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| RGICS  ISSUE BRIEF |
| (August 21, 2017)  Mahatma Gandhi National Rural EMPLOYMENT Guarantee Act : Current Challenges |

# **KEY MESSAGES**

# The Committee for Revision of Wages paid under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has found that minimum agricultural wages are higher than MGNREGA wages in 15 states. The study conducted by Rajendran Narayanan, researcher at the Azim Premji University, along with two independent researchers, Sakina Dhorajiwala and Rajesh Golani showed that compensation under MGNREGA was delayed either by the Centre or the state governments in almost half of the 92 lakh cases it studied.

# Despite official claims of this year’s MGNREGA budget of Rs 48,000 crore being the highest ever, the wage revision, at 2.7 per cent, was the lowest ever. It meant a per day, per person wage hike of merely Re 1 in some states like Assam, Bihar, Jharkhand, Uttar Pradesh and Uttarakhand, and Rs 2-Rs 3 in several others.

# Some activists also alleged that proper social audit of the MGNREGA works have not been done, to which the Centre's statement said that it has set up an independent Social Audit Units in 24 states and 3,100 State Resource Persons have been trained to conduct social audit as per auditing standards finalized in consultation with the office of the Comptroller and Auditor General (CAG).

# In the annual master circular, of the Ministry of Rural Development was revised to remove the “lack of funds” as an excuse to deny compensation, but in the computerized system states continue to use that as a reason to deny compensation. Last year itself, Rs 257 crore was denied to wage workers solely on this ground.

* The gap calculated in terms of payment as compensation in BJP ruled states has been between 6-12 days, whereas in the non BJP ruled states, the estimate came up to 63-80 days as per the study conducted. Under the act, workers have to be mandatorily paid within 15 days. With low wages and delay in payments, the act fails to provide livelihood security that it aims to provide.
* Despite a series of Supreme Court orders that Aadhaar will not be made mandatory, with weary inevitability, earlier this month, the Ministry of Rural Development under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act 2016 notified that citizens will have to “furnish proof of possession of Aadhaar” to access work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). NREGA Sahayta Kendra, in Lohardaga district of Jharkhand, about a thousand workers, who had not received their wage payments under MGNREGA, protested at the Kisko block office. Several of these cases of wage delay have actually been because of Aadhaar errors. Thus, there is noevidence to show that introducing Aadhaar identification into the employment guarantee Act will reduce corruption, while chances are it will increase the struggles of vulnerable citizens.

# **PART I. INTRODUCTION**

The Mahatma Gandhi National Rural Employment Guarantee Act (hereafter MGNREGA) is a law whereby any adult who applies for employment in rural areas has to be given work on local public works within 15 days. If employment is not given, an unemployment allowance has to be paid. The employment guarantee subject to a limit of 100 days per household per year. The main objective of NREGA is to protect rural households from poverty and hunger.

The Act, which guarantees up to 100 days of work to people in rural India, requires that workers receive their wages within 15 days of completing a week’s work cycle. Failing this, the government has to pay compensation to the workers. The compensation, over and above the due wages, is calculated at 0.05% of the unpaid wages for each day of delay. The provision is meant to deter delays in payments to rural workers who are often in need of immediate money.

 The BJP Manifesto and Narendra Modi’s speeches seemed like taking a leaf out of Keynesian ideas of State intervention, public investment and welfare. They had promised that the BJP Government will usher in “Achhe Din” for farmers and put an end to farm suicides. Increased public investment in agriculture and rural development, steps to enhance the profitability in agriculture by ensuring a minimum of 50 percent profits over the cost of the production, cheaper agricultural inputs and credit, introduction of latest technologies for farming and high-yielding seeds, linking of the MGNREGA to agriculture, a farm insurance scheme to take care of crop loss due to unforeseen natural calamities, strengthening and expansion of rural credit facilities, expansion of irrigation facilities, a price stabilisation fund to protect farmers from volatile world market prices, welfare measures for farmers above 60 years, small and marginal farmers and farm labour were among the promises.

# **PART II: THE POLITICAL CONTEXT**

* At least three states—Jharkhand, Andhra Pradesh and Telangana, the first two of which are ruled, respectively, by the BJP and a BJP ally—wrote to the centre at the same time as Birendra Singh, demanding more funds. Jharkhand’s chief minister, Raghubir Das, wrote directly to Modi in January. The entire state faced a drought-like situation, he said, pointing out that “54 per cent of rural households in Jharkhand meet at least one deprivation criteria and therefore deserve State help.” Jharkhand Chief Secretary Rajbala has pointed out the growing divergence between states minimum wages – Rs 224 per day for agricultural workers and a mere Rs 168 per day for workers under MGNERA.
* The rural development ministry, which administers the programme, posted an explanation on its website in January 2015, and cited several administrative bottlenecks, including the centre’s failure to transfer funds to the states in time. It also singled out negative comments made by Singh’s predecessor, Nitin Gadkari, who had proposed to limit the programme to the country’s poorest 200 districts and restrict spending on wages. The ministry’s note said Gadkari’s remarks had caused “psychological” damage, and “fear that the programme would be wound up” or that “money won’t come.” (It would later modify the note to remove Gadkari’s name and blame the media instead.)

# **PART III: KEY ISSUES**

# **PART IV. BACKGROUND INFORMATION/REFERENCE DOCUMENTS**

[include here any explanatory statements/reference documents such as definitions of key concepts, etc.]

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