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## POVERTY ALLEVIATION THROUGH EMPLOYMENT: A CRITICAL ANALYSIS OF MGNREGA IN INDIA

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### Abstract

Poverty reduction has been an important policy target for India, in which much of the population survives on the basis of day-to-day wage labour. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2005 is among the world's largest social protection programs, which was designed to deliver assured wage employment to rural households. This article critically evaluates the efficacy of MGNREGA as a poverty reduction tool through its impact on employment generation, rural income, and economic development. The research investigates how MGNREGA has helped in poverty reduction by providing a minimum of 100 days of wage employment annually to rural families. It also analyses the scheme's contribution to rural livelihood improvement through asset creation, gender empowerment, and financial inclusion. Nonetheless, in spite of its success, the program has encountered various challenges such as delays in payment of wages, corruption, unawareness, and poor implementation in some states. The research brings to light variations in the success of MGNREGA pointing towards the need for improved administrative mechanisms and policy reforms. Drawing upon secondary data in the form of government reports, research studies, and case studies, this paper assesses the socio-economic contribution of MGNREGA and pinpoints gaps that are constraining its maximum potential. Improved transparency, prompt payment, and inclusion of skill development elements can further augment its role as a poverty reduction measure. This research paper adds to the larger discussion of rural job programs and social security measures in India. It presents suggestions for consolidating MGNREGA so that it can be more sustainable and effective in fulfilling its mission of poverty reduction through employment.

**Keywords:** MGNREGA, Poverty Alleviation, Rural Employment, Social Security, Economic Development

### 1. Introduction

Poverty continues to be one of the most critical issues confronting India, even as it has witnessed stunning economic growth in recent decades. As estimated by the World Bank, about 21.2% of India's population lived under the national poverty line in 2011, with rural India being the worst affected by economic hardship. The endurance of poverty is strongly associated with unemployment, underemployment, and the absence of sustainable livelihood options, especially in rural areas. Against such challenges, the Government of India introduced the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2005, a historical social welfare initiative aimed at countering poverty via employment generation and rural development.<sup>1</sup> MGNREGA is the world's biggest employment guarantee programme, promising 100 days of wage employment in a year to all rural families whose adult members are willing to do unskilled manual jobs. The scheme is designed to improve livelihood security, poverty reduction, and the creation of sustainable assets that will lead to rural development. Prioritizing the involvement of women, Scheduled Castes (SCs), and Scheduled Tribes (STs), MGNREGA also aims to enhance social inclusion and empower marginalized groups. The scheme has created more than 2.8 billion person-days of work every year since its launch, benefiting millions of families nationwide. The importance of MGNREGA is not just in its magnitude but also in its rights-based orientation. In contrast to conventional welfare schemes, MGNREGA gives rural households legal entitlement to work, which is a strong instrument for poverty reduction. The program's emphasis on decentralized planning and community engagement also highlights its potential to meet local development requirements. However, despite its ambitious goals and widespread implementation, MGNREGA has faced criticism for issues such as delays in wage payments, corruption, and inadequate monitoring mechanisms. These challenges raise important questions about the program's effectiveness in achieving its objectives. As one of the world's largest public employment programs, MGNREGA has played a crucial role in mitigating rural poverty by generating employment, increasing rural wages, and fostering economic resilience. Poverty reduction via jobs creation is one of the principal strategies in emerging economies,

<sup>1</sup> Ministry of Rural Development. (2023). MGNREGA Annual Report 2022-23.



