



PSC Suggests Reforms in MGNREGA Scheme

For Prelims: [Parliamentary Standing Committee on Rural Development and Panchayati Raj](#), [Mahatma Gandhi National Rural Employment Guarantee Scheme](#), [Aadhaar-Based Payment Systems](#), [Aadhaar](#), [Gram Panchayat](#), [Ombudsman](#), [Inflation](#), [National Mobile Monitoring System](#), [Consumer Price Index for Agricultural Labour](#), [National Minimum Wage](#), [Consumer Price Index \(CPI\) Rural](#), [Speaker](#).

For Mains: Challenges associated with MGNREGA Scheme and way forward.

Source: [LM](#)

Why in News?

Recently, the [Parliamentary Standing Committee \(PSC\) on Rural Development and Panchayati Raj](#) has highlighted the challenges that wages under MGNREGS have not kept pace with **inflation** and recommended certain reforms in the [Mahatma Gandhi National Rural Employment Guarantee Scheme \(MGNREGS\)](#).

Note: Inflation refers to a **decrease in the purchasing power of money**, which is evident through a **general rise in the prices of goods and services** within an economy.

What are the Challenges in Implementation of MGNREGS?

- **Wages Not aligned with Inflation:** MGNREGA wage rates **haven't** kept up with **inflation** which reduces rural workers' purchasing power and **discourages** them from **completing the full 100 workdays**.
 - Additionally, the **100-day wage guarantee often falls short**, especially during **natural calamities and post-pandemic recovery** which **restricts its potential** to provide **long-term livelihood security** to rural households.
- **Revision of permissible works:** The MGNREGA work list often **fails to address rural needs** like flood protection and land erosion management.
 - Delays in revising permissible works based on local needs limit the scheme's effectiveness in addressing regional challenges.
- **Delayed Payment of Wages:** Delays in payment are often due to issues with [Aadhaar-based payment systems \(ABPS\)](#), **inactive Aadhaar details**, or **frozen bank accounts** undermining the scheme's intended impact.
 - Potential **technical glitches** and infrastructure issues leave vulnerable workers **unpaid**.
- **Delay in Compensation:** In case of delay in payment of wages, beneficiaries are entitled to **compensation** at the rate of **0.05% of unpaid wages per day** for the duration of delay.
 - However, payment of delay compensation is **not adhered** to in most places in the country.

- **Unemployment Allowance:** Under MGNREGA, persons who apply for work but are not provided within 15 days are entitled to a **daily unemployment allowance**.
 - The unemployment allowance is **rarely paid**, and the amounts provided are **minimal**.
- **Weak Social Audits:** Under MGNREGA, the Gram Sabha must conduct **regular social audits** of all projects taken up within the Gram Panchayat.
 - However, in **2020-21**, **only 29,611 Gram Panchayats** were audited at least once showing weak social audits mechanisms.
- **Lack of Ombudsman:** Out of **715 possible appointments**, so far **only 263 ombudsmen** have been appointed.

What are the Various Recommendations Suggested by the PSC for Reforming MGNREGS?

- **Revision of Wage Rates:** Wage rates should be linked to a **suitable inflation index** commensurate with the existing inflation to reflect the **rising cost of living** in rural areas.
 - **Update the base year 2009-2010** and rates to align with **current inflation trends** and rural economic conditions.
- **Increase Days of Work:** The committee also recommended an **increase** in the number of days of work sought under MGNREGS from **100 to 150 days**.
- **Payment Mechanisms:** It recommended maintaining **alternative payment systems** alongside APBS to ensure uninterrupted wage disbursements.
 - The panel recommended a **streamlined payment process** to ensure timely wage disbursement, aiming to reduce bureaucratic hurdles.
- **National Mobile Monitoring System (NMMS):** The committee stressed the need for **awareness campaigns and training programs** to help beneficiaries use **NMMS** effectively.
 - It also recommended retaining **alternative attendance methods** to avoid excluding workers due to technological issues.
 - NMMS **tracks attendance and work progress** under MGNREGS to enhance transparency and accountability.
 - **Sufficient Fund Allocation for MGNREGS:** The committee emphasized the need for the government to ensure **sufficient financial allocations** for MGNREGS to ensure its effectiveness in providing livelihood security to rural households.

