact that the second wave has spread to rural areas has had a devastating impact on rural areas with most of the households forced to stay indoors.

One of the major challenge is to see to it that the wages under MGNREG and all arrears are paid. It is pertinent to note that despite the Hon'able Supreme Court of India's judgment in *Swaraj Abhiyan vs Union of India*, most of the states continue to have arrears in payments as wages (Khatun Fahmida, 2021). This is an unfortunate trend since the aforementioned analysis and cited studies clearly indicate the benefits of the programme for the livelihoods of the rural poor. Interestingly, in the present financial year, the Dashboard seems to indicate that there is faster payment of wages due to those who have worked. The central government standard operating procedures for timely payments (Mishra Dutt Ravi, 2021) too has had a positive effect though it may be more useful if timely payments are completed uniformly across the country in the given period of 15 days of completion of work.

The other challenge is to optimise the work done so that the works under the programme do not lead to under-employment - a process that seems to be underway. This will require the governments to plan the utilisation of the labour that is available under the programme.

Conclusion

We argue that MGNREG has once again served as an important support mechanism for the rural poor - the primary aim of the law when it was enacted. Despite being maligned in the past, it has helped stave off starvation in the aftermath of the national lockdown of 2020 and the second wave of 2021. We conclude that it is imperative for the government to expand the scope of the programme by increasing the budgetary allocation for it in a dynamic manner so that there is increased allotment when the economic conditions are bad and vice versa. We opine that the budgetary allocations to MGNREG should be made non-lapsable so that even if the amounts are unspent in one year, it can be used to expand the money at its disposal.

References

1. Amita Baduri, (2021). 'Budget 2021: MGNREGA allocation insufficient', *India Water Portal*, India.
2. Athreya, V.B., Rajagopal, A. and Jayakumar, N. (2014). Report on Some Aspects of Food Security Policy Interventions. Chennai: MSSRF.
3. Breitzkreuz, R.; Stanton, C.J.; Brady, N.; Pattison, J.; Swallow, B.; Nambi, V.A.; Chaudhury, M.; Abubaker, S.; King, Ol and Raj, A. (2014). Alleviating Poverty and Malnutrition in Agrobiodiversity Hotspots in India. Social Policy Review, Final Report. Department of REES, University of Alberta & the MS Swaminathan Research Foundation, Chennai, India.
4. Carswell, G. and De Neve, G. (2014). 'MGNREGA in Tamil Nadu: A story of success and transformation?' *Journal of Agrarian Change*, 14(4): 564– 85.
5. Imbert, C. and Papp, J. (2015). 'Labor Market Effects of Social Programs: Evidence from India's employment guarantee', *American Economic Journal: Applied Economics*, 7(2): 233– 63.

6. Khatun Fahmida, (2021). 'Social safety net budget deserves higher share', *The Daily Star*, India.
7. Kumar Ashwini, (2020). 'Reviving and reforming MGNREGA', *ToI*, India.
8. Meenakshi Sowmya, (2020). 'Fact Check: How Many MGNREGA Wage Arrears Did the Government Really Clear?' *The Wire*, India.
9. Mishra Dutt Ravi, (2021). 'Reliance on the NREGA scheme rose to 23.6% in pandemic hit 2020-21', *Inshorts*, India.
10. Mohanty Kumar Basant, (2021). 'NREGA wage delay adds to Covid pain', *Telegraph Online*, New Delhi.
11. Pandharipande Neerad, (2020). 'MNREGA during COVID-19 pandemic: More households got work in 2020, but fund crunch a major concern, finds study', *Firstpost*, India.
12. Ray Sarathi Surya, (2021). 'Covid-19 pandemic woes: One in 4 workers opted for NREGA', *Financial Express*, India.
13. Sharma Seth Yogima, (2021). 'MGNREGA played a critical role in providing wage employment during the pandemic, says Tomar', *ToI*, India.
14. Sing Shreeja, (2021). 'What the rising demand for NREGA work means', *Microsoft News*, India.
15. Viswanathan Vani, Ahmad Sultan & Seth Aaditeshwar, (2020). 'Lessons from the lockdown for India's rural employment scheme', *Scroll.in*, India