

Bill No. LXXIII of 2022

THE MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT
GUARANTEE (AMENDMENT) BILL, 2022

A

BILL

*further to amend the Mahatma Gandhi National Rural Employment Guarantee
Act, 2005.*

BE it enacted by the Parliament in the Seventy-third Year of the Republic of India as follows:—

1. (1) This Act may be called the Mahatma Gandhi National Rural Employment Guarantee (Amendment) Act, 2022.

Short title and
commencement.

5 (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (hereinafter referred to as the 'principal Act'), in the long title,—

Amendment
long title.

10 (a) for the words "one hundred days", the words "two hundred days each" shall be substituted;

(b) for the words "every household", the words "at least two adult members of every household", shall be substituted.

- Amendment of section 3. **3.** In section 3 of the principal Act, for sub-section (I) the following sub-section shall be substituted, namely:—
- "(I) Save as otherwise provided, the State Government shall, in such rural area in the State as may be notified by the Central Government, provide to at least two adult members of every household, where there is more than one adult member and whose adult members volunteer to do unskilled manual work, not less than two hundred days each of such work in a financial year in accordance with the Scheme made under this Act:
- Provided that in the event of a household having only one adult member, the above provision shall be construed accordingly."
- Amendment of section 4. **4.** In section 4 of the principal Act, in sub-section (I),—
- (a) for the words "one hundred days", the words "two hundred days each" shall be substituted.
- (b) for the words "every household", the words "at least two adult members of every household" shall be substituted.
- Amendment of section 6. **5.** In section 6 of the principal Act, for sub-section (I), the following sub-section shall be substituted namely:—
- "(I) Notwithstanding anything contained in the Code on Wages, 2019, the Central Government may, by notification, specify the wage rate for the purposes of this Act:
- Provided that different rates of wages may be specified for different areas based on the All-India Consumer Price Index from time to time:
- Provided further that the wage rate specified from time to time under any such notification shall not be at a rate less than six hundred rupees per day."
- Amendment of section 7. **6.** In section 7 of the principal Act, in sub-section (3),—
- (I) for clause (c), the following clause shall be substituted namely:—
- (c) the two adult members of the household of the applicant have received in total at least four hundred days of work altogether within the financial year, or in total at least two hundred days of work in the event of the household having only one adult member, as the case may be; or"
- (2) for clause (d), following clause shall be substituted, namely:—
- (d) the household of the applicant has earned as much from the wages and unemployment allowance taken together which is equal to the wages for four hundred days of work during the financial years, or for two hundred days of work during the financial year in the event of the household having only one adult member, as the case may be."
- Amendment of section 22. **7.** In section 22 of the principal Act,—
- (I) in sub-section (I), for clause (b) the following clause shall be substituted, namely:—
- "(b) the material cost of the Scheme including payment of wages to skilled and semi-skilled workers;"
- (2) in sub-section (2), clause (b) shall be omitted.
- Amendment of section 25. **8.** In section 25 of the Principal Act, for the words "one thousand rupees", the words "twenty five thousand rupees" shall be substituted.

STATEMENT OF OBJECTS AND REASONS

India is the land of villages as rightly said by Mahatma Gandhi, "I would say that if the village perishes India will perish too. India will be no more India." The notion of rural development has come to be construed as the process of improving the quality of life and economic well being of people living in rural areas especially the areas that are relatively isolated and entail sparse population. India lives in its villages, and the development of villages will be critical if we want to close the gap between the 'haves and have nots' for better human development.

2. The Constitution (Seventy-third Amendment) Act, 1992 has added a new part IX to the Constitution, consisting of 16 Articles and the Eleventh Schedule, which paves the way for the Panchayat Raj System in the Country. Empowerment of the Panchayat Raj Institution (PRIs) has led to the strengthening of the nation. PRIs are the primary instruments for empowerment of people at the grass root level for shaping their own destiny. A vast majority of people are still living in the rural and remote areas without any touch of modern day. Panchayati Raj is the bedrock of democratic decentralisation in India. It has heralded an age of representation, participation, transparency and accountability — and the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) is one of the beacons through which these are being realised.