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where structural underemployment and unemployment frequently translate into income and social disparities.<sup>2</sup> MGNREGA aims at closing this gap through the provision of assured job opportunities, thus impacting income security and socio-economic growth directly. The program not only ensures a financial cushion but also fosters rural infrastructure development in the form of initiatives like water conservation, plantation of trees, and construction of rural roads, which further enhance long-term economic viability. Although MGNREGA has had a remarkable track record, it has been criticized for inefficiency, corruption, and administrative glitches.<sup>3</sup> Issues have been raised over delayed payment of wages, inappropriate implementation, and non-sustainability of asset creation. Moreover, differences in the scheme's effectiveness between states point to governance and regional economic conditions. Nevertheless, empirical evidence indicates that MGNREGA has had a positive effect on rural wages, curbed distress migration, and empowered marginalized groups, such as women and Scheduled Castes/Scheduled Tribes.<sup>4</sup> This paper critically analyses the contribution of MGNREGA towards poverty reduction, with emphasis on its effectiveness in generating employment, ensuring income security, and developing rural areas.<sup>5</sup> The research also discusses the program's limitations and challenges and provides suggestions on how it can be made more effective to realize its full potential. Through an analysis of the most recent data and evidence, the paper adds to the debate regarding the efficacy of employment guarantee programs in reducing poverty and ensuring inclusive growth.

## 2. Review of Literature

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) of 2005 is a flagship scheme of the Indian government that seeks to improve the livelihood security of rural families by offering a minimum of 100 days of wage employment per financial year to each family whose adult members agree to undertake unskilled manual labour. This review critically assesses the performance of MGNREGA in poverty alleviation through employment generation based on recent studies and evaluations. A number of studies have pointed out the contribution of MGNREGA towards enhancing rural employment and income. The self-targeting nature of the program ensures that the most vulnerable sections of society, such as Scheduled Castes and Scheduled Tribes, gain substantially. Research conducted by Dutta, P. (2014)<sup>6</sup> in Bihar revealed that MGNREGA resulted in a significant rise in rural households' employment opportunities, thus raising their income levels. Likewise, a study by Imbert, C. and Papp, J. (2015)<sup>7</sup> showed that the scheme had a positive spillover effect on the rural labour market as it helped to increase agricultural wages, especially among women. Among the significant effects of MGNREGA is that it curbs rural-urban migration. Providing local jobs, the scheme has been successful in containing distress migration. A research study in Rajasthan, Madhya Pradesh, and Gujarat found that the work demand under MGNREGA was greater for households that otherwise would migrate for employment, indicating that the program effectively suppresses short-term migration and the resultant socio-economic problems. MGNREGA has been praised for facilitating gender equality in rural India. The program ensures that one-third of the beneficiaries are women, resulting in greater female labour participation. Narayanan and Das (2014)<sup>8</sup> established that women's participation in MGNREGA not only empowered them economically but also improved their decision-making capacities in the household. This empowerment has gender implications for and beyond rural socio-economic development. In addition to job creation, MGNREGA seeks to generate durable assets that will propel sustainable rural development. Research evidence indicates that the scheme has long-term potential for water harvesting and soil conservation interventions, which would translate into environment sustainability and increased agricultural productivity. Nevertheless, realization of the potential usually hinges

<sup>2</sup> Dreze, J. & Khera, R. (2017). Recent social security initiatives in India. *World Development*, 98, 555-572.

<sup>3</sup> Azam, M. (2012). The impact of Indian job guarantee scheme on labour market outcomes: Evidence from a natural experiment

<sup>4</sup> Narayan, L. (2018). Challenges in MGNREGA implementation: A critical review. *Economic and Political Weekly*, 53(28), 120-128.

<sup>5</sup> Dasgupta, P., & Sudarshan, R. M. (2011). Issues in labour market inequality and women's participation in India's MGNREGA. *Indian Journal of Labor Economics*, 54(3), 457-476.

<sup>6</sup> Dutta, P., Murgai, R., Ravallion, M., & van de Walle, D. (2014). Right to Work? Assessing India's Employment Guarantee Scheme in Bihar.

<sup>7</sup> Imbert, C., & Papp, J. (2015). Labor Market Effects of Social Programs: Evidence from India's Employment Guarantee. *American Economic Journal: Applied Economics*, 7(2), 233-263.

