

CURRENT AFFAIRS

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TOPIC: FISCAL POLICY

India H1 fiscal deficit touches ₹6.2 lakh cr., tax receipts rise

April-September deficit touches 37.3% of full-year estimate as the Union government increases spending on fertiliser, food and fuel subsidies over the first six months of the current fiscal year

Reuters
NEW DELHI

India's fiscal deficit in the first half of the financial year rose to ₹6.2 lakh crore, from ₹5.27 lakh crore a year earlier, though rising tax collections helped offset a higher subsidy bill.

The fiscal deficit for the April to September period touched 37.3% of annual estimates, official data showed, as the Centre spent more on fertiliser, food and fuel subsidies.

Net tax collections rose to ₹10.12 lakh crore, about 10% higher than a year before, helping the government despite growing fears



Tax take buoys: Net tax collections rose about 10%, helping the Centre despite growing fears of a shortfall in asset sales receipts. PTI

of a shortfall in receipts from the sale of stakes in state-run firms this year.

The Union government's spending bill is expected to rise by almost ₹2 lakh crore this fiscal, ac-

cording to several economists' estimates, on higher allocations for subsidies, stretching the fiscal deficit.

However, a rise in goods and services tax receipts helped by a pick-up in ur-

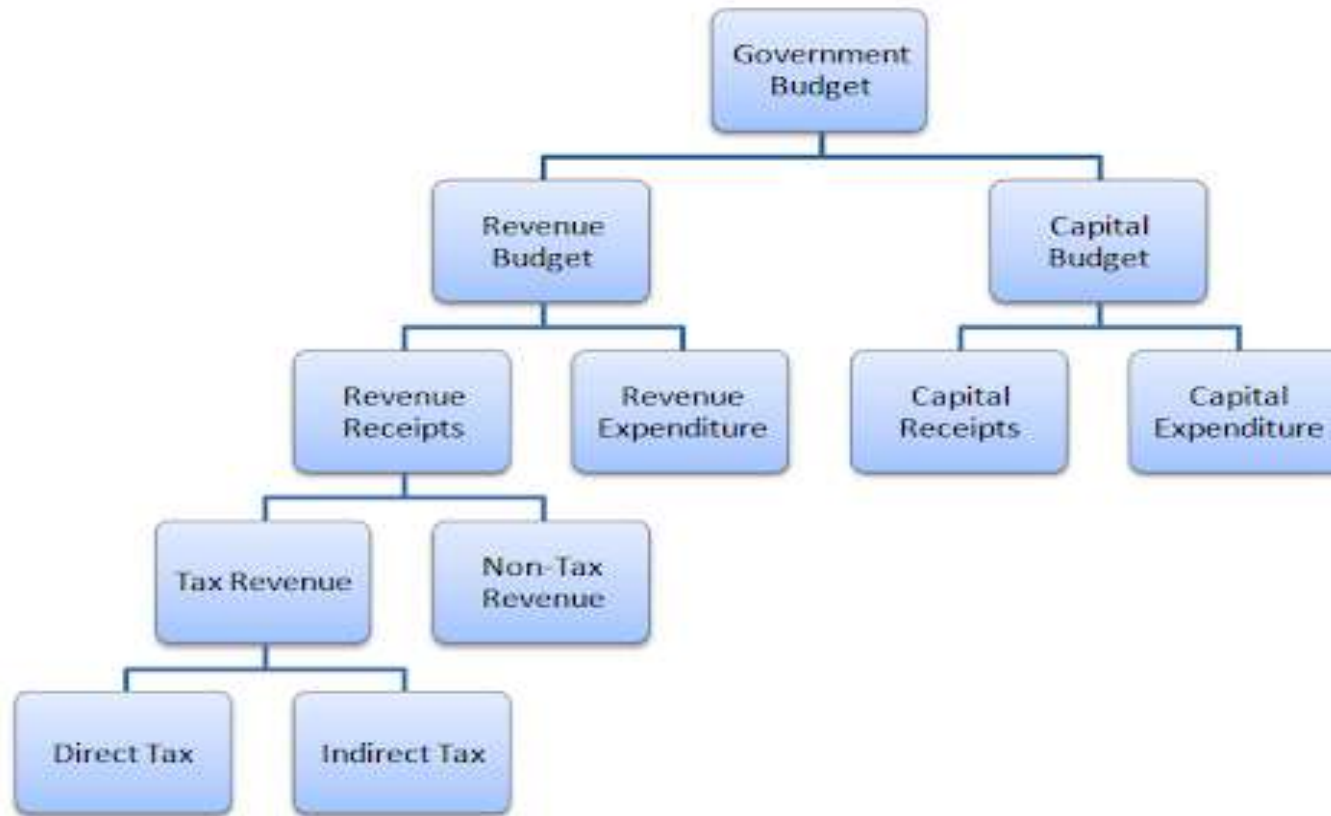
ban demand and higher inflation could help to meet the budgeted fiscal deficit target, they said.

Total expenditure for the first six months was ₹18.24 lakh crore, compared with ₹16.26 lakh crore, data showed.