3. The MGNREGA was promulgated by the Government to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto.

4. The 20th Report of the Standing Committee on Rural Development and Panchayati Raj (2021-22) states that MGNREGA is powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment. Under MGNREGS, the Gram Panchayat is responsible for producing all relevant documents such as muster rolls, bills, vouchers etc. for the Gram Sabha to conduct periodic social audits of work done under the scheme. As on November 12, 2021, a total of 27 States had established Social Audit Units (SAU).

5. MGNREGA is a demand driven wage employment programme and resource transfer from Centre to States is based on the demand for employment in each State. It provides a legal guarantee for wage employment by providing allowances and compensation both in cases of failure to provide work on demand and delays in payment of wages for the work undertaken. Plans and decisions regarding the nature and choice of works to be undertaken, the order in which each worksite is to be selected, etc., are all to be made in open assemblies of the Gram Sabha and ratified by the Gram Panchayat. Social audit creates accountability of performance, especially towards immediate stakeholders. Thus, MGNREGA also marks a break from the relief programmes of the past towards an integrated natural resource management and livelihoods generation perspective.

6. However, the socio-economic scenario prevailing in the country at the time of promulgation of MGNREGA has undergone a sea change over the last two decades, Recently, the International Monetary Fund (IMF) announced that India had surged past the United Kingdom to become the fifth largest economy in the world, thanks to its sheer population size. But it is the Per Capita income which determines the average per-person income and to evaluate the standard of living and quality of life of the population. The per capita net national income (NNI) of India at current prices during 2020-21 is estimated to have been dwindled to Rs. 1,28,829/- as compared to Rs. 1,34,186/- for the year 2019-20. The per capita

income in real terms (at 2011-12 prices) during 2020-21 is estimated at Rs. 86,659/- as compared to Rs. 94,566/- during 2019-20.

7. According to the IMF World Economic Outlook (October - 2021), GDP (nominal) per capita of India in 2021 is projected at \$ 2,116 at current prices. India is at 150th position out of 195 economies in terms of GDP per capita (nominal). So the average income of Indians continues to remain very low.

8. Similarly as per the World Inequality Report 2022, there is a worrying divergence in the country in the distribution of wealth between rich and poor. India is now among the most unequal countries in the world with spectacular increase in inequality. While the top 10% and top 1% hold respectively 57% and 22% of total national income, the bottom 50% share has gone down to 13%. India stands out as a very unequal country, with an affluent elite. The richest are getting richer at a much faster pace while the poor are still struggling to earn a minimum wage and the latter's access to quality education and healthcare services continue to suffer from chronic under-investment.

9. Though, India is slated to regain its economic growth rate after the pandemic, the recovery from the pandemic lows has been anything but balanced. One possible indication of the scale of the distress comes from data on households/individuals who have worked under MGNREGA. In 2019-20, the year prior to the pandemic, 7.88 crore individuals worked under the scheme. In 2020-21, the first year of the pandemic, this number rose to 11.19 crore. Though, it descended to 10.36 crore in the subsequent year, the number of individuals working under the scheme remained considerably higher than in the pre-pandemic period. This growing reliance on MGNREGA likely indicates that other more remunerative employment opportunities remain limited. Another pointer to the economic distress at the lower end of the income distribution scale comes from the National Crime Records Bureau report — there has been a rise in suicides by daily wage earners and in 2021, daily wage earners accounted for a fourth of suicides in the country. Other Indicators also point to subdued household purchasing power. We shall remain wary of the highly uneven nature of the recovery and take measures to address the distress of the most vulnerable.

10. In these circumstances, it is the need of the hour to strengthen the MGNREGS by amending the MGNREGA so as to expand the ambit of the Act by increasing the days of guaranteed wage employment and by providing employment to at least two adult members of every household. The current days of guaranteed work, that too only for one adult member of a household, is not sufficient to provide reasonable income for leading a dignified life for a family of four or more members. It is equally imperative to enhance the penalty on contravention of the provisions of the Act so as to ensure due compliance of the Act.

11. Likewise, section 22 of the Principal Act explaining the Funding Pattern stipulates that a portion of the material cost of the Scheme, including a portion of payment of wages to skilled and semi-skilled workers, has to be borne by the respective State Governments. However, considering the present precarious financial position of most of the States, it will be a cumbersome task. There is a structural vertical imbalance which necessitates orderly transfer of resources from the Union to the States. At an aggregate level in 2018-19, the States could generate their own resources to meet only 44.8 per cent of their total expenditure. This means that the remaining 55.2 per cent needed financing through vertical resource transfers and/or by contracting debt. In these circumstances, the aforementioned condition of payment by States of a portion of material cost, needs to be modified suitably so as to make the Central Government responsible to pay the whole of the material cost of the Scheme including payment of wages to skilled and semi-skilled workers.

