

Standing Committee Report Summary

Critical Evaluation of MGNREGA

- The Standing Committee on Rural Development and Panchayati Raj (Chair: Mr. Prataprao Jadhav) presented its report on ‘Critical Evaluation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)’ on February 8, 2022. MGNREGA was notified in September 2005. It guarantees at least 100 days of wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. Key observations and recommendations of the Committee include:
 - **Increase in number of days of work:** Under the scheme, state governments can ask for 50 days of work, in addition to the guaranteed 100 days, in case of exigencies arising from natural calamities. The Committee noted that the scheme should be revamped to meet the challenges in the wake of COVID-19. It recommended increasing the guaranteed days of work under the scheme from 100 days to 150 days.
 - **Revision of permissible works:** The Committee observed that the ambit of permissible works under the scheme requires frequent revision. It recommended the Ministry of Rural Development to consult stakeholders and include area-specific works under MGNREGA as per local needs. These may include, for instance, construction of bunds to stop land erosion during floods, and boundary works for agricultural fields to protect them from grazing animals.
 - **Uniform wage rate:** Wage rates notified under MGNREGA range from Rs 193 to Rs 318 in different states/UTs. The Committee noted that this fluctuation in wage rates across states/UTs is not justified. It recommended devising a mechanism for a unified wage rate across the country.
 - **Increase in wages commensurate with inflation:** The Committee noted that beneficiaries of MGNREGA generally belong to poor and marginalised sections of society. It observed that the nominal wages under MGNREGA discourage beneficiaries and propel them to either seek more remunerative work or migrate to urban areas. This is reflected by the fact that while 755 lakh households were provided employment in 2020-21, only 72 lakh households completed 100 days of employment. The Committee noted that indexing MGNREGA wages to Consumer Price Index (CPI)-Rural as opposed to CPI-Agricultural Labour, as recommended by Dr. Nagesh Singh Committee, has not been implemented. The Standing Committee recommended the Ministry to review its position and increase the wages.
- **Delayed payment of wages:** Wages under MGNREGA are paid by the central government. Beneficiaries become eligible for receiving wages within 15 days from the date of closure of muster rolls on completion of work. The Committee noted that there is inordinate delay in payment of wages to beneficiaries. This is mainly due to failed payment transfer arising from: (i) inactive Aadhaar, and (ii) closed, blocked, or frozen bank account.
- **Delay in compensation:** In case of delay in payment of wages under MGNREGA, beneficiaries are entitled to compensation at the rate of 0.05% of unpaid wages per day for the duration of delay. The Committee noted that payment of delay compensation is not adhered to in most places in the country. It recommended the Ministry to ensure strict compliance in payment of compensation.
- **Unemployment allowance:** Under MGNREGA, persons who apply for but are not provided with work within 15 days are entitled to a daily unemployment allowance. State governments determine the rate of this allowance. The Committee observed that in 2019-20 and 2020-21, only Rs 12,000 and Rs 3,000 respectively was paid as unemployment allowance. It urged the Ministry to ensure implementation of the provision regarding unemployment allowance.
- **Social audits:** Under MGNREGA, the Gram Sabha must conduct regular social audits of all projects taken up within the Gram Panchayat. The Committee observed that implementation of this provision is poor. In 2020-21, only 29,611 Gram Panchayats were audited at least once. The Committee urged the Ministry to ensure that Gram Panchayats do not go unaudited during the financial year. The Committee also found that social audit reports are not publicly available. It recommended placing these reports in the public domain promptly after the audit exercise is over.
- **Appointment of ombudsperson:** Under the Act, there should be an ombudsperson for each district who will receive grievances, conduct enquiries, and pass awards. The Committee noted that out of 715 possible appointments, so far only 263 ombudsmen have been appointed which shows poor coordination between central and state nodal agencies. It observed punitive measures can be imposed or funds can be stopped for states for failing to appoint ombudsmen. The Committee recommended the Department of Rural Development to bring on board all state governments to comply with appointment of ombudsmen.

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