

## **Implement NREGA in Letter and Spirit**

*A dharna will take place at Jantar Mantar on 11-15 September to reaffirm the legal rights of NREGA workers and demand strict implementation of the Act.*

Twelve years after being launched, the National Rural Employment Guarantee Act (NREGA) – a lifeline for rural households – is still routinely violated. The programme is underfunded, NREGA wages are stagnating and workers are struggling for their entitlements at every step. NREGA Sangharsh Morcha, a country-wide coalition of organisations and individuals committed to the rights of NREGA workers, demands that the Act be implemented in letter and spirit.

What would that take? Some minimum steps are as follows.

### **No Budget Caps**

NREGA budgets have been inadequate for several years. After peaking at 0.6% in 2009-10 (as a proportion of GDP), central government expenditure on NREGA declined steadily to 0.3% in 2015-16 and 2016-7 (see **Figure 1**). This year's (2017-18) NREGA budget is also grossly inadequate – while half of the financial year is left, 75 per cent of the funds allocated for this year has already been spent with no indication from the Ministry of Finance of any supplementary budget.

The impact of underfunding is evident in the low level of NREGA employment generation: about 46 days per employed household over the past five years, or just 10-15 days per rural household. During the same period, only about 8.5 per cent of all households that participated in NREGA were able to access 100 days of work (see **Figure 2**).

*The government must allocate as much budget as required to ensure that there is work on demand for all rural households, up to 100 days, without wage arrears.*

### **Higher Wages**

NREGA wages have been held constant in real terms since 2009 (see **Figure 3**): the central government is just raising them each year in line with the price level, that too based on an outdated price index (the Consumer Price Index for Agricultural Labourers, CPIAL). In the last two years, NREGA wages have increased by as little as *one rupee per day* in some states. Further, NREGA wages are below state minimum wages in many states, a wholly illegal situation.

In 2015, the Mahendra Dev committee advised re-setting NREGA wages in line with state minimum wages, but this recommendation was rejected by the Finance Ministry.

More recently, the issue of NREGA wages was re-examined by another committee of the Ministry of Rural Development, chaired by its Additional Secretary. According to media reports, the committee recommends that NREGA wages should continue to be held constant in real terms, on the odd grounds that this is a “scientific” approach! If this happens, the entire programme is likely to fade away as workers lose interest.

*The NREGA wage must at least be a living wage which allows rural households to meet their basic needs and lead their lives with dignity.*

### **Timely Wage Payments**

Even based on the Ministry's incomplete method of calculation of wage delays, barely half of all NREGA wage payments were made on time (i.e. within 15 days) in the past five years. According to a recent analysis of over 90 lakh wage payments made in 2016-17 in a random sample of 3,446 Gram Panchayats across ten states, only 21 per cent of the wage payments were actually made on time. Persistent delays in wage payments further erode their real value.

*All NREGA wage payments must be made within a week, and under no circumstances later than 15 days of doing the work.*

## **Full Compensation for Delays**

NREGA workers are entitled to compensation in the event of delayed wage payments, at the rate of 0.05% per day. Even this paltry compensation, however, is not paid for two reasons. First, the Management Information System (MIS) calculates delays only up to the “fund transfer order” (FTO) – further delays, reflecting slow bank payments, are ignored.

Second, block-level Programme Officers are authorized to “reject” the compensation payments calculated by the MIS. This discretion is completely untenable under the Act. In the past four years, only about 4 per cent of compensation payments have been approved. Further, only about 60 per cent of the approved compensation amount has been paid to workers (see **Figure 4**).

*Delays should be calculated until the crediting of wages in workers’ accounts, and compensation must be paid without exemption. Also, the compensation rate needs to increase from 0.05% to at least 0.5% - closer to what workers are entitled to as per the Payment of Wages Act.*

## **Unconditional Entitlements**

Illegal conditionalities are often attached to NREGA entitlements. For instance, employment is made conditional on having an Aadhaar number, correctly seeded into one’s bank account. Last year, the Ministry briefly disallowed demand registration in the MIS for households whose photograph was not uploaded on their electronic Job Card. Under pressure to Swachh Bharat Mission targets, many officials even deny NREGA work to households without toilets.