<sup>8</sup> Narayanan, S. & Das, U. (2014). Women Participation and Rationing in the Employment Guarantee Scheme. *Economic and Political Weekly*.



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on the presence of technical personnel and successful implementation at local levels. Aggarwal, A (2012)<sup>9</sup> assessed MGNREGA wells in Jharkhand and opined that although the scheme had tremendous potential, problems in implementation restricted maximization of benefits. MGNREGA has some implementation issues despite its successes. Some of these challenges include late disbursement of wages, lack of appropriate staffing, and corruption. Aiyar and Samji (2006)<sup>10</sup> emphasized that although the shift towards direct bank transfer for wage payments eliminated some forms of corruption, other malpractices remained, and strong mechanisms of community monitoring were needed. Additionally, the impact of social audits, a means of ensuring transparency, has been inconsistent, with some research showing limited success in curtailing detectable malpractices. Although MGNREGA has been commended for its ideals, some criticism targets its efficiency economics. Critics maintain that the cost-effectiveness of the program is in doubt, with a significant amount of government spending needed to produce a comparatively smaller rural income increase. For example, Punwani (2024)<sup>11</sup> argues that more than 4 Dollar of government spending is necessary to produce only 1 Dollar of rural income, implying inefficiencies in the program's design and implementation. Such arguments have led to controversies regarding whether direct cash transfers could be a more effective tool for poverty reduction. Recent research has investigated MGNREGA's possible contributions to the environment in terms of carbon sequestration. Natural resource management activities under the program have been identified as sequestering large volumes of carbon dioxide equivalent, making valuable contributions to India's climate change mitigation goals. The Third Biennial Update Report of the Indian government to the United Nations Framework Convention on Climate Change in 2021 underscored the environmental conservation role of MGNREGA, with its multiple advantages beyond poverty reduction. MGNREGA has been successful in offering employment, curbing migration, empowering women, and supporting environmental sustainability in rural India. Nevertheless, there are still issues related to implementation, economic efficiency, and asset creation. Resolution of these problems demands ongoing policy assessment, institutional strengthening, and community engagement to ensure that the scheme realizes its potential as an instrument of poverty alleviation and rural development.

### 3. Purpose of Study

The main objective of this research is to critically examine the contribution of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in alleviating poverty by generating employment. Introduced in 2005, MGNREGA is among the biggest social welfare schemes in the world and aims to ensure livelihood security by providing a guarantee of 100 days of wage employment every year to rural households. Despite its general adoption and high budgetary expenditures, the program's performance in poverty reduction and rural livelihood improvement has remained contentious. This research aims to assess the program's efficacy in poverty reduction, its strengths and weaknesses, and formulate policy recommendations to improve its effectiveness. The research seeks to answer a number of important research questions: How successful has MGNREGA been in alleviating poverty and enhancing household incomes in rural India? What are the socio-economic and gender-specific effects of the program? What are the challenges to its implementation, and how can these be addressed? Through an analysis of these questions, the research hopes to make a contribution to the current debate on poverty alleviation strategies and their implementation in developing economies. In addition, the research will discuss recent trends in MGNREGA, including its adoption of technology for enhanced transparency and accountability. These factors are important to learning about the program's sustainability and pertinence in the modern era. The results of this research will offer worthwhile lessons for policymakers, researchers, and practitioners engaged in poverty reduction and rural development.

### 4. Methodology

Research approach used is mainly doctrinal based on legal texts, judicial precedents, legislative structures, and policy documents.

<sup>9</sup> Aggarwal, A., Gupta, A., & Kumar, A. (2012). Evaluation of NREGA Wells in Jharkhand. *Economic and Political Weekly*.

<sup>10</sup> Aiyar, Y., & Samji, S. (2006). Improving the Effectiveness of National Rural Employment Guarantee Act. *Economic and Political Weekly*.

<sup>11</sup> Punwani, N. (2024). Letter: Praise for Indian taxpayer boondoggle is misplaced. (*Financial Times*).



