Implementation Hurdles in MGNREGA

What is the issue?

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Data manipulation in the MGNREGA is leading to gross violations in its implementation.

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How does the scheme under-report work demand?

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- The MGNREGA is a demand-driven programme, i.e., work must be provided within 15 days of demanding work failing which the Centre must pay an unemployment allowance (UA).
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- A UA report is generated but rarely implemented.
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- Because of a funds crunch, field functionaries do not even enter the work demanded by labourers in the MGNREGA Management Information System (MIS).
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- Thus, the information is getting suppressed at the source.
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- Lack of offline alternatives to capture work demand from labourers means that data on the MIS are being treated as the only truth.
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- Although work demand data (in person days) and employment-generated data are available at a panchayat level, aggregate data at the national level are only presented for employment generated.
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- Thus, under-registered national demand is captured but intentionally not reported.
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- By doing this, the Central government is trying to hide its violation of the extent of under-provision of work.
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What does the recent study show?

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- Work demand and employment generated for over 5,700 panchayats across 20 States (for 2017-18 and the first three quarters of 2018-19) was analysed.
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- The employment generated was about 33% lower than the registered work demand this year, and about 30% lower last year.
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- If this trend holds true for the country, then a minimal allocation required this year is about Rs. 85,000 crores.
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- However, 99% of the original allocation already got exhausted earlier this month.
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- Even then, the Centre's revised allocation stands lower than the required amount at Rs. 61,084 crores.
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- Despite this revision, 16 States still show a negative balance which shows the continued lack of funds.
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- This shows that claims of the highest ever allocationfor the scheme does not transfer into honouring work demand at the ground level.
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- Of more than 9 million transactions that were studied, only 21% payments were made on time in 2016-17 and the trend continued in 2017-18.
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- Further, the Central government alone was causing an average delay (stage 2 delays) of over 50 days in the disbursement of wages to labourers.
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- Also, though this delay by the Central government is captured in the system, it is intentionally suppressed to avoid paying delay compensation.
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What actions have been taken by the government to avoid delays?

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- Delay compensation is calculated through two stages – stage-1 and stage-2.
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- Stage-1 involves steps to be followed on part of the states –
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1. To fill a master roll
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2. Generate an electronic fund transfer order (FTO)
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3. Obtain two electronic signatures
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4. Push an e-pay order onto MGNREGA's server.
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- This happened on time in 94% cases in 2018-19 and 86% cases in 2017-18.
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- The problem is in stage-2, where the Union rural development ministry, Public Financial Management System, payment agency (NPCI) and banks have to ensure payment is credited into the beneficiaries' accounts.
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- The Supreme Court in the **Swaraj Abhiyan vs. Union of India** case stated that said that the delay caused in stage-2 was not taken into account for the purpose of payment of compensation.
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- Before the ruling, only stage-1 delays were proposed to be compensated.
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- The court urges the Centre that they should also share the blame if they cause the delay in stage-2, failing which the prescribed compensation would be paid.
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- Accordingly, the centre suggested a new format to compensate payments.
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- Under the new format, if FTO is pushed to MGNREGA server in eight days but payment is credited to a beneficiary after 15 days, compensation will be recovered from stage-2 stakeholders responsible for delay.
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- But if the FTO is pushed in delayed time but still the stage-2 processes are completed in time, stage-1 functionaries will pay the compensation.
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- If both stage-1and stage-2 processes are delayed, both sets of erring stakeholders will be responsible for delay.
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- Thus, duration of delay is proposed to be calculated from the time a master

roll is filled for payment in the state under stage-1 to payment being credited in to the account under stage-2.

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Source: The Hindu, Economic Times

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