

Ramesh Writes to PM to Resolve Conflict between NREGS & Minimum Wages

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The Centre may create a new category under the Minimum Wages Act, 1948 for resolving the conflict with the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 in implementing wages rates.

At present, wages under MGNREGA is linked to the consumer price index. However, it is less than the notified minimum wages for agricultural labour in six states—Andhra Pradesh, Karnataka, Kerala, Goa, Mizoram and Rajasthan. The rural development ministry has estimated that setting the NREGA wages to minimum agricultural wage in these six states would mean an estimated additional cost of ₹1000 crore annually for the exchequer.

Rural development minister Jairam Ramesh has asked the Prime Minister for “an early discussion” with the finance minister on the issue. The urgency for a decision on this issue arises from the recent judgement of the Karnataka High Court and the prospect of similar judgement from the Andhra Pradesh High Court. The Karnataka High Court on September 23 directed the central government to bring these wages on a par with the minimum wages applicable in the states.

Ramesh’s recommendation is reflective of the opinion of the Sonia Gandhi-led National Advisory Council. The UPA chairperson had written to Prime Minister Singh in November last year suggesting that the NREGA workers “should be paid minimum wages notified under the Minimum Wages Act”.

It is also reflective of the opinions of the Attorney General and the former Solicitor General. In opinions provided in late 2010, both suggested that the provisions of the Minimum Wages Act would supersede that of the MGNREGA. Attorney General GE Vahanvati said, “that while notification of a wage rate lower

than the minimum wages may be permissible on a plain reading, there are “serious doubts if such a provision is constitutional”.

In keeping with the spirit of the legal opinion and the NAC’s position, Ramesh uses the caveat given by the former Solicitor General to suggest the possibility of creating a new category under the Act. The Solicitor General has said that “the minimum wage arrived should be a result of ‘identifiable and verifiable’ components. In a case a state fixes an excessive amount then the Centre would be free to notify wage rates that are different.”

Another amendment would create a separate mechanism for determining wage rate for the rural employment scheme. This would require the insertion of a new clause under Section 5 of the Minimum Wages Act.