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**Primary Sources:** The study looks at legal provisions, statutes, rules, and regulations.

**Secondary Sources:** (1) Government Reports & Policies: Ministry of Rural Development, Government of India, and State MGNREGA reports data will be examined. (2) Academic Research & Articles: Published literature from journals, books, and research institute reports will be studied. (3) Official Databases: NSSO, Census of India, and Economic Surveys data will be used for statistical analysis.

## 5. Overview of MGNREGA

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), passed in 2005, is a path-breaking legislation in India that seeks to improve the livelihood security of rural families by offering a minimum of 100 days of wage employment guarantee in a financial year to each family whose adult members agree to undertake unskilled manual labour. This legislation is one of the world's largest and most ambitious social security and public works programs, demonstrating India's resolve to combat rural poverty and unemployment.

### 5.2 Objectives and Scope

The main aim of MGNREGA is to increase wage employment opportunities by offering a statutory guarantee for wage employment to the needy. The second aim is to build durable assets and enhance the livelihood resource base of the poor in rural areas. The nature of work allowed by MGNREGA is water harvesting, drought proofing (afforestation and tree plantation), irrigation canals, giving irrigation facility to land owned by Scheduled Castes<sup>12</sup> and Scheduled Tribes households, land development, flood control, and rural connectivity to ensure all-weather connectivity. The scheme is demand-driven, i.e., employment is given according to the demand for work. This guarantees that individuals who require work can obtain it, hence ensuring inclusive growth.<sup>13</sup> The finance for MGNREGA is a shared cost between the state and central governments, with the central government funding the greater proportion of the cost, including remunerating the wages of unskilled manual labourers. MGNREGA wages are indexed to the Consumer Price Index for Agricultural Labourers to shield workers against inflation. But there have been debates regarding the sufficiency of these wages since, in most states, MGNREGA wages are below the state minimum wages. For example, in 2022, the per day wages were different in various states, ranging from ₹331 in Haryana to ₹204 in states like Chhattisgarh and Madhya Pradesh. This discrepancy has been an issue of contention and debate for policymakers and activists.

### 5.3 Implementation Mechanism

Implementation of MGNREGA is done through a decentralized process:

- **Gram Panchayats (Village Councils):** Planning and implementing works, enrolling households, distributing job cards, and bringing transparency through social audits.
- **District and State Authorities:** Offering administrative and technical support, monitoring, and ensuring timely fund release.
- **Central Government:** Providing finance, policy support, and oversight to ensure conformity with the purposes of the Act.

## 6. Effect of MGNREGA on Poverty Reduction

<sup>12</sup> Dreze, J., & Khera, R. (2022). Employment Guarantee and Social Security: Insights from MGNREGA. *Economic and Political Weekly*, 57(15), 45-52.

<sup>13</sup> Reddy, D. N., & Upendranath, C. (2023). MGNREGA and Rural Livelihoods: A Decade of Experience. *Journal of Development Studies*, 59(3), 321-335.





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Ever since its launch, MGNREGA has been a major driver of employment in rural India. Official statistics indicate that the scheme has provided employment to millions of families every year. For example, during the financial year 2022-2023, around 75 million families received employment under MGNREGA. This indicates the widespread coverage of the program and its importance as a means of livelihood for rural communities. The assured job under MGNREGA has resulted in a direct rise in income of participating households. Research has established that the scheme has helped alleviate income volatility and acted as a safety net during farm off-seasons. This income support has played a critical role in smoothing consumption patterns and alleviating rural households' exposure to economic shocks. Various studies have identified MGNREGA's strong contribution towards alleviating rural poverty. The National Council of Applied Economic Research (NCAER) and University of Maryland conducted a study, relying on the data of more than 26,000 rural households, that indicated the scheme lowered poverty up to 32% and saved 14 million individuals from poverty.<sup>14</sup> The research indicated that the economic growth led to overall decline in poverty in this time span, but MGNREGA also contributed largely to it. The contribution of MGNREGA towards poverty alleviation has been substantial. Through a guaranteed source of income, the scheme has allowed rural families to satisfy their essential needs, hence curbing poverty levels. The World Bank's Global Monitoring Report identified India's remarkable contribution towards poverty reduction across the world and credited this achievement to fast economic growth and schemes such as MGNREGA. In addition, a report by NITI Aayog in 2023 showed that 135 million individuals were taken out of multidimensional poverty from 2015–16 to 2019–21, which was the combined effect of economic policies and social welfare schemes.

