

Government forms panel to look into MGNREGA's efficacy

Poorer States like Uttar Pradesh, Bihar haven't been able to use the scheme optimally to alleviate poverty, while economically better-off States like Kerala use it as an asset creation tool, say officials

The Central government has constituted a committee to review the implementation of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme, especially to assess the programme's efficacy as a poverty alleviation tool. The committee, headed by former Rural Development secretary Amarjeet Sinha, had its first meeting on November 21, 2022, and has been given three months to submit its suggestions.

The Mahatma Gandhi National Rural Employment Guarantee Act was passed in 2005, and the demand-driven scheme guarantees 100 days of unskilled work per year for every rural household that wants it. There are currently 15.51 crore active workers enrolled under the scheme.

The Sinha committee has now been tasked to study the various factors behind demand for MGNREGA work, expenditure trends and inter-State variations, and the composition of work. It will suggest what changes in focus and governance structures are required to make MGNREGA more effective.

“MGNREGA was launched as a poverty alleviation instrument for the rural region, providing them with a safety net in the form of guaranteed work and wages. It was felt that states like Uttar Pradesh and Bihar where there is higher level of poverty, they haven't been able to utilise the scheme optimally,” a senior official aware of the developments said.

In 2015, Prime Minister Narendra Modi had famously called MGNREGA as a “living monument of Congress government's failure”. In a speech in

parliament, he had said, “After so many years in power, all you were able to deliver is for a poor man to dig ditches a few days a month.” The scheme has also been criticised by economists like Jagdish Bhagwati and Arvind Panagariya as an “inefficient instrument of shifting income to the poor”.

Higher costs

The present committee will also look at the argument that the cost of providing work has also shot up since the scheme first started.

The committee has to review the reasons and recommend ways to bring in a greater focus on poorer areas. “An open-ended scheme such as this will always show sharp contrasts. Bihar, for example, despite its levels of poverty, does not generate enough work to make a concrete difference, and on the other end of spectrum we have Kerala which is economically better but has been utilising it for asset creation. While Bihar needs MGNREGA more, we cannot deny Kerala the money because of the current structure of the programme,” one of the committee members explained.

Asset creation

MGNREGA critics also slam the scheme for the lack of tangible asset creation. The committee will study if the composition of work taken up presently under the scheme should be changed. It will review whether it should focus more on community-based assets or individual works.

With four months more to go for the financial year to end, ₹59,420 crore has already been spent out of the ₹73,000 crores sanctioned for the scheme. The Rural Development Ministry has recently asked for an additional sum of ₹25,000 crore from the Finance Ministry for the anticipated expenditure before the financial year ends.