The Bill seeks to achieve the aforesaid objectives.

DR. JOHN BRITTAS.

FINANCIAL MEMORANDUM

Clauses 3 and 4 of the Bill provide for increasing the days of guaranteed employment as well as to provide two hundred days each of work to at least two adult members of every household. Clause 5 of the Bill provides for enhancing the base wage rate. Clause 7 of the Bill proposes to make the Central Government responsible for the payment of the whole of material cost and wages of skilled and semi-skilled workers.

2. The Bill, therefore, if enacted will involve expenditure from the Consolidated Fund of India. However, at this stage, it is not possible to quantify the recurring or non-recurring expenditure involved.

ANNEXURE

EXTRACTS FROM THE MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT, 2005

[ACT No. 42 OF 2005]

* * * * *

An Act to provide for the enhancement of livelihood security of the households in rural areas to the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto.

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Guarantee of rural employment to households.

3. (1) Save as otherwise provided, the State Government shall, in such rural area in the State as many be notified by the Central Government, provide to every household whose adult members volunteer to do unskilled manual work not less than one hundred days of such work in a financial year in accordance with the Scheme made under this Act.

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Employment Guarantee Schemes for rural areas.

4. (1) For the purposes of giving effect to the provisions of section 3, every State Government shall, within one year from the date of commencement of this Act, by notification, make a Scheme, for providing not less than one hundred days of guaranteed employment in a financial year to every household in the rural areas covered under the Scheme and whose adult members, by application, volunteer to do unskilled manual work subject to the conditions laid down by or under this Act and in the Scheme:

Provided that until any such Scheme is notified by the State Government, the Annual Action Plan or Perspective Plan for the Sampoorna Grameen Rozgar Yojana (SGRY) or the National Food for Work Programme (NFFWP) whichever is in force in the concerned area immediately before such notification shall be deemed to be the action plan for the Scheme for the purposes of this Act.

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Wage rate.

6. (1) Notwithstanding anything contained in the Minimum Wages Act, 1948 (11 of 1948), the Central Government may, by notification, specify the wage rate for the purposes of this Act:

Provided that different rates of wages may be specified for different areas:

Provided further that the wage rate specified from time to time under any such notification shall not be at a rate less than sixty rupees per day.

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Payment of unemployment allowance.

7. * * * * *

(3) The liability of the State Government to pay unemployment allowance to a household during any financial year shall cease as soon as—

(a) the applicant is directed by the Gram Panchayat or the Programme Officer to report for work either by himself or depute at least one adult member of his household; or

(b) the period for which employment is sought comes to an end and no member of the household of the applicant had turned up for employment; or

(c) the adult members of the household of the applicant have received in total at least one hundred days of work within the financial year; or

(d) the household of the applicant has earned as much from the wages and unemployment allowance taken together which is equal to the wages for one hundred days of work during the financial year.

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22. (1) Subject to the rules as may be made by the Central Government in this behalf, the Central Government shall meet the cost of the following, namely:— Funding pattern.

(a) the amount required for payment of wages for unskilled manual work under the Scheme;

(b) up to three-fourths of the material cost of the Scheme including payment of wages to skilled and semi-skilled workers subject to the provisions of Schedule II;

Such percentage of the total cost of the Scheme as may be determined by the Central Government, towards the administrative expenses, which may include the salary and allowances of the Programme Officers and his supporting staff, the administrative expenses of the Central Council, facilities to be provided under Schedule II and such other item as may be decided by the Central Government.

(2) The State Government shall meet the cost of the following, namely:—

(a) the cost of unemployment allowance payable under the Scheme;

(b) one-fourth of the material cost of the Scheme including payment of wages to skilled and semi-skilled workers subject to the provisions of Schedule II;

(c) the administrative expenses of the State Council.

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25. Whoever contravenes the provisions of this Act shall on conviction be liable to a fine which may extend to one thousand rupees. Penalty for non-compliance.

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RAJYA SABHA

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further to amend the Mahatma Gandhi National Rural Employment Guarantee
Act, 2005.

(Dr. John Brittas, M.P.)