

## Mahatma Gandhi National Rural Employment Guarantee Scheme: Challenges and Opportunities

**Shashikant Nishant Sharma<sup>1</sup>; Shankar Chatterjee<sup>2</sup> & Dr. Kavita Dehalwar<sup>3</sup>**

<sup>1</sup>Maulana Azad National Institute of Technology, Bhopal, India

<sup>2</sup> Former Professor & Head (CPME) from NIRD;PR, Hyderabad, India

<sup>3</sup>Assistant Professor, Department of Architecture and Planning, Maulana Azad National Institute of Technology, Bhopal, MP, India

### Abstract

Mahatma Gandhi National Rural Employment Guarantee ACT (MGNREGA), 2005 has been implemented to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. And its implementation at the field level is known as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has been a significant initiative for rural employment and poverty alleviation in India. This research paper evaluates the scheme's implementation and impact, using available data and research studies. The evaluation specifies that the MGNREGS has provided employment opportunities to millions of rural households, particularly women and marginalized communities. The scheme has also contributed to rural infrastructure development and poverty reduction. However, the scheme faces challenges such as inadequate funds, implementation issues, and corruption. The research paper highlights the need for reform to address these challenges and improve the scheme's implementation, transparency, and accountability. Overall, the paper concludes that the MGNREGS has played a crucial role in the development of rural areas in India and has been successful in improving the livelihoods of rural households.

**Keywords:** MGNREGA/MGNREGS, Rural households, Employment, Income and Livelihoods

### Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a flagship scheme launched by the Government of India in 2005 to provide a legal guarantee for 100 days of employment to rural households in India. The scheme aims to promote inclusive growth and reduce poverty by providing employment opportunities to people living in rural areas. The MGNREGA has been hailed as one of the largest employment generation schemes in the world,

with a focus on asset creation, sustainable development, and social protection. The scheme has been successful in providing employment opportunities to millions of rural households and has helped to improve the lives of millions of people. The MGNREGA is an important tool for poverty reduction and rural development in India, and it has the potential to contribute significantly to India’s inclusive growth and development agenda. This paper aims to evaluate the impact and implementation of the MGNREGA and provide recommendations for further improvement. It is pertinent to mention that as of 2022-23, there are 15.4 crore active workers under the MGNREGA. After COVID-19 a study was conducted by the Centre for Sustainable Employment, Azim Premji University, Collaborative Research and Dissemination (CORD), Samaj Pragati Sahyog, and NREGA consortium, titled “Employment Guarantee during COVID-19 — The Role of MGNREGA in the year after the 2020 lockdown” revealed that during the COVID-19 pandemic has revealed that the wages earned under the Act helped to compensate somewhere between 20 percent and 80 percent of the income loss incurred because of the lockdown. The report also highlighted that around 39 percent of all job card-holding householders interested in working under the MGNREGA did not get a single day of work in the COVID year of 2020-21 (thehindu.com/news).

**Table: 1 Total Person-days Generated, Average Wage Rate and Total Households Benefited**

State	Total Person-days Generated (in million)	Average Wage Rate (in Indian Rs)	Total Households Benefited (in million)
Andhra Pradesh	1,246	176	3.1
Bihar	1,211	168	3.3
Chhattisgarh	741	166	2.1
Gujarat	360	198	1.4
Jharkhand	1,031	170	2.9
Karnataka	530	189	1.6
Madhya Pradesh	1,722	167	4.5
Maharashtra	595	182	1.9
Odisha	1,016	169	3.1
Rajasthan	1,553	176	4.2
Tamil Nadu	344	203	1.1
Uttar Pradesh	1,736	167	4.7
West Bengal	1,082	173	2.9

Source: [nrega.nic.in/netnrega/mgnrega\\_new/NREGA\\_home.aspx](http://nrega.nic.in/netnrega/mgnrega_new/NREGA_home.aspx)

**Some of the important points as observed from the above table are:**

- a) Madhya Pradesh, Uttar Pradesh, and Rajasthan generated the highest number of person-days under the MGNREGS, with more than 1.5 million person-days generated in each state.
- b) The average wage rate across all the States is relatively consistent, with most States having an average wage rate between INR 160 and INR 200 per day.
- c) In the States of Andhra Pradesh, Madhya Pradesh, Bihar, Jharkhand, and Uttar Pradesh a huge number of households benefitted, with over 3 million households benefitted in each state.
- d) In Tamil Nadu the lowest number of person-days generated - 344 million as well as the lowest number of households benefitted, at 1.1 million.
- e) The MGNREGS was successful in providing employment opportunities to millions of rural households across India because more than 21 million households benefitted across the States of India as of 2021.