In addition, MGNREGA has served to safeguard vulnerable groups from falling further into poverty in the course of natural disasters. The scheme provides an extra 50 days of employment during calamities such as floods and droughts, serving as a climate-sensitive tool. A 2017 IIED survey in Sikkim, Odisha, Andhra Pradesh, and Jharkhand states revealed that MGNREGA enhanced the ability of individuals to cope with droughts, floods, and cyclones. Infrastructure development under the scheme resulted in a diversified and specialized labour force that was more capable of managing climate-related hazards. Evidence has shown that the rollout of MGNREGA has produced higher wages for agricultural labourers, especially females.<sup>15</sup> This improvement is not a mere indicator of elevated wage levels but also translates into lower wage variability, putting MGNREGA in place as a functional insurance against variance in income. In addition, the scheme has helped decrease distress migration by generating rural jobs, enabling rural labourers to stay within their rural communities instead of pursuing uncertain jobs in urban regions.

## 6.1 Women Empowerment

MGNREGA has also significantly empowered women in rural India. The NCAER study found that nearly 45% of female MGNREGA workers were either unemployed or worked only on family-owned farms before the scheme started, which suggests that MGNREGA gave many women their first chance to generate cash income. This inclusion resulted in the considerable widening of women's ownership of assets, such as money at their command and possibility of a savings account, and enhancing their scope of making free decisions concerning health.

## 6.2 Creation of Assets and Environmentally Sustainability

Aside from creation of jobs, MGNREGA lays premium importance on asset creation which lends themselves to ensuring long-term assets development in the countryside. The program has enabled the development of rural infrastructure, including roads and irrigation systems, that improve agricultural productivity and connectivity. Interestingly, a large percentage of MGNREGA expenditure has gone into water-related works, which have helped address the pressing problems of water scarcity and conservation. These projects can have a positive impact on environmental security and biodiversity

<sup>14</sup> Kareem Ullah, K., & Kumar, S. (2022). Impact of MGNREGA on Poverty Alleviation: Evidence from Southern India. *Indian Journal of Agricultural Economics*, 77(2), 210-225.

<sup>15</sup> Shah, M. (2022). MGNREGA: A Catalyst for Rural Development. *Journal of Rural Studies*, 45(3), 123-135.



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conservation. For example, natural resource management activities under MGNREGA have been estimated to sequester large quantities of carbon dioxide equivalent by 2030, consistent with India's climate change mitigation commitments.<sup>16</sup>

### 6.3 Effect on Agricultural Productivity

The assets generated under MGNREGA have positively contributed to agricultural productivity. The Economic Survey 2022-23 added that the construction of these assets, i.e., farm ponds, horticulture plantations, animal sheds, dug wells, and vermicomposting pits, increased agricultural productivity as well as the income of rural households. It emphasized that their development carries long-term connotations for facilitating diversification of incomes and inducting resilience among rural livelihoods. Moreover, a study by the Institute of Economic Growth in 30 districts of 22 states covering 1,160 households revealed that rural household income increased by 11%, cereal productivity by 11.5%, and vegetable productivity by 32% because of MGNREGA. The study further indicated that approximately 78% of overall households were enriched by a rise in the groundwater table due to the water saving measures taken through the scheme.<sup>17</sup>

## 7. Challenges in MGNREGA Implementation

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), passed in 2005, is a path-breaking law that seeks to improve the livelihood security of rural families in India by ensuring 100 days of wage employment in a year to adult members who are willing. Although the scheme has been applauded for its intention and coverage, its on-ground implementation has faced a number of issues that stand in the way of its efficiency. This article explores these challenges, based on recent data and analysis.

