

## Mahatma Gandhi National Rural Employment: An Overview

Navdeep Kaur

Department of Social Sciences, Faculty of Sciences Humanities and Languages

Guru Kashi, University, Talwandi Sabo, Bathinda-151302, Punjab, INDIA

Corresponding Author: Jaspreet Kaur: email id: komalneetu@gmail.com Correspondence

Address: Department of Social Sciences, Guru Kashi University, Talwandi Sabo, Bathinda-151302, Punjab, INDIA.

Dr. Amandeep Kaur

Department of Social Sciences, Faculty of Sciences Humanities and Languages

Guru Kashi, University, Talwandi Sabo, Bathinda-151302, Punjab, INDIA

Second Author: Email: dramandeep.kaur@gku.ac.in. Correspondence Address: Department of Social Sciences, Guru Kashi University, Talwandi Sabo, Bathinda-151302, Punjab, INDIA.

### **ABSTRACT**

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) stands as one of the most impactful initiatives for rural development in India. By ensuring guaranteed employment of 100 days, fair wages, and work opportunities through public projects, the program has significantly contributed to improving rural livelihoods. This study examines the performance of MGNREGA in Punjab, with particular attention to its influence on women participants. Findings reveal a notable rise in female involvement in the scheme, highlighting its role in enhancing their socio-economic status. The research demonstrates that MGNREGA has positively affected the majority of its beneficiaries by creating job opportunities, fostering financial stability, and improving their living conditions.

**Keywords:** Employment, Savings, Credit, Positive Impact, Social and Economic Development

## **Introduction**

In 2005, India introduced a historic welfare program called the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Its main goal is to give unskilled rural households up to 100 days of guaranteed employment per year at a statutory wage rate. The program was created to combat poverty, unemployment, and social inequality by providing opportunities for wage labor through community-based public works (Government of India, 2005). The program, which provides marginalized populations with both economic security and empowerment, has grown to be a pillar of rural development policy. Its focus on women's participation in particular has reinforced its role in advancing social justice and rural economic development (Khera and Nayak 2009; Narayanan and Das 2014).

India has long struggled with rural poverty, unemployment, and social inequality. After independence, most of the population depended on agriculture, which was characterized by seasonal employment and low productivity. As employment opportunities remain unstable, rural households experience persistent poverty and livelihood insecurity (World Bank, 2011). To address these challenges, the Government of India introduced several rural employment programs, beginning with the Community Development Programme (1952) and the Rural Works Programme (1960). However, these initiatives failed to generate sustainable employment because of weak implementation and limited institutional support (Drèze and Khera, 2009).

The Food for Work Programme, the National Rural Employment Programme (NREP, 1980), the Rural Landless Employment Guarantee Programme (RLEGP, 1983), and the Jawahar Rozgar Yojana (JRY, 1989) were among the employment initiatives introduced in the 1970s and 1990s. These initiatives aimed to reduce rural poverty and create jobs, but they were only partially successful because there was no legal guarantee of employment (Government of India, 2005; Drèze & Khera, 2009).

During the 1990s, the Mazdoor Kisan Shakti Sangathan (MKSS) in the state of Rajasthan led the Right to Work Movement, which accelerated the demand for a legally enforceable right to

employment. Social activists have argued that employment should be acknowledged as a fundamental entitlement rather than a discretionary welfare benefit, drawing inspiration from Maharashtra's Employment Guarantee Scheme (Drèze & Khera, 2009). As a result, the National Rural Employment Guarantee Act (NREGA) was passed by the Indian government in 2005 and went into effect in 200 districts on February 2, 2006, before being extended nationwide in 2008. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was the new name given to the Act in 2009. Every qualifying rural household is guaranteed up to 100 days of wage employment per year under the Act.

According to a 2008 study by Punjabi University in Patiala, MGNREGA is a novel social policy tool with a great deal of potential to enhance rural livelihoods. In a similar vein, despite implementation difficulties, an editorial in the *Economic and Political Weekly* highlighted that the program constituted one of India's most significant social policy innovations. MGNREGA has significant potential to increase employment in rural areas and lessen economic hardship, according to Shah (2007) and Mathur (2008). Researchers have argued that program performance should not be evaluated exclusively on the basis of the Comptroller and Auditor General's (CAG) report that only a small percentage of registered households received the full 100 days of employment, since a much larger percentage of registered households benefited from employment opportunities under the scheme (Drèze & Khera, 2009).