Note:

- In the financial year **2024-25**, the average MGNREGA wage increased across India by **Rs 28 per day only**.
 - The MGNREGA wage increase for the financial year **2023-24** ranged from **2%-10%**.
- The Government of India notifies the **wage rate under MGNREGA** using **Consumer Price Index for Agricultural Labour (CPI-AL)**.
- **Dr. Anoop Satpathy committee (2019)** to review and recommend methodology for fixation of **National Minimum Wage (NMW)** had recommended that wages under MGNREGA should be **Rs 375 a day**.
- **Dr. Nagesh Singh Committee (2017)** recommended **indexing MGNREGA wages** to **Consumer Price Index (CPI) Rural** as opposed to CPI-Agricultural Labour.

What is the Parliamentary Standing Committee on Rural Development & Panchayati Raj?

- **About:** It was created for the first time on **5th August, 2004** under **Rule 331C** of the **Rules of Procedure and Conduct of Business in Lok Sabha** to give focussed attention to the issues related to rural development.
- **Jurisdiction:** The following **Ministries/Departments** are under the jurisdiction of the Committee:

- **Ministry of Rural Development**
- **Ministry of Panchayati Raj**
- **Composition:** The Committee has **31 members: 21 from Lok Sabha**, nominated by the Speaker, and **10 from Rajya Sabha**, nominated by the Chairman.
 - A **Minister is not nominated** as a member of the Committee.
 - The **Chairman** of the Committee is appointed by the **Speaker** from amongst the members of the Committee from **Lok Sabha**.
- **Tenure of Members:** The term of office of the members of the Committee **does not exceed one year**.
- **Functions:**
 - Considers **Demands for Grants** and reports to the Houses.
 - **Examines Bills** referred by the Speaker or Chairman and reports on them.
 - **Reviews Annual Reports** of Ministries/Departments and reports.
 - **Considers national policy documents** referred by the Speaker or Chairman and reports.

MGNREGS

- **About:** Launched in **2005** by the **Ministry of Rural Development**, MGNREGS is one of the largest **work guarantee programs**, providing **100 days of unskilled manual work** at minimum wage for **rural households** each year.
- **Implementation:** The **Ministry of Rural Development** oversees the scheme's implementation with state governments.
- **Major Features:**
 - **Legal Guarantee:** MGNREGA's key feature is its legal guarantee, ensuring rural adults can **request work and receive it within 15 days**.
 - **Unemployment Allowance:** If the work is not provided within 15 days, an unemployment allowance **must be provided**.
 - **Women Focussed:** The scheme prioritizes women, ensuring that **at least one-third** of beneficiaries are women who have registered and requested work.
 - **Social Audit:** **Section 17** of the Mahatma Gandhi NREGA, 2005 mandates the Gram Sabha to **conduct social audits of scheme works**.
- **Cost Sharing:** Financial assistance shall be provided by Central and State Governments in the ratio of **90:10 respectively**.
- **Ban on Contractors:** Engagement of **contractors** and use of **labour displacing machines** are **banned**.

Conclusion

The **Parliamentary Standing Committee's** recommendations for MGNREGS aim to address key challenges such as **inadequate workdays, wage disparities, delayed payments, and weak monitoring systems**. Effective implementation of these reforms is essential for improving rural livelihoods and ensuring the scheme's sustainability in the long term.

Drishti Mains Question:

Q. Critically evaluate the challenges in the implementation of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and suggest reforms to enhance its effectiveness.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. Among the following who are eligible to benefit from the “Mahatma Gandhi National Rural Employment Guarantee Act”? (2011)

- (a) Adult members of only the scheduled caste and scheduled tribe households
- (b) Adult members of below poverty line (BPL) households
- (c) Adult members of households of all backward communities
- (d) Adult members of any household

Ans: (d)

Mains

Q. Hunger and Poverty are the biggest challenges for good governance in India still today. Evaluate how far successive governments have progressed in dealing with these humongous problems. Suggest measures for improvement. (2017)

Q. Do government’s schemes for up-lifting vulnerable and backward communities by protecting required social resources for them, lead to their exclusion in establishing businesses in urban economies? (2014)

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