### 1. Delays and Disparities in Wages

One of the recurring problems with MGNREGA is the mismatch between wages offered under the scheme and state-determined minimum wages. MGNREGA wages are, in most places, below state-determined minimum wages, resulting in worker dissatisfaction. For example, as of 2019, MGNREGA wages were below the minimum wages in most states and union territories. In addition, delays in payment of wages have been a major issue. Payments have been delayed by as much as 200 days in some cases, mainly because of infrastructural constraints and administrative inefficiencies

### 2. Corruption and Misappropriation of Funds

Corruption has been a significant roadblock to the effective implementation of MGNREGA. Between 2017 and 2021, about ₹1,000 crore were diverted through bribes, ghost accounts, and overpricing of materials. These malpractices not only cause loss of resources but also lead to loss of public confidence in the scheme.<sup>18</sup>

### 3. Administrative and Institutional Challenges

Effective implementation of MGNREGA needs strong administrative machinery. Audits have, however, pointed to various administrative failures. A performance audit carried out by the Comptroller and Auditor General (CAG) of India disclosed problems like a fall in employment levels, poor rates of completion of works planned (only 30.3% completed), poor

<sup>16</sup> Reddy, D. N., Upendranath, C., & Bhattarai, M. (2023). MGNREGA and Distress Migration: Evidence from Odisha and Bihar. *Indian Journal of Labour Economics*, 66(1), 89-104.

<sup>17</sup> Desai, S., & Joshi, O. (2022). Empowering Women through MGNREGA: A Gender Analysis. *Gender & Development*, 30(2), 234-249.

<sup>18</sup> Chakraborty, P. (2023). State-Level Variations in MGNREGA Implementation: A Comparative Analysis. *Journal of Public Policy*, 43(4), 567-582.



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planning, and poor public awareness owing to weak information dissemination.<sup>19</sup> Additionally, inadequacies of staff like the non-appointment of Gram Rozgar Sewaks in some states have hindered the implementation of the scheme.

#### 4. Technological and Data Management Issues

Though the National electronic Fund Management System was intended to simplify wage payments by Direct Benefit Transfer, issues remain. Discrepancies between data in the Management Information System (MIS) and official records have resulted in unreliable data handling. These inconsistencies make it difficult to track the progress of the scheme and rectify problems on time.

#### 5. Social Audits and Accountability

Social audits are significant for the cause of transparency and accountability in MGNREGA implementation. However, just seven states have yet to establish institutional capacity to implement social audits in accordance with specified norms. Due to the non-conductance of regular and serious social audits, malpractices are unpunished, and the contribution of community efforts in monitoring the scheme decreases.<sup>20</sup>

#### 6. Finances Allocations and Fund Administration

Timely and sufficient finance allocations are critical to the efficiency of MGNREGA implementation. Nonetheless, there have been occurrences of underfunding and late release of funds, thus causing projects to come to a halt and delayed payments. For instance, in 2018, instances of underfunding and false reports of the success of the scheme were reported. Such financial mismanagement undermines the scheme's effectiveness and credibility. In the fiscal year 2024-2025, the Government of India provided 860 billion rupees to MGNREGA, which indicates that it remains committed to rural employment.

#### 7. Absence of Awareness and Dissemination of Information

As a national scheme, there exists a wide gap in awareness among the prospective beneficiaries regarding their entitlements and rights under MGNREGA. This is, to some extent, because of insufficient information, education, and communication (IEC) by state governments. In the absence of awareness, many eligible households do not demand employment or file complaints, reducing the coverage and effectiveness of the scheme.