*NREGA entitlements should not be made conditional under any circumstance, and action should be taken against those officials who impose conditionalities.*

## **Accountability and Transparency**

The Act includes many accountability provisions, concerned for instance with grievance redress facilities, social audits, ombudspersons and the penalty clause (Section 25). These provisions, however, are routinely ignored or undermined by central and state governments. Over time, this has created a climate of impunity and immunity around NREGA which defeats the idea of creating enforceable entitlements for NREGA workers.

*The government should ensure that every state has an active and independent Social Audit Unit, grievance redress rules and two ombudspersons per district. Section 25 needs to be activated and the fine should be increased well above its current level of Rs 1,000.*

## **Implement local plans**

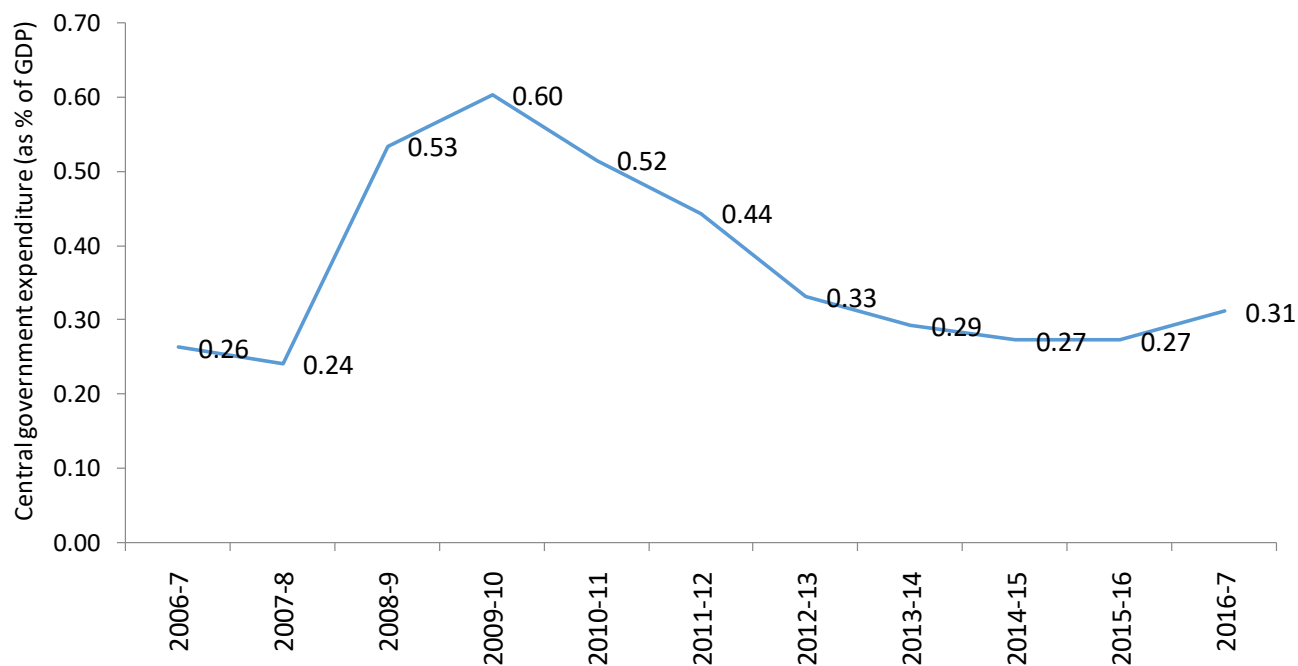
As per the employment guarantee act, the Gram Panchayats are expected to prepare the NREGA development plan after considering the recommendations of the Gram Sabha and Ward Sabhas. With little regard to this legal provision, the central government has been imposing targets on states for construction of farm ponds, compost pits, toilets and Anganwadi Centres. From the selection of these schemes, it seems that central government wants states to focus on schemes that help in meeting the infrastructural requirements of other centrally sponsored programmes such as the Pradhan Mantri Krishi Sinchai Yojana, Swachh Bharat Mission and the Integrated Child Development Services. Work on these schemes is often at the cost of local priorities, causing much disaffection amongst people.

