

**GOVERNMENT OF INDIA
MINISTRY OF RURAL DEVELOPMENT
DEPARTMENT OF RURAL DEVELOPMENT**

**LOK SABHA
UNSTARRED QUESTION NO. 1163
ANSWERED ON 11/02/2025**

VARIATION IN WAGES UNDER MGNREGS

1163. MS. PRANITI SUSHILKUMAR SHINDE:

SHRI SAPTAGIRI SANKAR ULAKA:

SHRI HARISH CHANDRA MEENA:

DR. DHARAMVIRA GANDHI:

Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) whether the Government has identified the reasons for significant variations in Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) wages across different States including Rajasthan for FY 2024-25, if so, the details thereof and if not, the reasons therefor;**
- (b) the mechanism followed by the Government in allocating the annual budget for MGNREGS;**
- (c) the steps being taken to enhance transparency and efficiency in budget allocation for the scheme;**
- (d) whether the Government plans to revise the methodology for calculating MGNREGS wage rates, which are currently based on the Consumer Price Index - Agricultural Labourers (CPI-AL) with a 2010-11 base year; and**
- (e) the process followed by the Government during the budget allocation for MGNREGS along with the details thereof?**

ANSWER

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

(a)&(d): Mahatma Gandhi National Rural Employment Guarantee Scheme (Mahatma Gandhi NREGS) is a demand driven wage employment Scheme. It provides fall back options for livelihood security for rural households when no better employment opportunity is available.

As per Section 6 (1) of Mahatma Gandhi National Rural Employment Guarantee Act (Mahatma Gandhi NREGA), 2005, the Central Government may by notification, specify the wage rate for its beneficiaries. Further, section 6 (2) of the Act, provides that until such time 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 Laborers 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 respective State Governments. 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's wage rate. The wage rate is made applicable from 1st April of each financial year. The overall % increase in wage rate for FY 2024-25 from the FY 2023-24 is about 7 %.

However, each State/UT can provide wages over and above the wage rate notified by the Central Government.

(b), (c)&(e): With regard to allocation of Budget for Mahatma Gandhi NREGS it is stated that the projected Budget Estimate (BE) for the incoming financial year is prepared by the Department of Rural Development as per the timeline fixed by the Ministry of Finance. While preparing the BE for the incoming financial year, various factors are taken into account which include central releases so far, persondays generated, pending liability if any, of the previous financial year, average increase in the wage rate as well as material and admin cost over the year.

Once the projected BE is approved by the competent authority, it is shared with the Ministry of Finance for allocation of funds. Based on demand projected by the Ministry and availability of funds,

necessary budgetary allocations are made in the Union Budget. It is stated since Mahatma Gandhi NREGS is a demand driven Scheme, based on the pace of expenditure and demand for work on the ground, Government of India is committed to make the required funds available. Accordingly, based on requirements projected by the Department of Rural Development, allocation made at BE stage is enhanced in Revised Estimate (RE)/ Final Estimate during the course of the year.

With regard to allocation of “Agreed to Labour Budget” to the States/Union Territories, it is stated that in the October month of the current financial year, States/UTs are requested to send the proposal for the annual action plan for incoming financial year after following due process. Based on the proposal received from States/UTs an Empowered Committee under the Chairpersonship of the Secretary (Rural Development) approves the “Agreed to Labour Budget”. The Empowered Committee also consists of the Secretary in charge of the Rural Department of States/UTs as a member. This “Agreed to Labour Budget” is an indicative number for better planning so that work can be provided against demand on time. During the course of the year, the “Agreed to Labour Budget” is revised depending upon demand for employment by enrolled households.
