



सत्यमेव जयते

प्रधान मंत्री

Prime Minister

New Delhi

31 December, 2010

Respected Sonia ji,

Please refer to your letter of 11 November, 2010, regarding payment of minimum wages as notified under the Minimum Wages Act to workers under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

The suggestions contained in the note attached to your letter have been carefully examined in consultation with the Ministries concerned. The consensual view which emerged during consultation is that while statutorily the wage rate under MGNREGA is delinked and independent of the provisions of the Minimum Wages Act, Government is committed to protecting a real wage of ₹ 100 per person/day, as announced in the Budget speech of 2009.

Against this background and in view of the concerns expressed in the said note for protecting the wages against inflation, it has been decided to index the wage rate notified under MGNREGA to the Consumer Price Index for Agricultural Labour while maintaining the distinction between the notified wage rates under the MGNREGA and the Minimum Wages Act. The MGNREGA wage rates, as prevailing on 1.4.2009 or ₹ 100, whichever is more, would be used as the base for such indexation, with the baseline being reset for each State once in five years. The new wage rate based on indexation would be notified w.e.f. 1.1.2011.

I may add that the Ministry of Rural Development has also constituted a Committee under the chairmanship of Dr. Pronab Sen to develop an index for fixing and periodically revising MGNREGA wage rates. However, till such time a satisfactory index is proposed by the Committee and accepted by the Government, the MGNREGA wage rates would continue to be indexed with the Consumer Price Index for Agricultural Labour.

: 2 :

I am confident that the above mechanism would appropriately address the concern of protecting the real wages of MGNREGA workers from inflation.

With warm regards,

Yours sincerely,


(Manmohan Singh)

Smt. Sonia Gandhi, MP
Chairperson
National Advisory Council
2, Motilal Nehru Place
New Delhi