*NREGA works are to take place only as per the Gram Panchayat plans and the central or state government is not to impose any schemes.*

## **Expansion of entitlements**

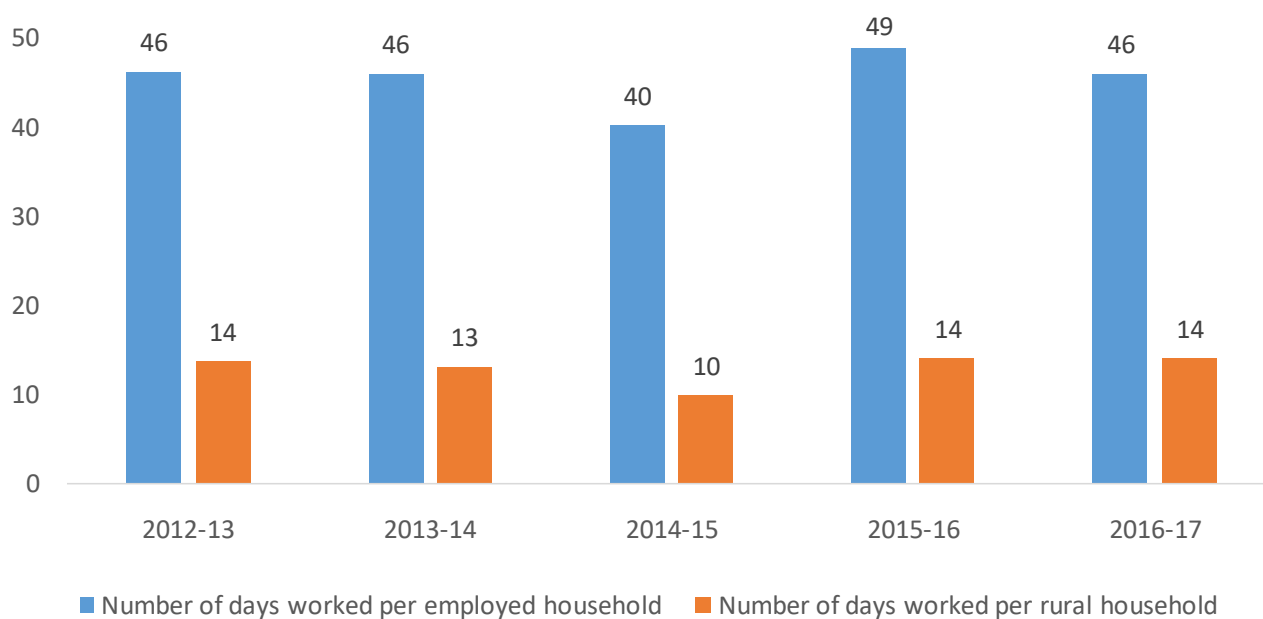
NREGA is an important step in the direction of right to work, and over time its entitlements should be built upon. Over time the NREGA wage rate should be increased to Rs 600, the number of days of guaranteed work should increase to 240 days per person and the guarantee of work should extend to urban areas as well.

**Figure 1: Public expenditure on MGNREGA (% of GDP)**



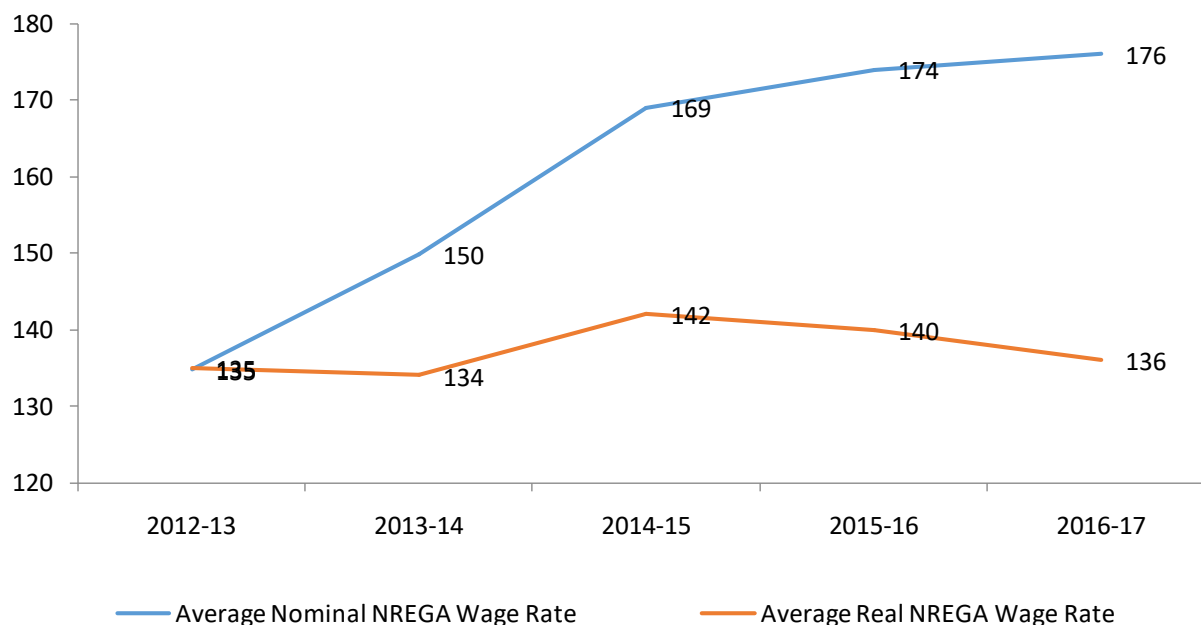
Source: Adapted from Drèze, J., and Khera, R. (2017), “Recent Social Security Initiatives in India”, *World Development*, 98.

