

PEOPLE'S ACTION FOR EMPLOYMENT GUARANTEE

Press Release

*NDA Government determined to undermine MGNREGA
RTI reveals: Proposed changes in MGNREGA to adversely affect 5 crore households*

New Delhi, 8th October 2014. Statements made by the NDA leadership, are now backed by hard evidence from official documents that the Central Government is determined to roll back MGNREGA. This is being done in at least three significant ways.

1. The first is by converting it into a benami contractor driven programme by *changing the labour- material ratio* from 60:40 to 51:49.
2. The next is through a *rationing of funds*, despite it being a demand driven law.
3. The third is by a move to *restrict the coverage of the Act to 1/3 of the blocks in the country* effectively bringing the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to an end.

Labour Material Ratio

Material that has come to light through an RTI shows that the Union Rural Development Minister Shri Nitin Gadkari has ordered an amendment in the schedule of the MGNREGA overriding the concerns of ministry officials that changing the material labor ratio from 60:40 to 51:49 will result in a sharp fall of 40% in employment generated and “**5 crore households will be adversely affected by this decision**” (emphasis in original). Senior Ministry officials make it clear that this decision would “run counter to the spirit of the act” and that past experience has shown that such material intensive works “...brought benami contractors, which resulted in corruption and their ultimate deterioration.”

The Union Minister dismisses concerns “that this will lead to shortage of funds for wage component...” by asserting that this “is not justified as the Government of India is legally bound to provide additional funds if such demand arises.” This so-called solution is clearly best described as eyewash as the current budget of MGNREGA has been steadily reducing in real terms.

The Ministry has estimated that to implement the change in labour-material ratio “the Central govt. will have to provide additional resources for wages which may amount to rupees 20,000 cr.” It is therefore clear that no change in the ratio should take place till the Finance Ministry allocates an additional Rs. 20,000 crores.

Fund squeeze makes a mockery of a demand based Act

Over the last eight years, the MGNREGA has delivered a limited Employment Guarantee backed by a legal entitlement. It has served as a lifeline for the poor with 1 out of every 3 rural households having worked in the programme years. In 2013-14, 10 crore people worked under MGNREGA. (MGNREGA Website)

Economist Prabhat Patnaik stated that “this is one of the country’s most important programmes that has not only enabled the rural workers to overcome conditions of acute distress but has also helped protect rural India from the disastrous effects of the last global economic collapse. However, the budgetary allocation on this programme has been steadily falling, and this year’s

allocation is significantly less than last year's allocation in real terms." Communication from the Central Government to States fixing fund allocations for the financial year reveal how the demand driven nature of the Act has been changed to an allocation based one.

Reducing the coverage of the law to 1/3 blocks in the country

With so many people depending on the MGNREGA, the announcement of Shri Nitin Gadkari that the NREGA would be restricted to tribal/backward districts of the country has come as a death warrant for the Act. (Statement to the press dated 2.09.2014). The RTI application reveals that Ministry is examining this issue "as instructed by PMO..." . Shri Nitin Gadkari has ordered that the MGNREGA be targeted to backward blocks and that "this change may also be processed in a legally feasible manner..." Reports indicate that the government has initiated moves to restrict the applicability of the Act to one-third blocks in the country.

Norati Devi, Sarpanch of Harmada panchayat in Ajmer said at a press conference organized by the People's Action for Employment Guarantee (PAEG): "This government came in promising better employment opportunities. My Panchayat receives over rupees one crore every year under the MGNREGA. The proposed changes would drive hundreds of families in my Panchayat into deep poverty and remove the strongest input for infrastructure development of our villages. Nobody will accept it lying down."

Norati Devi is just one representative of more than 2,00,000 panchayats in the country. The provision of employment through this law is one of the only legally protected social security mechanisms for the millions of rural poor in the country.

In a drought year, when lakhs of agricultural workers are dependent on the MGNREGA, to even consider reducing its scope makes a mockery of all stated positions of the Prime Minister that his government is prioritizing the needs of the poor of the country.

The PAEG released a set of demands:

1. Immediately revoke all moves made to dilute the MGNREGA. Specifically the move to change the labour material ratio to 51:49 from the existing ratio of 60:40, as well as the attempt to restrict the act to 1/3rd of all blocs.
2. Ensure there is no scale down in the coverage or the provisions of the MGNREGA as mandated through the law.
3. Budgetary allocations of MGNREGA should be based on generation of demand keeping with the spirit of the Act. The budget of MGNREGA should be enhanced in line with the rate of inflation. Quota based rationing to States with discretionary cuts is unacceptable and illegal.
4. Any proposed amendments to "strengthen the legislation" must be done through public consultations with all relevant stakeholders.

A letter to the PM endorsed by more than two hundred public figures sent today, makes it clear that these proposed amendments to the MGNREGA will be resolutely opposed by the people of India.

Aruna Roy of the MKSS said, "This is one of the most important laws passed unanimously by India's parliament and under no circumstances will this insidious attack on the working poor be accepted by the people of India."

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