The National Rural Employment Guarantee Act of 2005 represents one of India's most significant rights-based social protection initiatives. Under the Act, every adult member of a rural household willing to undertake unskilled manual work is entitled to receive employment at a notified wage rate. If employment is not provided within 15 days of demand, the applicant becomes eligible for an unemployment allowance, thereby creating legal accountability for the implementing authorities (Government of India, 2005). This statutory guarantee distinguishes the MGNREGA from earlier employment programmes and reflects the principles of rights-based development and social protection (UNDP, 2006; Sen, 1999).

Studies conducted in Punjab have demonstrated the positive effects of MGNREGA on livelihood security and quality of life. An evaluation undertaken in eleven districts of Punjab involving 396 beneficiaries found noticeable improvements in household occupation, income stability, and

overall quality of life, particularly in the Malwa region (Punjabi University, Patiala, 2008). These findings indicate that MGNREGA has contributed to improving the socio-economic conditions of rural households by providing regular employment opportunities.

Numerous initiatives to reduce poverty and create jobs have been implemented by successive governments since independence in an effort to enhance rural livelihoods. These programs included income support measures, employment programs, and subsidized food distribution. However, because many programs lacked adequate institutional support and effective implementation, poverty and unemployment persisted (World Bank, 2011; Drèze & Khera, 2009). In contrast to previous programs, MGNREGA establishes employment as a legal entitlement as opposed to a voluntary welfare measure (Government of India, 2005).

Despite significant economic progress, India still has serious problems with rural poverty and employment. Seasonal unemployment, reliance on agriculture, and the predominance of informal employment are all strongly linked to rural poverty (Kaur, 2024). A significant portion of India's labor force is still employed in the unorganized sector, where social protection, job security, and labor rights are frequently insufficient (World Bank, 2011). By creating jobs, bolstering livelihood security, lowering vulnerability, and encouraging inclusive rural development, MGNREGA functions as a crucial social protection mechanism in this context (Imbert & Papp, 2015; Dutta et al., 2012).

### **Wages of MGNREGA Beneficiaries in India**

| Fiscal year | Wages paid by the government (crores) | Average daily wage per person (RS) | Day of guaranteed Employment |
|-------------|---------------------------------------|------------------------------------|------------------------------|
| 2020-2021   | 48,847.94                             | 198.00rs                           | 100                          |
| 2021-2022   | 78,016.86                             | 203.00rs                           | 100                          |
| 2022-2023   | 75,091.63                             | 239.30rs                           | 100                          |

|           |           |          |     |
|-----------|-----------|----------|-----|
|           |           |          |     |
| 2023-2024 | 65,266.08 | 294.00rs | 100 |
| 2024-2025 | 74,050.12 | 294.00rs | 100 |
| 2024-2025 | 73,347.66 | 327.40rs | 125 |
| 2025-2026 | Continued | 327.40rs | 125 |

**Source** – Government of India, Ministry of Rural Development, MGNREGA Official Website and Annual Report, New Delhi.

According to the data, there are significant changes over time in central wage expenditure, average daily wage, and guaranteed employment days under MGNREGA. These data indicate that the government has made continuous efforts to strengthen the income and employment security of rural workers. The amount disbursed by the Central Government in 2020-2021 was ₹48,847.94 crore, and the average daily wage was around ₹198. This was during the COVID-19 pandemic, when MGNREGA became an important source of employment in rural areas. The amount disbursed by the Government in 2021-22 increased to ₹78,016.86 crore, which was the highest level in this period. The average daily wage also increased to ₹203. This increase shows that the Government has taken steps to provide employment to more people and strengthen the rural economy. Spent more for. In 2022-23, the central expenditure decreased slightly to ₹75,091.63 crore, but the average daily wage increased to ₹239.30. It is clearly shows that the daily income of the workers improved. In 2023-24, the amount given by the government was ₹65,266.08 crore, which was less than the previous year. However, the average daily wage reached about ₹294. This shows that despite the low expenditure; wage rates were increased. In 2024-25, the central expenditure increased again to ₹74,050.12 crore, while the average daily wage remained at ₹294. This shows that the government invested more in employment again, although no major change was made in the wage rate.

