Aligning Minimum Agricultural and MGNREGA Wages

What is the issue?

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

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What are these wages meant for?

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

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

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

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Why is the disparity?

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

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

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- The Finance Ministry, however, argued that moving to CPI-R was not advisable at this stage.
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- Besides food items, CPI-R gives weightage to expenses incurred on education, transport and communication, recreation, health, etc.
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- The ministry said that these “miscellaneous items” under CPI-R might not represent the demand of NREGA workers.
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- Moreover, such a move would lead to a bigger fiscal burden.
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Why is raising NREGA wage important?

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- The NREGA was primarily enacted for the enhancement of livelihood security of the households in rural areas.
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- A Supreme Court’s order mentions MGNREGA work as the last recourse while seeking work.
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- A lower payment for this would push the worker and the family into “sub-

human existence”.
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- On an average, 5 crore rural households rely on the scheme each year for their livelihood.
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- This increases in times of rural distress, as people use the scheme to make up for falling farm incomes.
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- Nearly 40% of the beneficiaries of the scheme are estimated to have been SCs and STs, bearing a social implication as well.
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- The government should address the disparity in the wages to make sense to the purpose of NREGA.
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Source: Indian Express

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