

**Centre for Sustainable Employment, Azim Premji University**  
**Reviving Employment and Livelihoods in India: Covid-19 and After, February 2021**  
**State of Working India Report, May 2021**  
**Role of MGNREGA as a Safety Net During the Covid-19 Pandemic, forthcoming (September 2022)**

The Covid-19 pandemic and the ensuing lockdown led to widespread and long-lasting economic distress. As lakhs of migrant workers walked home, unemployed and penniless, one of their biggest worries was their livelihood. NREGA emerged as a lifeline for them, allowing them to earn enough to sustain their families through the difficult waves of lockdowns. NREGA remains the only avenue for earning and feeding their dependents for many, even two years hence.

Swelling demand in FY 2020-21

- 35 lakh new jobcards made between April - June 2020.
- Boom in work demand compared to non-pandemic years: for instance, in June 2020, 32.2 million households were provided employment under NREGA, a 50% increase compared to June 2019.
- And yet, in the first quarter itself, 1.7 crore people who demanded work were not provided with employment. There was 22% unmet demand despite the increased budget.
- Despite an additional allocation of Rs. 40,000 crores (above the initial allocation of Rs. 61,500 crores), 43% of the total budget was spent in the first quarter. The budget was nearly exhausted by October 2020. This indicates the immense importance and demand of NREGA work during the pandemic.

Continued importance

- Even in FY 2022-23, NREGA demand remains high, indicating its continued relevance even after 2 years of the pandemic.
- While work demand has decreased since the first pandemic year, it remains much higher than pre-pandemic levels. Persondays generated in April - July 2022 are 120 crores, or 16%, higher than persondays generated in April - July 2019.

The State of Working India Report published by the Centre for Sustainable Employment, Azim Premji University also discusses NREGA's crucial role during the pandemic, and its continued relevance. The report identifies problems in implementation that plague NREGA, constraining its potential.

1. Low wages. Since 2010-11, NREGA wages have been set separately from state minimum wages and are outside the purview of the statutory national minimum wage floor in the new Code on Wages (2020). NREGA wages must be increased and brought under the purview of the Code on Wages. Additionally, unemployment allowance is hardly ever paid. It must be correctly acknowledged and promptly paid.
2. Long delays in payments. Significant payment delays have been reported across states, particularly in the second half of the Financial Year when funds run short. Survey evidence shows that rural workers often lose interest in the program because they are not paid several weeks or months after work has been finished. Paradoxically, the resulting reduced demand on part of workers for MGNREGA work is used by officials to argue that programme funding is adequate

given the demand. Timely payment is a crucial tenet of NREGA, and a right of workers. All delays must also be correctly identified and compensated as per the Act.

3. Last Mile problems. As highlighted in a report by LibTech India, workers often face great difficulties in accessing their meagre payments, with the direct and indirect cost of withdrawing their wages being up to a third of the wages themselves. Other technical problems such as 'rejected payments' (transactions stuck due to technical errors), and unreliable information on wage credit also act as deterrents to availing the programme.

CSE, in collaboration with Samaj Pragati Sahyog and CORD New Delhi, conducted a 4 state survey in Maharashtra, MP, Bihar, and Karnataka to assess the role of MGNREGA as a safety net during Covid - 19. The report finds that MGNREGA did play a crucial role in providing support, but its impact is uneven. MGNREGA's performance is dependent on local factors, and constrained by implementation problems.

- On average nearly 80% of households reported a loss of income during the pandemic. Loss of income ranged from about 10% to 56%.
- MGNREGA managed to compensate for some of the income loss. The share of total household income from MGNREGA also saw a rise in most blocks, but only for the families that managed to get work on demand. Again, the effects are uneven and dependent on local implementation and other factors.
- Almost every household reported that they did not get to work as many days as they wanted, which suggests that MGNREGA is currently unable to meet work demand.
- When asked about what they did not like about MGNREGA, most households also said they often did not get work when they needed it, and wages would only sometimes get credited within the stipulated time.

Sources:

<https://cse.azimpremiuniversity.edu.in/wp-content/uploads/2021/03/CII-Report-Employment-Livelihoods-1.pdf>

<https://drive.google.com/file/d/1ro-8zQRJ-sro-RMnmoNybk5oy36CK79a/view?usp=sharing>

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