In 2025-26, the average daily wage increased to ₹327.40, and guaranteed employment was increased from 100 days to 125 days. The central wage expenditure was ₹73,347.66 crore. This change can be considered a significant step towards providing more employment and income to rural families. The figures for 2026-27 are still ongoing. This year too, the average daily wage is ₹327.40 and guaranteed employment is 125 days, while the final expenditure will be clear only after the end of the year. The data from 2020-21 to 2026-27 shows that the average daily wage of workers under MGNREGA has increased steadily. The increase from ₹198 to ₹327.40 indicates a significant improvement in the income of workers. The central wage expenditure has fluctuated over the years, but the government's commitment to the scheme has remained intact. The increase in the employment guarantee from 100 days to 125 days from 2025-26 is a sign of further strengthening rural employment security.

### **Challenges in the Implementation of MGNREGA**

Despite its vast potential to improve rural livelihoods and reduce poverty, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) continues to face several implementation challenges that limit its overall effectiveness (Drèze & Khera, 2009; World Bank, 2011).

- One of the most significant challenges is the delay in wage payments. Workers often experience long delays in receiving wages due to inadequate fund availability, administrative bottlenecks, banking inefficiencies, and procedural delays. These delays compel many beneficiaries to borrow from informal moneylenders, thereby increasing their financial vulnerability and reducing confidence in the programme (Dutta et al., 2012; Ministry of Rural Development, 2024).
- Although the Act guarantees 100 days of wage employment to every eligible rural household, many beneficiaries receive considerably fewer days of work because of insufficient budget allocations, poor planning, delayed project approvals, and the limited

availability of worksites (Government of India, 2005; Drèze & Khera, 2009). Consequently, the programme often falls short of achieving its statutory employment guarantee.

- Another major concern is corruption and financial irregularities. Instances of fake job cards, manipulated muster rolls, false attendance records, release of wages without actual work, and diversion of funds have been reported in several states. Such malpractices not only lead to the misuse of public resources but also deprive genuine beneficiaries of their legal entitlements, thereby undermining the credibility and transparency of the programme (World Bank, 2011; Drèze & Khera, 2009).
- Lack of awareness among rural workers is another important barrier to effective implementation. Many beneficiaries are unaware of their rights under the Act, including procedures for obtaining job cards, demanding employment, claiming unemployment allowance, and filing complaints regarding delayed wage payments. This information gap prevents eligible households from fully utilizing the benefits provided under MGNREGA (UNDP, 2006; Government of India, 2005).
- The programme also faces administrative and institutional challenges. Local implementing agencies often encounter shortages of trained staff, inadequate technical capacity, poor planning, weak monitoring systems, and deficiencies in record management. These institutional constraints affect the quality of assets created, delay project execution, and reduce the overall efficiency of programme implementation (Ministry of Rural Development, 2024; World Bank, 2011).
- Although MGNREGA has significantly increased women's participation in the rural labour force, several social and cultural barriers continue to limit their full participation. Domestic responsibilities, childcare obligations, prevailing gender norms, and inadequate workplace facilities, such as the absence of crèche services and sanitation facilities, discourage many women from participating regularly in programme activities (Khera & Nayak, 2009; Narayanan & Das, 2014).

- Field studies have also reported instances of social discrimination in programme implementation. In some areas, workers have been denied employment for minor absences or have experienced unequal treatment during work allocation. Cases of false attendance, proxy workers, and manipulation of wage records have also been documented, resulting in unfair distribution of employment opportunities and wages (Drèze & Khera, 2009; Dutta et al., 2012).

Overall, while MGNREGA has emerged as one of India's most important rights-based social protection programmes, challenges such as delayed wage payments, corruption, inadequate employment provision, weak administrative capacity, limited awareness, and gender-related constraints continue to affect its effectiveness. Addressing these issues through timely fund release, stronger transparency mechanisms, improved institutional capacity, enhanced social audits, greater awareness among beneficiaries, and effective grievance redressal systems is essential to ensure that MGNREGA fully achieves its objectives of employment generation, livelihood security, and inclusive rural development (Government of India, 2005; Ministry of Rural Development, 2024; Sen, 1999).