**Figure 2: Number of days of NREGA employment per household (all-India)**



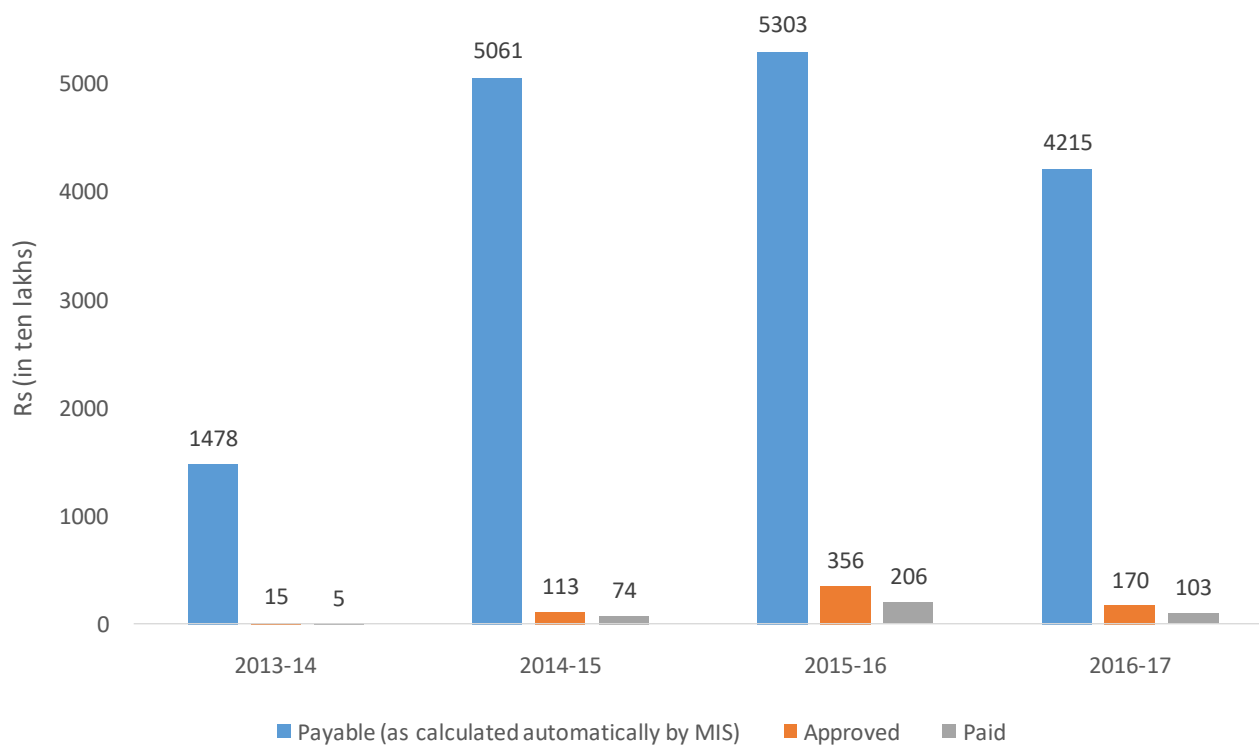
Source: Calculated from data available on [nrega.nic.in](http://nrega.nic.in) and Census of India 2011.

**Figure 3: All-India Weighted Average NREGA Wage Rate (Rs)**



Source: Calculated from data given at [nrega.nic.in](http://nrega.nic.in) (employment-weighted average of state-specific wages).

**Figure 4: Compensation for delayed wage payments**



Source: [nrega.nic.in](http://nrega.nic.in)