



No. J-11011/05/2014-RE-I (FTS-36629)

Government of India
Ministry of Rural Development
Department of Rural Development
(Mahatma Gandhi NREGA Division)

Krishi Bhavan, New Delhi-110114

Dated 11th June, 2014

To

The Principal Secretary/Secretary,
(In-charge MGNREGA),
All States/UTs.

Sub: Guidelines on compensation for delayed wages payments-reg.

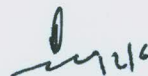
Sir/Madam,

Para 29 of the Revised Schedule II of MGNREGA, 2005 vide Notification No. S.O. 19(E) dated 3rd January, 2014 has laid down a detailed procedure for establishing a delay compensation system. As per the system, MGNREGA workers are entitled to receive delay compensation at a rate of 0.05% of the unpaid wages per day for the duration of the delay beyond the sixteenth day of the closure of the Muster Roll.

2. As per provisions under Para 29 of the Revised Schedule II, MGNREGA, 2005 draft guidelines on the delay compensation system were formulated and circulated to all States/UTs seeking comments vide letter No. FTS 17134/14-MGNREGA dated 22nd May, 2014. The same was also placed before Performance Review Committee (PRC) for detailed discussion in its meeting held on 5th June, 2014 at Vigyan Bhawan, New Delhi.

3. Accordingly, the Guidelines on the delay compensation system have been finalized and forwarded herewith with a request to take appropriate action for immediate compliance.

Yours faithfully,


(R. Subrahmanyam)
Joint Secretary (MGNREGA)
Tele. No. 23385027

Encl.: As above

GUIDELINES FOR COMPENSATION FOR DELAYED WAGE PAYMENTS

1. Payment of wages

The Section 3 of the MGNREG Act 2005 laid down that wages shall be paid to the MGNREGA workers within 15 days from the date of closure of the Muster Roll (MR). The Schedule of the Act provides that the wages are to be paid to the workers through their savings accounts in the relevant banks or post offices, unless any relaxation is granted by the Ministry of Rural Development.

2. Compensation due to delay in payment of wages

Para 29, Schedule II of MGNREGA 2005 has laid down a detailed procedure for establishing a delay compensation system. As per the system, MGNREGA workers are entitled to receive delay compensation at a rate of 0.05% of the unpaid wages per day for the duration of the delay beyond the sixteenth day of the closure of the MR.

3. Calculation of compensation

3.1 The Programme Management Information System – NREGASoft has a provision to automatically calculate the compensation payable to the MGNREGA workers based on the date of closure of the MR and the date of generation of the pay order for paying wages. The details of compensation payable in each case are displayed on www.nrega.nic.in automatically updated daily.

3.2 The delay wage payment logic of NREGASoft examines the following in order to arrive at the compensation payable to MGNREGA workers:

- (a) date of payment of wages
- (b) date of closure of MR
- (c) the duration of such delay
- (d) total wage payable
- (e) rate of compensation (i.e. 0.05%)

4. Prompt Verification of the delay compensation

4.1 Every Programme Officer (PO) shall, within 15 days from the date of the delay compensation became due, decide whether the compensation that has been automatically calculated by the NREGASoft is payable or not. The POs will ensure that compensation claims are settled during this time and such claims will not be allowed to be accumulated without decision. The DPC will monitor this regularly.

4.2 For the above purpose, compensation payable shall be decided by the PO except in case of the following circumstances:

- (a) Funds are not available at the paying authority level.
- (b) Compensation not due: (wages have been paid in time, but details not entered in MIS).
- (c) Natural calamities

4.3 In all cases of rejection, the PO shall give detailed reason(s) for rejection in the NREGASoft.

4.4 All cases approved for payment of compensation as stated above shall be moved for generation of wage slip followed by uploading of Fund Transfer Order (FTO) in the same manner as the wages are paid.

5. Responsibility for operationalizing the system

5.1 The State Government shall be responsible for identifying various processes to be completed between the time muster is closed and wage payment is made and notifying the (a) process (b) functionary/agency responsible for completing the process and the (c) period for completing the process. These details are to be uploaded in NREGASoft so that the IT system automatically calculates the liability of each functionary/agency in case of a delayed payment.

5.2 It shall be the duty of such designated DPC or PO to (a) identify step-wise processes and sub-processes leading to determination and payment of wages (b) fix activity-wise maximum time limits and (c) allocate responsibilities to the functionary/agency in the discharge of their specific function as identified/fixed under the system.

6. Financing Compensation

6.1 The compensation shall be met from the State Employment Guarantee Fund (State Component) upfront, subject to recovery from the functionaries/agencies concerned.

6.2 For accounting for the compensation paid, a separate account within SEGF shall be maintained and reflected in the MIS under eFMS.

6.3 It shall be the duty of the designated DPC or PO to follow the extant recovery procedure to recover the compensation amount so paid under the system from the functionaries/agencies responsible for such delay in payment of wages. The amount so recovered shall be deposited into the account opened for the purpose of payment of compensation.

7. Action under the Payment of Wages Act

Wherever cases have been filed in the designated Labour Courts by the aggrieved workers seeking relief as per Payment of Wages Act, and if compensation has been paid for the same delay under Para 29 of the Schedule II of MGNREGA, the State Government can place such details before the Competent Authority under the Payment of Wages Act for an appropriate decision.