To ensure that MGNREGA effectively achieves its objectives of providing livelihood security, reducing rural poverty, and promoting sustainable rural development, several policy measures are recommended:

- Employment should be provided within the statutory period of 15 days from the date of demand, as mandated under the MGNREGA Act. This requires better planning of projects at the Gram Panchayat level, advance approval of works, timely release of funds, and the effective use of digital management systems to match the demand for work with available employment opportunities (Government of India, 2005; Ministry of Rural Development, 2024).
- Delays in wage payments continue to undermine the effectiveness of the programme. The government should strengthen Aadhaar-based Direct Benefit Transfer (DBT) systems,

ensure adequate budgetary allocations, improve banking infrastructure in rural areas, and introduce real-time wage tracking systems that allow workers to monitor the status of their payments.

- The statutory guarantee of 100 days of employment should be strictly implemented. Local authorities should be held accountable for providing adequate employment opportunities, while additional labour-intensive projects should be identified to meet the increased demand for work, particularly during agricultural lean seasons and periods of economic distress (Government of India, 2005; Drèze & Khera, 2009).
- Corruption and financial irregularities can be minimized by conducting regular social audits, implementing biometric attendance systems, maintaining digital muster rolls, and publicly disclosing financial records and project information. Independent monitoring agencies and grievance redressal mechanisms should be strengthened to ensure transparency and accountability in programme implementation (Drèze & Khera, 2009; World Bank, 2011).
- Many rural households remain unaware of their legal rights under MGNREGA. Awareness campaigns, training programmes, village-level workshops, and information dissemination through Gram Panchayats should be intensified to educate beneficiaries about job cards, work demand procedures, unemployment allowance, wage entitlements, and grievance redressal mechanisms (UNDP, 2006; Government of India, 2005).
- Effective implementation requires well-trained local officials and adequate institutional support. Capacity-building programmes should be organized for Panchayat representatives and implementing agencies in project planning, financial management, digital record-keeping, monitoring, and evaluation. The use of information technology and dedicated technical staff can further improve programme efficiency and the quality of assets created (Ministry of Rural Development, 2024; World Bank, 2011).

- Although MGNREGA has significantly enhanced women's participation in rural employment, further efforts are needed to improve their access to employment opportunities. The provision of childcare facilities at worksites, flexible working arrangements, safe working conditions, separate sanitation facilities, and gender awareness programmes can encourage greater female participation and strengthen women's economic empowerment (Khera & Nayak, 2009; Narayanan & Das, 2014).

Overall, effective implementation of these policy recommendations will enhance the efficiency, transparency, and inclusiveness of MGNREGA. Strengthening institutional capacity, ensuring timely wage payments, reducing corruption, and increasing awareness among beneficiaries will enable the programme to achieve its long-term objectives of employment generation, livelihood security, poverty reduction, and sustainable rural development (Government of India, 2005; Sen, 1999; Ministry of Rural Development, 2024).

## **Conclusion**

Over the past two decades, the MGNREGA has emerged as a lifeline for rural families, offering not just employment but dignity and security. By guaranteeing work and wages, it has helped millions of households stabilise their income, improve their living standards, and gain confidence in their future. The study of income and employment trends shows how steadily rising wages and expanded opportunities have contributed to both economic and social upliftment.

From 2005 to 2025, the scheme has played a pivotal role in strengthening employment security, reducing poverty, and supporting families through crises such as the COVID-19 pandemic. For many, MGNREGA has been more than a program—it has been the primary source of livelihood, ensuring food on the table and hope in times of uncertainty.

While challenges remain—delayed payments, corruption, and gaps in guaranteed work—the scheme's impact is undeniable. It has fostered economic growth, promoted social inclusion, and strengthened equity in rural India. Rising wages, increased participation, and expanded workdays reflect its evolving strength as a poverty alleviation strategy.

In essence, MGNREGA is not just about numbers or statistics—it is about human lives transformed. It has given rural workers a voice, a sense of belonging, and the assurance that their labour matters. By continuing to refine and strengthen its implementation, MGNREGA can remain a cornerstone of India's journey toward inclusive and sustainable development.

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