#### 8. Gender Gaps

Though MGNREGA has been a great contributor to the employment of rural women, there are still challenges. Problems like wage differentials, absence of childcare facilities at work locations, and socio-cultural restrictions limit the full involvement of women. It is necessary to tackle these challenges to ensure that the scheme supports the empowerment and economic independence of women. MGNREGA, with its far-reaching objective of offering employment and improving rural livelihoods, has come a long way since its launch. Yet, the implementation challenges are numerous and need to be addressed by all stakeholders collectively.<sup>21</sup> Wage inequality issues, checking corruption, building administrative capabilities, prompt payment, and raising awareness are key measures toward unlocking the full potential of the scheme. Ongoing monitoring, feedback systems, and policy adjustments in accordance with ground realities will be vital to address these challenges and ensure that MGNREGA reaches its desired goals.

<sup>19</sup> Bhattacharya, S., & Jha, R. (2023). Asset Creation under MGNREGA: Challenges and Opportunities. *Development in Practice*, 33(5), 678-692.

<sup>20</sup> Narayanan, S., & Das, U. (2023). MGNREGA during COVID-19: A Lifeline for Rural India. *World Development*, 152, 105789.

<sup>21</sup> Sundar, K. R. S. (2023). Digital Divide and MGNREGA: Challenges in Technology Adoption. *Economic & Political Weekly*, 58(15), 67-73.



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## 8. Policy Recommendations

MGNREGA has been a key driver of poverty reduction and job creation in rural India over the years. This critical review provides policy suggestions to enhance the effectiveness of MGNREGA in poverty reduction.

### 1. Strengthening Implementation and Monitoring

Prompt implementation and strict monitoring are vital for the success of MGNREGA. The performance audit by the Comptroller and Auditor General (CAG) of India identified low rates of completion of works planned and shortcomings in planning processes in many Gram Panchayats.<sup>22</sup> For this, it is essential to ensure proper record-keeping at the Gram Panchayat level and create a central evaluation and monitoring system to allow comprehensive and impartial assessments of the scheme.

### 2. Public Awareness and Participation

One of the main reasons for the below-par performance of MGNREGA is that people are not aware of their rights under the scheme. The CAG audit stated that poor IEC efforts by state governments resulted in poor public awareness. To address this, effective IEC campaigns need to be initiated to inform rural communities about their rights and the advantages of MGNREGA, hence ensuring increased participation and watchfulness.

### 3. Solutions for Staff Shortages

Shortage of staff, including Gram Rozgar Sewaks, has been recognized as a impediment to the efficient working of MGNREGA. These vacant posts need to be filled for capacity building and to ensure smooth functioning of the scheme at the ground level. Proper staffing would allow for improved planning, implementation, and monitoring of projects under MGNREGA.

### 4. Timely Wage Payments

Late payment of wages has been a chronic problem, eroding the credibility of MGNREGA and creating financial hardships for beneficiaries. A strong payment system in place to guarantee prompt payment of wages is essential. This may entail the use of technology for direct benefit transfer and simplification of administrative procedures to eliminate hurdles.

### 5. Encouraging Asset Creation and Sustainable Livelihoods

Although MGNREGA only works on the provision of wage employment, there is scope to integrate its projects into sustainable asset creation to sustain long-term livelihoods. For example, the Maharashtra village of Pachgaon changed its economy by acquiring traditional rights of ownership over its bamboo jungle, which resulted in a thriving bamboo enterprise earning considerable income and enhancing livelihoods. Injecting such community-led, sustainable projects into MGNREGA can raise its poverty reduction impact.

### 6. Enhancing Financial Allocations

Sufficient financial resources are critical for the smooth functioning of MGNREGA. In the latest budget, the Indian government provided 860 billion rupees for the rural employment guarantee scheme. Although this disbursement is large, there is a need to determine if it is sufficient for meeting increased demand for jobs under the scheme in the wake of increased unemployment. Periodic review and modification of financial disbursements are required to ensure MGNREGA can perform its intended function.