## **Findings and Discussion**

**Impact on employment:** The MGNREGS has been providing employment opportunities to millions of rural households in India. The scheme has generated more than 4 billion person-days of employment since its inception, with the majority of the beneficiaries being women and marginalized communities.

**Poverty reduction:** The scheme has been successful in reducing poverty in rural areas. Various studies have shown that the scheme has led to an increase in the income of rural households and has helped them to meet their basic needs.

**Empowerment of women:** The scheme has empowered empowering women by providing them with equal opportunities for employment and wages. As result studies reveal the fact that the scheme has also facilitated an increase in the participation of women in decision-making processes in rural areas.

**Rural development:** The MGNREGS has played a crucial role in the development of rural infrastructure, such as water conservation, rural connectivity, housing, land development, etc. The scheme has also promoted the use of eco-friendly technologies for rural development. It is pertinent to mention that in order to optimize public investments, adequate focus is also being laid

on convergence of MGNREGS with other schemes. A good example of convergence is houses being constructed under Pradhan Mantri Awas Yojana (PMAY). While 33 Lakhs houses were constructed in 2016-17 with Rs. 18'000 from MGNREGS as unskilled wage labour contribution to every house, the current financial year's target is 51 lakh PMAY houses. Besides, MGNREGA provides Rs. 12,000 for construction of household latrines in every PMAY house. Through such examples of convergence, the Ministry is trying to ensure gainful and proper utilization of funds along with provision of wage employment seeking work ([rural.nic.in/en/press-release/Note-on-MGNREGA](http://rural.nic.in/en/press-release/Note-on-MGNREGA)).

**Challenges:** The scheme faced several challenges, such as inadequate funds, poor implementation, and corruption. There have also been issues with delays in payments to beneficiaries and poor monitoring and evaluation mechanisms. Finance Minister Nirmala Sitharaman on February 10, 2023 said that the UPA government launched the Mahatma Gandhi National Rural Employment Guarantee Act(MGNREGA) scheme which was infested with ghost accounts and turned out to be a source of corruption at that time. Responding to the general discussion on the General Budget 2022-23 in the Rajya Sabha, the Minister said that the scheme was brought by an Act because of them (UPA Government), but I would like to say that MGNREGA's misuse was also because of them. "MGNREGA was infested with ghost accounts, its misuse was also to their credit" (Finance Minister Nirmala Sitharaman on Friday said that the UPA government launched the Mahatma Gandhi National Rural Employment Guarantee Act(MGNREGA) scheme which was infested with ghost accounts and turned out to be a source of corruption at that time.

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"MGNREGA was infested with ghost accounts, its misuse was also to their credit, "business-standard.com/article/economy-policy/mgnrega)

**Need for reform:** There is a need for reform in the scheme to ensure better implementation, transparency, and accountability. The scheme needs to focus on addressing the challenges it faces to ensure that the benefits reach the intended beneficiaries.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>● Legal guarantee of employment to rural households and first time such concept introduced in rural employment scheme.</li> </ul>	<ul style="list-style-type: none"> <li>● Dependence on manual labor leading to low productivity</li> </ul>
<ul style="list-style-type: none"> <li>● Employment opportunities for marginalized groups and women</li> </ul>	<ul style="list-style-type: none"> <li>● Limited focus on skill development and training</li> </ul>
<ul style="list-style-type: none"> <li>● Asset creation for sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation issues, including corruption and bureaucratic hurdles</li> </ul>
<ul style="list-style-type: none"> <li>● Inclusive growth and poverty reduction</li> </ul>	<ul style="list-style-type: none"> <li>● Inadequate funds leading to delays in wage payments</li> </ul>
<ul style="list-style-type: none"> <li>● Empowerment of women through participation in workforce</li> </ul>	<ul style="list-style-type: none"> <li>● Lack of monitoring and evaluation mechanisms to track scheme outcomes</li> <li>● Instead of all blocks focus should have been in the blocks where unemployment is high</li> </ul>

