

MGNREGS performance is possibly the most imp. proxy for health of informal economy. However, a no. of issues affect its performance. Analyze.

The recent fund crunch of the MGNREGS of 17 states who have net negative balance has compounded the already gloomy sector.

### Importance of MGNREGS

- Ensures wages during aggravation crisis
- provides rural employment during pandemic
- Rural infrastructure creation and rural development.

### Issues affecting its performance

#### ① Delayed payments

A study found that wage payment delayed for 71% of transactions beyond seven days.

#### ② Low budget allocation

The 2021-22 budget allocated

39% less funds than the previous year, which can greatly impact the rural consumption.

③ Abnormal wage rate regression wage of 17 states are less than their minimum wage prescribed in the state. The states have to show welfare agenda on this front.

④ More centralisation the centralised payment systems have sidelined the panchayat raj unfettered rest of the scheme.

⑤ Fabrication of job cards by state authorities to show 100% DBT has curtailed benefits to the genuine home fitters.

It's good time to align the allocation in the budget and converge with other schemes to ensure sustainability.