

7. Government to Peg MGNREGA Wages to Inflation in Bid to Hike

Incomes

Prelims: Governance- Schemes, Policies

Mains: GS-II- Government policies and interventions for development in various sectors and issues arising out of their Design and Implementation.

Why in News?

- ▶▶ The Centre has planned to inject more money into the UPA's flagship Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme by linking wages under the Act to an updated inflation index, which will be revised annually to counter slump in rural demand and a slowdown in the rural economy.

What is MGNREGA?

- ▶▶ The National Rural Employment Guarantee Act 2005 (NREGA) is a social security scheme that attempts to provide employment and livelihood to rural labourers in the country.
- ▶▶ The scheme was designed to provide any adult who registers for rural employment a minimum job guarantee of 100 days each financial year.
- ▶▶ This includes non-skilled work, making it one-of-its-kind across the world. It was later renamed the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).
- ▶▶ The MGNREGA is an entitlement to work that every adult citizen holds. In case such employment is not provided within 15 days of registration, the applicant becomes eligible for an unemployment allowance.

Current Wages:

- ▶▶ The national average wage of an MGNREGA worker is ₹178.44 per day, less than half of the ₹375 per day minimum wage recommended by a Labour Ministry panel earlier this year. Now the govt plans to link the daily wages to the inflation rate (CPI-AL), so that the rural labourers can benefit in real time.

Benefits:

- ▶▶ This effort of government to hike the wages is a part of a stimulus package initiated in order to counter the ongoing economic slowdown.
- ▶▶ If transferring expenditure [via MGNREGA] is done, rural wages could increase and that could percolate down into more purchasing power in the hands of the consumer. This in turn expected to boost the rural economy.

About Consumer Price Index (CPI):

- ▶▶ It measures price changes from the perspective of a retail buyer.
- ▶▶ It measures changes over time in the level of retail prices of selected goods and services on which consumers of a defined group spend their incomes.

Four types of CPI are as follows:

		Compiled by
1.	CPI for Industrial Workers (IW).	Labour Bureau in the Ministry of Labour and Employment
2.	CPI for Agricultural Labourer (AL).	Labour Bureau in the Ministry of Labour and Employment
3.	CPI for Rural Labourer (RL).	Labour Bureau in the Ministry of Labour and Employment
4.	CPI (Rural/Urban/Combined).	Central Statistical Organisation (CSO) in the Ministry of Statistics and Programme Implementation.