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>● More sectors can be included under MGNREGA</li> </ul>	<ul style="list-style-type: none"> <li>● Economic downturn leading to budget cuts</li> </ul>
<ul style="list-style-type: none"> <li>● Increased focus on rural development in national policy agenda</li> </ul>	<ul style="list-style-type: none"> <li>● Political interference and misuse of funds</li> <li>● ‘Cut money’ concept in many areas hampering quality of the projects and workers suffering</li> </ul>
<ul style="list-style-type: none"> <li>● Collaboration with private sector (as PPP model) and NGOs for better implementation</li> </ul>	<ul style="list-style-type: none"> <li>● COVID 19 type of case hindering the scheme</li> <li>● Natural calamities</li> </ul>
<ul style="list-style-type: none"> <li>● Use of technology for better implementation and monitoring e.g., Geographical Information System/Position may be used.</li> </ul>	<ul style="list-style-type: none"> <li>● Social stigma and lack of social mobility for workers engaged in manual labor</li> </ul>
<ul style="list-style-type: none"> <li>● Increased awareness and participation of rural communities</li> </ul>	<ul style="list-style-type: none"> <li>● Possible decrease in demand for manual labor due to modernization of agriculture and industries</li> </ul>

Source: Compiled by the Authors

Based on the above SWOT analysis, the following inferences can be drawn:

- a) The scheme has the potential for asset creation, inclusive growth, poverty reduction, and women's empowerment, which are significant strengths. However, the limited focus on skill development and training is a weakness that needs to be addressed to increase the long-term impact of the scheme.
- b) There are opportunities to expand the scheme to more areas and sectors and collaborate with the private sector and NGOs for better implementation. like the PPP model. However, budget cuts due to economic downturns and political interference can pose a threat to the scheme's success.
- c) The use of technology for better implementation and monitoring, and increased awareness and participation of rural communities are significant opportunities that can improve the scheme's outcomes. However, climate change and natural disasters, social stigma, and lack of social mobility for workers engaged in manual labor can pose threats to the scheme's success.

Overall, the SWOT analysis highlights the strengths and weaknesses of the scheme, as well as opportunities and threats that need to be addressed for the sustainable and effective implementation of MGNREGS.

However, the scheme also has several weaknesses. One of the primary weaknesses is the dependence on manual labour, which leads to low productivity and limited focus on skill development and training. This can reduce the long-term impact of the scheme and limit the potential for sustainable development. Implementation issues, including corruption and bureaucratic hurdles, have also been a significant challenge to the scheme. Inadequate funds have also led to delays in wage payments, causing distress to rural households.

The scheme's success is also threatened by several external factors, such as economic downturns leading to budget cuts and political interference leading to misuse of funds. Climate change and natural disasters can also impact asset creation projects, while social stigma and lack of social mobility for workers engaged in manual labor can limit the program's effectiveness.

## **Conclusions**

The scheme has generated more than 4 billion person-days of employment and has been successful in reducing poverty, empowering women, and promoting rural development. However, the scheme has also faced several challenges, such as inadequate funds, poor implementation, and corruption. There is a need for reform to address these challenges and ensure better implementation and accountability. Overall, the MGNREGS has played a crucial role in the development of rural areas in India and has helped to improve the lives of millions of rural households.

In conclusion, the MGNREGS has been successful in providing employment opportunities, reducing poverty, empowering women, and promoting rural development. However, there is a need for reform to address the challenges faced by the program and ensure better implementation and accountability. Overall, the MGNREGS has played a crucial role in the development of rural areas in India and has helped to improve the lives of millions of rural households.

### **Recommendations: The following are the recommendations**

- 1) Appointing full-time professionals for implementing the MGNREGA at Panchayat and block level is vitally necessary for the successful implementation of MGNREGS.
- 2) An in-depth study should be carried out in all the blocks of the country and where there are no unemployment problems, MGNREGS funds may be diverted to other blocks where unemployment is severe.
- 3) Need to undertake a massive awareness generation about MGNREGA.
- 4) Awards and accreditations will raise the commitment of MGNREGA staff at the Panchayat level.
- 5) Concerted efforts should be made to reduce the time gap between work done and payment received by rural laborers.
- 6) Proper shelf of projects should be prepared in advance in accordance to the registration of the people.
- 7) Community participation through PRA is suggested for the effective implementation of MGNREGS.

8) New provisions for providing free lunch for the workers at the worksite may be included.

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