

## MGNREGA: A tale of rural revival

Rural livelihoods have improved because of MGNREGA. It is wrong to say the scheme has not worked



Photo: Ramesh Pathania/Mint

If some recent news articles are to be believed, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), a scheme that costs less than 0.35% of India's gross domestic product (GDP), has crashed the country's economy. The latest to join this bandwagon of criticism is an editorial in *Mint*. ("MGNREGA: A tale of wasted efforts", 7 February). The editorial makes a sweeping assertion that "the scheme represents Rs2.3 trillion spent on wasteful rural consumption". While a healthy debate on the subject is welcome, indeed, desirable, the piece seems to be an assortment of unsubstantiated claims. No evidence has been used to support the claims, which is disappointing, given the plethora of independent evaluations of MGNREGA done by researchers from across the world over the last few years.

It has been asserted that "such populist schemes helped raise wages without raising productivity". The piece also argues that the increase in rural wages "has had little to do with interventions like MGNREGA". To begin with, if indeed MGNREGA has been able to increase rural

wages, it has been worth every paisa spent. Several studies, over many decades, have shown that there is a strong correlation between rural agricultural wage rates and rural consumption/rural poverty. In fact, rural wages remained stagnant between 2000-01 and 2005-06 and it was after implementation of MGNREGA (from 2005-06 to 2010-11) that the growth rate of agricultural wages increased to 2.7% per annum for men and 3.7% for women.

Raising agricultural productivity is one of the fundamental objectives of MGNREGA. Works such as land levelling, making of embankments, drought-proofing, etc., have been undertaken on lands of lakhs of small and marginal farmers. Another recent study across six states showed that 85% of small and marginal farmers saw an improvement in land quality as a result of MGNREGA. Other independent studies also confirm that MGNREGA have led to an improvement in soil fertility and agricultural production and productivity.

It has also been claimed that MGNREGA has "contributed more to inflation than to rural wealth." There is no direct evidence linking MGNREGA to inflation. In fact, the scheme gives the poorest households the ability to withstand economic shocks and deal with inflation—something they don't otherwise have. Almost Rs1.55 trillion (65% of the total expenditure on MGNREGA since its inception) has been credited directly into the accounts of the MGNREGA workers through banks and post offices. A study by Crisil in 2012 shows that the increase in rural consumption seen in the last few years is partially due to MGNREGA. A recent study conducted by the Consultative Group to Assist the Poor (C-GAP)—World Bank (2013) in Andhra Pradesh shows that MGNREGA became a major source of income for poor households (40% of their income) in the lean agricultural season (May-June), saving them from falling back into poverty.

The third claim is that MGNREGA has "undermined rural prosperity by cornering resources that may have been better utilized in projects such as rural roads, water systems..." (or by creating) "...durable assets that could spur rural growth on a sustainable basis". All the works under MGNREGA are for building rural infrastructure. Rural roads account for 15%, land development 25% and most visibly, water conservation structures for 50% of MGNREGA. The works may be of varying quality in different states, but they are there for everyone to see.

The editorial also argues that the money spent on MGNREGA could have been "used to build roughly 45,000km of rural roads". This is a facile argument for the simple reason that the other major programme of the ministry of rural development—the Pradhan Mantri Gram Sadak Yojana—has, over the last 10 years, led to the construction of 267,000km of all-weather roads in rural India. To consider a rural employment programme and a rural roads programme as alternatives instead of being complements shows a limited understanding of the dynamics of rural India today.

It is nobody's case that MGNREGA does not have issues such as delays in wage payments, asset quality, leakages and other weaknesses. But this calls for identifying the problems through concurrent evaluations and feedback from the field and constructively addressing them, not

closing down the scheme itself.

It is because of the endeavour to constantly improve—check leakages, streamline money flows, institute more transparency, etc.—that detailed management information systems have been put in place that can track every worker and every work undertaken under MGNREGA.

MGNREGA has been a strong pillar on which the foundation of rural prosperity of the last decade has been based. One in four rural households have benefited from it, with at least 50% beneficiaries being women, scheduled castes and scheduled tribes. Of course, rural India needs more than just MGNREGA. But the contribution of this programme to the “India story”, and to rural revival in the last decade cannot be dismissed cavalierly and without recourse to evidence.

*Varad Pande and Neelakshi Mann work in the Union ministry of rural development.*