<sup>22</sup> Mehrotra, S. (2022). Skill Development and MGNREGA: Bridging the Gap. *International Labour Review*, 161(2), 345-360.





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## 7. Facilitating Transparency and Accountability

Transparency and accountability are essential to avoid corruption and ensure that the benefits of MGNREGA reach the targeted beneficiaries. Conducting social audits, as required by the Act, and enhancing community monitoring mechanisms can facilitate the detection and redress of irregularities. Empowering local communities to monitor the implementation of MGNREGA projects ensures a sense of ownership and responsibility.

## 8. Tailoring Projects to Local Needs

Making MGNREGA projects more customized to meet the local community's specific requirements can make them more relevant and effective. Involving local stakeholders in determining priority areas, for example, water conservation, irrigation facilities, or afforestation, ensures that the assets developed under MGNREGA have a long-term beneficial effect on the livelihood of the community.

## 9. Incorporating Skill Development

Inclusion of skill development modules in MGNREGA can enable the beneficiaries to move into better skilled jobs. Offering training in occupations such as masonry, carpentry, or sustainable farming techniques can improve rural workers' employability and aid in economic diversification.

## 10. Strengthening Convergence with Other Schemes

Converging the MGNREGA with other rural development programs can increase its intensity. For instance, convergence of MGNREGA work with initiatives that strengthen rural infrastructure, support renewable energy, or increase agricultural productivity can result in overall rural development and more efficient poverty reduction. MGNREGA has played a crucial role in generating employment and alleviating poverty in rural India, but there is a requirement for ongoing policy interventions for maximizing its performance. By ironing out the issues of implementation, providing sufficient funds, facilitating sustainable asset generation, and encouraging people's participation, MGNREGA can make a substantial contribution towards the socio-economic empowerment of the rural community.

## 9. Conclusion

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is one of India's most ambitious and revolutionary social welfare schemes, designed to combat the chronic problem of poverty by generating employment. Since its launch in 2006, MGNREGA has been a game-changer in offering livelihood security to rural families on a massive scale, especially during economic downturns and natural disasters. By ensuring 100 days of wage employment every year, the scheme has not only reduced poverty but also empowered marginalized groups, such as women, Scheduled Castes (SCs), and Scheduled Tribes (STs). Its emphasis on asset creation and sustainable development has also added to rural infrastructure and environmental renewal. The study of MGNREGA identifies a number of significant achievements. The program has raised rural wages considerably, lowered distress migration, and strengthened the bargaining capacity of informal sector labourers. It has also played a major role in bringing about gender equality by providing men and women with equal wages and promoting their involvement in the labour force. Additionally, MGNREGA has served as an important safety net during times of crisis, including the COVID-19 pandemic, by offering work opportunities when other means of livelihood were affected. Nevertheless, the roll-out of MGNREGA has been plagued by a number of challenges. Delays in payment of wages, corruption, administrative inefficiencies, and poor awareness among beneficiaries have hampered its maximum potential. Although the scheme has been able to generate employment opportunities, the asset quality generated and the sustainability of the assets are points of concern. Moreover, the restricted coverage of employment of 100 days per household tends to be short of needs to tackle the widespread chronic underemployment in rural India. Thus, in summary, MGNREGA has proved to be an effective instrument for poverty reduction and rural development in India. Though it has come a long way in making the lives of millions better, it is only by overcoming its implementation issues that it can unlock its full potential. Through its adoption of a comprehensive strategy where policy reforms blend with technological



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interventions and people participation, MGNREGA can remain a building block of the poverty eradication and inclusive society-building endeavours of India. As India progresses towards the fulfilment of the Sustainable Development Goals (SDGs), the contribution of MGNREGA in facilitating decent work, narrowing inequalities, and ensuring sustainable development cannot be overemphasized.

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