



## The demand of work softens

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**(Mains GS 2 : Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.)**

### Context:

The annual Economic Survey (2021-2022) of the Department of Economic Affairs said that demand for work under the **Mahatma Gandhi National Rural Employment Guarantee Act** (MGNREGA) scheme has dropped from the peak of the first lockdown, but is still higher than pre-COVID levels.

### Funding constraints:

- The Economic Survey cautioned against drawing conclusions about the movement of migrant labour on the basis of MGNREGA employment, noting that the highest demand for work under the scheme was seen in States which are usually the destination of migrant workers, rather than source States.
- Advocates for rural workers argued that the drop in demand is also due to funding constraints, and urged a significant increase in allocations for the scheme.
- The **People's Action for Employment Guarantee** (PAEG) has estimated that approximately ₹2,64,000 crore will be needed to guarantee 100 days work for currently active job cards.

### Artificial suppression:

- According to the Survey's analysis, though demand for work stabilised after the second COVID wave with a maximum of 4.59 crore persons in June 2021, aggregate MGNREGA employment is still higher than pre-pandemic levels of 2019, after accounting for the seasonality of demand.
- "The supply side effect of MGNREGA funding skews the picture of demand as the demand went up during the lockdown and when money was available through the increased allocation.
- The Centre had infused ₹40,000 crore worth of additional funding early in the first lockdown, meaning scheme administrators had sufficient money to cope with the hike in demand.
- However, in 2021-22, additional funding was not available until late in the year when many States had already run out of money, forcing an artificial suppression in demand on the ground.

### **Migration issue:**

- The Survey also mapped the State-wise demand trends. "Intuitively, one may expect that higher MGNREGS demand may be directly related to the movement of migrant labour i.e. source States would be more impacted.
- State-level analysis shows that for many migrant source States like West Bengal, Madhya Pradesh, Odisha, Bihar, the MGNREGS employment in most months of 2021 has been lower than the corresponding levels in 2020.
- Thus the demand has been higher for migrant recipient States like Punjab, Maharashtra, Karnataka and Tamil Nadu.

### **Higher demand in villages:**

- Many states like Tamil Nadu and Rajasthan have a record of administrative sensitivity and efficiency with regard to MGNREGA implementation even pre-COVID.
- These States also see high levels of short-term migration within their own borders as many rural workers may have been hesitant to seek work in urban areas of their own States during **COVID-19**, leading to higher demand for MGNREGA work in their villages.

### **Conclusion:**

For the upcoming 2022-23 financial year, the government needs to allocate sufficient funds to cover the guaranteed 100 days of work for all active job card holders so that artificial suppression of demand will not happen.