**Syllabus subtopic:** Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.

**Prelims and Mains focus:** about the fund crunch in the scheme: reasons and likely implications; about MGNREGA and its significance

**News:** The Centre is on the **verge of running out of funds** for the crucial Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme.

**Why?**

- More than 96% of the allocated money has already been spent or is needed to pay pending dues, with less than Rs. 2,500 crore left to sustain the scheme for the next two months.

**Background**

A number of economists have recommended that putting money into the hands of rural consumers via MGNREGA is key to kick-starting the economy. However, this year’s budget allocation was Rs. 60,000 crore, lower than the amount spent in the previous year.

**Disparity in funds across states**

- Fifteen States are already in the red. According to the scheme’s financial statement as on January 26, Rajasthan has the highest negative net balance of Rs. 620 crore, followed by Rs. 323 crore in Uttar Pradesh.

- In fact, the situation on the ground may be worse as States do not always enter pending payments into the information system. January, February and March are months with little agricultural activity, when rural workers desperately need employment. However, the scheme is running out of money, and will enter next year with pending liabilities.

- States are fast running out of funds for the crucial Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme with the Centre yet to release pending dues. In Rajasthan, for example, workers’ wages have
not been paid since October-end.

**About MGNREGA and its significance**

- The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), also known as Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) is Indian legislation enacted on August 25, 2005. The MGNREGA provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage. The Ministry of Rural Development (MRD), Govt of India is monitoring the entire implementation of this scheme in association with state governments.

- This act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or un-skilled work to people living below poverty line in rural India. It attempts to bridge the gap between the rich and poor in the country. Roughly one-third of the stipulated work force must be women.

- Adult members of rural households submit their name, age and address with photo to the Gram Panchayat. The Gram Panchayat registers households after making enquiry and issues a job card. The job card contains the details of adult member enrolled and his /her photo. Registered person can submit an application for work in writing (for at least fourteen days of continuous work) either to Panchayat or to Programme Officer.

- The Panchayat/Programme officer will accept the valid application and issue dated receipt of application, letter providing work will be sent to the applicant and also displayed at Panchayat office. The employment will be provided within a radius of 5 km: if it is above 5 km extra wage will be paid.

- The Gram Sabha is the principal forum for wage seekers to raise their voices and make demands. It is the Gram Sabha and the Gram Panchayat which approves the shelf of works under MGNREGA and fix their priority.

- MGNREGA focuses on the economic and social empowerment of women.
• MGNREGA provides “Green” and “Decent” work.

• Social Audit of MGNREGA works is mandatory, which lends to accountability and transparency.

• MGNREGA works address the climate change vulnerability and protect the farmers from such risks and conserve natural resources.