

MGNREGA leaks make strong case for Aadhaar

This was a scheme tailor-made for the really destitute but data shows leakage levels may be as high as 50%



F ALL THE entitlement schemes run by the government, from subsidised rations to free mid-day meal schemes for children in school, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was always considered to be the most leak-proof.

Since it paid very low wages for what was back-breaking work, those in favour of the scheme have consistently argued, it was self-selecting—only the very poor or those that didn't get jobs anywhere else, such as during a drought, would opt for the scheme since they could get paid much more in regular work; taking up work under MGNREGA would mean a substantial fall in their earnings. Much of this, going by a report in *Hindustan Times* last week, has been proved to be incorrect with the government pruning 9.3 million fake beneficiaries in FY17 alone, taking the total to 31.7 million over the last few years, or around 14% of those enrolled in MGNREGA.

A 14% theft level, though high, doesn't look so bad going by the 50% theft-levels seen in several government schemes. This, however, is possibly because the government hasn't really done a good enough job of weeding out fakes so far. Of the 25.8 crore workers registered with the MGNREGA authorities, its website shows, just 11.7 crore or a little over 45% have Aadhaar numbers. According to *FE* columnist Surjit Bhalla, while the rural development ministry claimed, in FY10, that 2.84 billion workdays were created under MGNREGA, the National Sample Survey (NSS) data for the same year reported only around half this number—the NSS had a question that explicitly asked how many days of work the household members had done under MGNREGA. It gets worse. When the data is further disaggregated into work given to poor and non-poor households, it turns out 58% of MGNREGA payments went to the non-poor. In other words, it would appear the same problem what afflicts other government social security programmes affects MGNREGA as well. And why not? If, based on the current MGNREGA wage of ₹162, and the promise to provide 100 days of employment per year per household, that's a cheque of ₹16,200 waiting to be collected—not surprising then, that fake job cards, will be created to siphon off the money.

What is odd, as this newspaper reported last week, is why the government's progress on Aadhaar-based direct benefit transfers (DBT) is so poor despite it constantly tom-tomming its benefits—in the case of PDS, the government claims to have weeded out 2.3 crore fake ration cards and in the case of LPG, 3.5 crore duplicate beneficiaries were weeded out in the PAHAL (DBT-LPG) scheme. Yet, as against the target to disburse subsidies and other payments worth ₹3 lakh crore annually via the DBT mechanism, such transfers amounted to only ₹57,162 crore during April-February 2016-17, putting it on track for just slightly more than the ₹61,824 crore in all of 2015-16. Indeed, while subsidy payments for LPG are all made via DBT, that in food and fertilisers is very small—between them, subsidies on food and fertilisers add up to around ₹2 lakh crore, or roughly two-thirds of the government's annual bill for social security and entitlements. In the current year, scaling up DBT payments has to be a priority area.