

1. Why NREGA wage rates should be revised

Why in News?

The Parliamentary Standing Committee on Rural Development and Panchayati Raj tabled its report on the Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) on April 3.

Among other things, the report took note of the “failure of [NREGA] wages to keep up with inflation” and that wages “remain below subsistence levels, making it difficult for workers to sustain themselves”.

With over 25 crore registered workers, NREGA is the largest employment guarantee programme in the world. It provides up to 100 days of work annually to rural households.

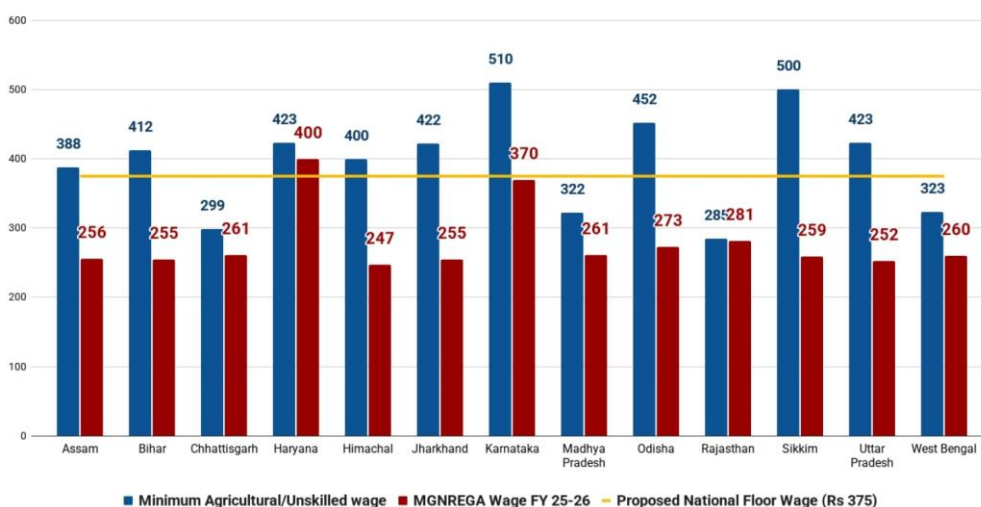
How NREGA wage rates are decided

Section 6 of the Act provides two methods for calculating NREGA wage rates.

- Section 6(1) empowers the Centre to notify the wage rate notwithstanding the Minimum Wages Act, 1948 (MWA). The notified wage, however, cannot be lower than Rs 60.
- Section 6(2) states that until the Centre notifies a wage rate, the state’s minimum agricultural wage rate shall be taken as the NREGA wage rate.

From 2005 to 2009, NREGA wages were equal to the minimum agricultural wage rate of each state. However, the concurrent upward revisions of states’ minimum wages led to an increasing financial burden on the Centre, which foots the entire NREGA wage bill.

Chart: State-wise minimum agricultural/unskilled wage and MGNREGA wage rate for FY 25-26 (in Rs)



Capping wage rate

This prompted the Centre to cap the NREGA wage rate. Now, workers in some states were being paid less than the statutory minimum wage, in violation of the MWA. Moreover, capping the wage rate meant that the wages in real terms would actually decline over time.

NREGA wage rates are lower than the minimum agricultural wage rate in nearly every state. In some states, the gap between the two is more than Rs 200.

Key issues with NREGA wage rates

The most pressing issue with the NREGA wage today is its increasing divergence from the minimum wages for each state. In FY 25-26, the difference between the MGNREGA wage and the state minimum agricultural wage is as high as Rs 241 in Sikkim. The largest difference in FY 20-21 was Rs 119 (in Kerala).

The Parliamentary Standing Committee has repeatedly criticised the MoRD for this, highlighting the increasing cost of living and noting that the “abysmally low” wages are one of the reasons for worker drop-outs from NREGA.

Response of MoRD

The MoRD’s response to these concerns has consistently been that NREGA is a fall-back option for employment, and that each state has the ability to increase the wages, over and above what the Centre offers, paying the difference from its own coffers. Only Himachal Pradesh, Jharkhand, and Odisha have exercised this option.

A lofty vision, unfulfilled

NREGA was implemented at a time when the daily wage for casual rural/agricultural workers was very low, and workers had next to no bargaining power. Its vision was to ensure livelihood security by providing dignified employment.

Multiple studies have found that rural wages have increased as a by-product of NREGA. Over the years, NREGA has repeatedly served as a lifeline for the rural poor. This was particularly obvious during the Covid-19 pandemic.

The Supreme Court in Sanjit Roy vs State of Rajasthan (1983) had ruled that payment of less than the minimum wage amounts to “forced labour”, punishable under Article 23 of the Constitution. The Standing Committee has echoed this sentiment, recommending that “at least Rs 400 per day should be provided, as the current wage rates are inadequate to meet even basic daily expenses”.

As long as workers do not receive fair wages, NREGA’s vision of a right to dignified work will remain unfulfilled.

Relevance: GS Prelims & Mains Paper III; Economics

Source: Indian Express

2. New Panchayat Advancement Index to rank rural local bodies

Why in News?

The government's inaugural Panchayat Advancement Index (PAI) was launched recently, ranking over 2.16 lakh panchayats based on their performance and progress towards achieving Sustainable Development Goals (SDGs).



What is the Panchayat Advancement Index (PAI)?

According to the Ministry of Panchayati Raj (MoPR), it is a multi-dimensional index used to assess the implementation of Localization of Sustainable Development Goals (LSDGs) across nine broad themes.

These are poverty-free and enhanced livelihoods in panchayat, healthy panchayat, child-friendly panchayat, water sufficient panchayat, clean and green panchayat, panchayat with self-sufficient infrastructure, socially just and socially secured panchayat, panchayat with good governance and women-friendly panchayat. Under these brackets, performances on 144 targets were measured.

The panchayats were then scored on a scale of 0-100 based on these indicators and ranked in one of five categories: Achiever (90-100), Front Runner (75-90), Performer (60-75), Aspirant (40-60) and Beginner (below 40).

Why was the PAI introduced?

In 2015, the United Nations devised 17 Sustainable Development Goals (SDGs) to be achieved by member countries by 2030.

These goals cover 269 targets whose progress is monitored through 231 indicators. While the UN monitors the implementation progress of SDGs at the country level, India's top government think tank, the NITI Aayog, tracks state-wise progress through its SDG India Index that was launched in 2018. In recent years, the localisation of SDGs has been emphasised.

Recognising the crucial role of panchayats in local governance, the government has focused on aligning them with the SDGs. The PAI was thus developed as "a key metric for assessing progress at the grassroots level, aiding in the formulation of localized strategies and targets for inclusive rural development."

Does the PAI cover all panchayats?

No. There are over 2.55 lakh panchayats in India, but data was received from only 2.16 lakh gram panchayats in 29 states/Union Territories after due validation by the states and UTs.

What do the rankings show?

Of the 2.16 lakh panchayats, 699 have been ranked as Front Runners, 77,298 as Performers, 1,32,392 as Aspirants, and 5,896 as Beginners. Of the 699 panchayats ranked as Front Runners, 346 are from Gujarat, followed by Telangana (270) and Tripura (42). None of the panchayats has been ranked in the Achievers (90-100) category.

Relevance: GS Prelims & Mains Paper II; Governance

Source: Indian Express

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