In February, while presenting the annual budget, Finance Minister Nirmala Sitharaman set the fiscal deficit target at 6.4% of gross domestic product for 2022/23, compared with 6.7% in the previous year.

The Centre aims to spend almost ₹40 lakh crore this fiscal, up about 4% from the previous year but down in real terms due to the near 7% inflation.

FISCAL POLICY



Fiscal deficit = (Revenue expenditure - Revenue receipts) + (Capital expenditure - Capital receipts excluding borrowings).



TOPIC: WELFARE SCHEMES

Decentralise MGNREGS for better implementation, says govt. study

It calls for greater diversification of permissible work; flexibility should be given at the ground level to select the type of work as per broad categories; it also flags delay in fund disbursement and notes that wages were far below the market rate

Sobhana K. Nair
NEW DELHI

An internal study commissioned by the Ministry of Rural Development has argued for decentralisation of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), allowing for more “flexibility” at the ground level.

The Ministry recently made public the report of the sixth Common Review Mission, which surveyed seven States – Andhra Pradesh, Arunachal Pradesh, Karnataka, Nagaland, Gujarat, Jharkhand, Himachal Pradesh – and the Union Territory of Jammu and Kashmir in February to assess the implementation of all rural development schemes, including the MGNREGS.

“There should be a greater diversification of permissible works instead of listing the types of permissible works, broad categories of works may be listed out and flexibility should



Need of the hour: The study also noted that the MGNREGS wages were far below the market rate in many States, defeating the purpose of acting as a safety net. PTI

be given at ground level to select the type of works as per broad categories,” the study noted.

This is a problem also highlighted by activists and academics working in the field. “In the past few years, the fund management has been centralised instead of paying the gram sabhas an advance enabling them to decide the

work they want to undertake. The gram sabhas can take into account the local conditions and the community’s requirement instead of chasing a target set for them,” said Professor Rajendra Narayanan of Azim Premji University, who co-authored a study on the role of the MGNREGS during the COVID-19 pandemic.

The internal study also flagged the frequent delay in fund disbursement, and to deal with it suggested a “revolving fund that can be utilised whenever there is a delay in the Central funds”.

The survey quoted various instances to underline this chronic problem. In Lower Subansiri district of Arunachal Pradesh, for

example, the surveyors found that because of the delay in the material component, the beneficiaries ended up buying the construction material themselves to complete the projects. In Himachal Pradesh and Gujarat, the delay in wages was by three or four months and the material component by six months.

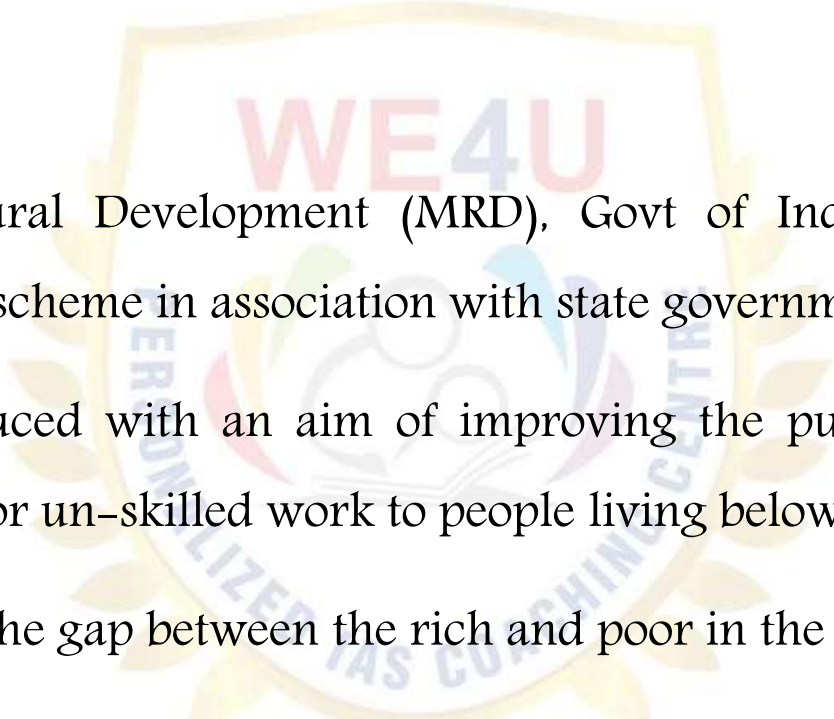
The study also noted that the MGNREGS wages were far below the market rate in many States, defeating the purpose of acting as a safety net.

At present, the minimum wage of a farm labourer in Gujarat is ₹324.20, but the MGNREGS wage is ₹229. The private contractors pay far more. In Nagaland, the wage is ₹212 per day, which does not take into account the difficult terrain.

In Jammu and Kashmir, the rate is ₹214 per day. This, the study noted, “is lower than what is offered by private contractors which can go up to ₹600-₹700 per day”.

MGNREGA

- 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.

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- 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.

THANK YOU

