

A more effective antidote to poverty?

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IS THE PMGSY more pro-poor compared to MGNREGA? Going by where monies under the two programmes get spent, the answer could well be yes.

In a recent analysis, NC Saxena, Distinguished Fellow of the policy think-tank Skoch Development Foundation and former Secretary, Planning Commission, has noted how the expenditure on MGNREGA is higher in better-off states such as Tamil Nadu and Andhra Pradesh than in Bihar, Uttar Pradesh or Odisha, where the need for such a scheme is arguably greater. The average annual MGNREGA spend in TN, for instance, is two-and-a-half times more than that for Bihar.

It is the opposite, however, for PMGSY where the expenditure incurred in Bihar is over six times that in TN (see table). Saxena has shown that Bihar, Jharkhand, Odisha, Madhya Pradesh and Uttar Pradesh together accounted for nearly 45 per cent of the total spending on PMGSY in 2014-15, whereas their corresponding combined share in MGNREGA expenditure was just 25 per cent.

Saxena attributes this discrepancy mainly to programme design. While MGNREGA is supposed to be demand or need-driven, the reality is that it is being successfully implemented only in better-governed states even with lower levels of poverty. In contrast, under PMGSY, state-wise allocations are fixed based on pre-determined gaps in road infrastructure. That automatically ensures more money being released and roads getting built in Bihar rather than in TN or Kerala.

Noted agriculture economist Ashok Gulati believes PMGSY is less prone to leakage because it is a specific asset-focused programme, unlike MGNREGA that is general dole-based and not amenable to monitoring beyond a point. The rigid labour-material ratio prescriptions under MGNREGA also means that the quality of assets created aren't of the standard of roads constructed under PMGSY.

MGNREGA may have a role in mitigating immediate rural distress on account of drought and other unforeseen calamities. But programmes like PMGSY provide more effective long-term poverty alleviation solutions, through raising of overall productivity and expansion of non-farm employment opportunities, adds Gulati.



EXPENDITURE ON PMGSY VERSUS MGNREGA (₹ crore)

	MGNREGA			PMGSY		
	Bihar	TN	All-India	Bihar	TN	All-India
2012-13	1,891	4,121	39,268	1,992	21	8,387
2013-14	1,990	3,876	37,847	1,845	383	13,095
2014-15	1,073	3,908	35,780	2,259	581	16,538