

GOVERNMENT OF INDIA
MINISTRY OF RURAL DEVELOPMENT
DEPARTMENT OF RURAL DEVELOPMENT

RAJYA SABHA
UNSTARRED QUESTION NO. 2221
TO BE ANSWERED ON 09/08/2024

STUDY ON STAGNATION IN RURAL WAGES

2221 SHRI RAGHAV CHADHA:

Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) whether Government acknowledges the decade-long stagnation in real rural wages, as reported by the Indian Council for Research on International Economic Relations (ICRIER);
- (b) specific measures taken by Government to address this issue during the last five years;
- (c) whether Government has conducted any comprehensive study or assessment to understand the reasons for the persistent wage stagnation;
- (d) if not, the reasons therefor; and
- (e) the details of the policy changes or interventions being planned by Government to improve rural wages in the coming years?

ANSWER

MINISTER OF STATE IN MINISTRY OF RURAL DEVELOPMENT
(SHRI KAMLESH PASWAN)

(a) to (e): Section 6 (1) of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 provides that the Central Government notify the specified wage rate for the purpose of providing 100 days of guaranteed wage employment in rural areas. Further, section 6 (2) of the Act, provide that until such time as a wage rate is fixed by the Central Government in respect of any area in a State, the minimum wage fixed by the State Government under Section 3 of the Minimum Wages Act, 1948 for Agricultural Labourer shall be considered as the wage rate applicable to that area. Accordingly as per provision of Section 6(2) of the Act, from the inception of the scheme till the financial year 2010-11, the wage rate in Mahatma Gandhi NREGA was determined on the basis of the minimum wage set by the State Government. However, from the financial year 2011-12, the Government of India started determining the wage rates using the Consumer Price Index for agricultural labour (CPI-AL).

To compensate the Mahatma Gandhi NREGA workers against inflation, the Ministry of Rural Development revises the wage rate every financial year based on change in Consumer Price Index for Agricultural Labour (CPI-AL). The index is different for different

States/UTs as notified by Labour Bureau Shimla. If the calculated wage rate of any State/UT is coming lower than the wage rate of previous year, it is being protected by maintaining the previous year wage rate. The wage rate is made applicable from 1st April of each financial year. Here it is also submitted that the average increase in the wages of Mahatma Gandhi NREGA workers in the last 5 years period i.e. FY 2019-20 to FY 2023-24 is 43% and increase between the FY 2023-24 and FY 2024-25 is 7%. However, States can pay above wage rate from their own resources. Each State/UT can provide wage over and above the wage rate notified by the Central Government.

Mahatma Gandhi NREGS continues to play a critical role in providing wage employment and acting as a safety net for rural households. The scheme ensures that rural workers have access to employment opportunities, which helps to stabilize incomes even during economic downturns.

Government of India have initiated several measures aimed at improving rural incomes and enhancing livelihood opportunities:

1. Increased Budget Allocation: For the Financial Year 2024-25, budget allocation of Rs. 86,000 crores has been made under Mahatma Gandhi NREGS, which is the highest-ever allocation under Mahatma Gandhi NREGS at the Budget Estimate stage for any Financial Year.
2. Skill Development Programs: Ministry are introducing skill development and training programs to enable rural workers to acquire new skills, improving their employability and potential earnings.
3. Direct Benefit Transfers (DBT): Implementation of DBT ensures timely and transparent wage payments directly into workers' bank accounts, reducing delays and leakages.
4. Monitoring and Evaluation: Strengthening monitoring and evaluation mechanisms to ensure effective implementation and identify areas for improvement.
