

## Aligning Minimum Agricultural and MGNREGA Wages

### What is the issue?

\n\n

The gap between the minimum agricultural wages and MGNREGA wages is growing steadily in the last few years.

\n\n

### What are these wages meant for?

\n\n

\n

- **Minimum agricultural wage** - It is paid to agricultural workers.
- It is fixed by the respective state governments.
- The Supreme Court has upheld the minimum wages as a fundamental right.
- Moreover, any labour provided at below minimum wage is a “forced labour”.
- **MGNREGA wage** - The NREGA was enacted in 2005 for livelihood security.
- The Central Government may, by notification, specify the wage rate for the purposes of this Act.
- This is notwithstanding anything contained in the Minimum Wages Act, 1948.
- Different rates of wages may be specified for different areas.
- Wage rate may be specified from time to time, at a rate of not less than 60 rupees per day.

\n

\n\n

### What is the discrepancy?

\n\n

- The union government brought MGNREGA wages at par with minimum agricultural wages in 2009.
- Notably, in 2011, only 4 states, Kerala, Goa, Haryana and Mizoram, had minimum agricultural wages higher than MGNREGA wages.
- In 2016, NREGA wages were lower than minimum wages in almost half of India's states.
- Since then, the gap between the two sets of wages has grown steadily.

### IN MOST MAJOR STATES, NREGA WAGES ARE LOWER

State	Minimum agri wage (in Rs)	NREGA 2018-19 wage (in Rs)	Difference in wages (in Rs)
Gujarat	298	194	104 ▼
Bihar	237	168	69 ▼
Jharkhand	230	168	62 ▼
Chhattisgarh	234	174	60 ▼
Madhya Pradesh	230	174	56 ▼
Punjab	294	240	54 ▼
Uttar Pradesh	228	175	53 ▼
West Bengal	234	191	43 ▼
Jammu & Kashmir	225	186	39 ▼
Haryana	318	281	37 ▼
Odisha	213	182	31 ▼
Rajasthan	213	192	21 ▼
Karnataka	269	249	20 ▼
Maharashtra	194	203	9 ▲
Tamil Nadu	195	224	29 ▲

### What is the latest revision?

- The Union government recently issued the revised wage rates for MGNREGA workers.

- \n
- The average wage hike for FY 2018-19 is 2.9%.
  - \n
  - This is only slightly higher than last year's 2.7%.
  - \n
  - In 2016-17, the average wage hike was 5.7%.
  - \n
  - Some states have seen only Rs 2 increase in daily wages.
  - \n
  - The wages remain unchanged in 10 states.
  - \n
  - These include states like Jharkhand, Bihar, Uttarakhand and Arunachal Pradesh.
  - \n
  - Notably, these are states where the wages are already the lowest.
  - \n
  - Unlike this year, in 2017-18 every state had an upward wage revision, even if marginal.
  - \n
  - With the latest revision, 28 out of 36 states and UTs have NREGA wage below the minimum agricultural wage.
  - \n

\n\n

### **Why is the disparity?**

\n\n

- \n
- The Ministry of Rural Development (MoRD) set up the Mahendra Dev (2014) and Nagesh Singh (2016) Committees.
  - \n
  - But the Finance Ministry failed to implement these recommendations.
  - \n
  - The rejection of Mahendra Dev Committee's recommendations led to the lowest ever NREGA wage increase until 2017.
  - \n
  - Nearly five states received an increase of only a rupee.
  - \n
  - In 2018, the wages hit a new low after the Nagesh Singh Committee's report was turned down.
  - \n

\n\n

### **What are the recommendations made?**

\n\n

\n

- **Mahendra Dev Committee** - Workers should be paid either the minimum wage or the NREGA wage, whichever was higher.
- The panel estimated the need for an additional allocation of Rs 6,000 crore.
- This was a 17% increase to the then MGNREGA budget.
- The annual revision of NREGA wages should be based on CPI-R instead of CPI-AL.
- Consumer Price Index-Rural (CPI-R) reflects the current consumption pattern of rural households.
- On the other hand, CPI for Agricultural Labourers (CPI-AL) is based on a 35-year-old consumption basket.
- The Finance Ministry had turned down these recommendations.
- It insisted on setting up a panel to study the financial implications of the Mahendra Dev report.
- **Nagesh Singh Committee** - There was no need to bring MGNREGA wages on a par with minimum wages of states.
- But, the annual wage revision should be linked to CPI (R).
- As, CPI (R) is a better indicator of wage increase as it gives lower weightage to food items.
- Whereas, the basket of goods for calculating CPI (AL) is mainly food items (up to 72%).

\n

\n\n

### **What is Finance Ministry's argument?**

\n\n

\n

- The Finance Ministry, however, argued that moving to CPI-R was not advisable at this stage.
- Besides food items, CPI-R gives weightage to expenses incurred on

education, transport and communication, recreation, health, etc.

\n

- The ministry said that these “miscellaneous items” under CPI-R might not represent the demand of NREGA workers.

\n

- Moreover, such a move would lead to a bigger fiscal burden.

\n

\n\n

### **Why is raising NREGA wage important?**

\n\n

\n

- The NREGA was primarily enacted for the enhancement of livelihood security of the households in rural areas.

\n

- A Supreme Court’s order mentions MGNREGA work as the last recourse while seeking work.

\n

- A lower payment for this would push the worker and the family into “sub-human existence”.

\n

- On an average, 5 crore rural households rely on the scheme each year for their livelihood.

\n

- This increases in times of rural distress, as people use the scheme to make up for falling farm incomes.

\n

- Nearly 40% of the beneficiaries of the scheme are estimated to have been SCs and STs, bearing a social implication as well.

\n

- The government should address the disparity in the wages to make sense to the purpose of NREGA.

\n

\n\n

\n\n

**Source: Indian Express**

\n



**SHANKAR**  
**IAS PARLIAMENT**  
*Information is Empowering*