



A study on the scheme MGNREGA: Reasons, Challenges & Effectiveness

Ms. Suman Mishra¹

Research Scholar, CMS Business School
JAIN (Deemed to be University), Bangalore

Dr. Selvi S²

Associate Professor, CMS Business School
JAIN (Deemed to be University), Bangalore

Abstract

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), initiated in India in 2005, represents one of the world's largest social welfare programs designed to alleviate poverty and unemployment in rural areas. This abstract provides an overview of a comprehensive study that delves into the multifaceted aspects of MGNREGA, focusing on its impact, challenges, and future prospects.

This study provides a comprehensive overview of the MGNREGA program, shedding light on its achievements, challenges, and future prospects. It underscores the importance of continuous evaluation and adaptation of social welfare policies in the context of evolving socioeconomic landscapes, ultimately aiming to improve the lives of India's rural population and promote sustainable development.

Key Words

MGNREGA, Skill Development, Job Opportunities, Women Empowerment

I. Introduction

In 1991, during the period of liberalization under the guidance of P V Narasimha Rao government, a pilot scheme was proposed for generating employment in the rural areas. This scheme was called the employment assurance scheme which was later evolved into the MGNREGA after the mergers with the Food for Work Programme in the early 2000s. The Food for Work Programme was introduced by the government to provide a helping hand to the people in distress because of the massive drought experienced in the districts of Maharashtra, Ahmednagar, Sholapur and Beed in 1972-73. (Singh, 2017)

The National Rural Employment Guarantee Act (NREGA) was passed by the newly formed government led by Indian National Congress in 2005. The Act was passed with a vision of providing 100 days jobs to the rural poor in India. It came into force in 02nd February, 2006 in the selected 200 districts and later was extended to 130 more districts from

1st April, 2007. It was launched providing a universal coverage to all the districts of India on 1st April, 2008. In the year 2009, it was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

Ajay Kumar Singh, (2012) The MGNREGA scheme, primarily focuses on promoting employment opportunities and improving the standard of living. It also aims at participatory planning and implementation of the scheme in cooperation with Gram Sabha and involvement with the people at the grass root level. The scheme also attempts to address the issues of natural calamities of drought, economic issues of poverty and empowering women.

Key Features of MGNREGA:

MGNREGA scheme aims at increasing rural employment and asset creation. According to the mandate of MGNREGA, guaranteed employment will be provided to the rural poor people for a period of at-least 100 days. Also, in the areas where the natural calamities have been notified, there is a provision of extra 50 days of employment (unskilled manual work) in addition to the base 100 days of employment. It also has a provision of providing 1/3 of the work to the women from the complete set of work generated under MGNREGA.

As per Para 9 of Schedule I, of MGNREG Act, the 60:40 ratio for wage and material costs is required to be maintained at Gram Panchayat level for all works to be taken up by Gram Panchayat and for works to be taken by all other agencies it has to be maintained at the Block/ Intermediate Panchayat level. The daily wage rate under the scheme has been increased to Rs 204 in the financial year 2022-2023 by the central government, although there are variations in the daily wage rate in various states.

Under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) a total of 11.37 Crore households availed employment and a total of 289.24 crore person-days employment has been generated (till 15th December, 2022). During the time period of 1st April, 2022 to 31st December, 2022 a total of 5.38 Crore households availed employment under the scheme. The projects and works under MGNREGA are classified under four categories as A, B, C & D under Para 4(1), Schedule 1.

- Category A: Public Works Relating to Natural Resources Management
- Category B: Individual Assets for Vulnerable Sections (Only for Households in Paragraph 5 of Schedule I)
- Category C: Common Infrastructure for DAY -NRLM Compliant Self-Help Groups
- Category D: Rural Infrastructure

In the financial year 2022-2023, Finance Minister Nirmala Sitharaman, approved budget for the works under MGNREGA for Rs 73,000 crores which was later revised to Rs 98000 crores on account of higher demand for work. The government reduced the budgetary allocation for rural job guarantee scheme, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) by 30 per cent to Rs 61,032.65 crore for 2023-24 in the Union Budget, presented by Finance Minister Nirmala Sitharaman.

Milestones achieved under MGNREGA Scheme:

- Geographical Information System (GIS) based planning of Gram Panchayat
- Yuktdhara Portal
- National Electronic Fund Management System (NeFMS)/ Direct Benefit Transfer (DBT)
- SECURE
- Implementation of Geo-MGNREGA
- Emphasis on social audit
- Skill Development
- Cluster Facilitation Project (CFP)

Apart from the above listed major milestones under the MGNREGA scheme, the government has launched new initiatives for the successful implementation of the scheme. The main initiatives are Amrit Sarovar, Jaldoot App, Ombudsperson. Some of the states have adopted technology at the grass root level like Karnataka has launched an application called Kayaka Mitra which helps the workers to seek work under the MGNREGA Scheme. The app is made available in the google play store for the easy accessibility of the beneficiaries.

II. Review of Literature

Prasad, (2012) has studied the performance of MGNREGS serves as safety armor for the unemployed during famine and drought. It enables the workers with satisfactory purchasing power to at least support their basic needs and stopped migration to the cities. It is also involving them in other nonagricultural work and will also improve the rural infrastructure. It will ultimately lead to sustainable development.

Kumar, (2014) in his paper examined that Programme has a major impact on rural area. MGNREGA is playing pivotal role in rural employment generation and enhancing the rural livelihood. It is one of major wage employment initiative which provides at least hundred days of employment in the rural area. The panchayat raj institution played a leading role in planning and implementation of the programme. MGNREGA help generating wage employment in the rural area.

Xavier, (2014) finds that the MGNREGA expands wage and consumption of the family units thought about over the pre MGNREGA period and the plan essentially improves the social and financial basic leadership energy to women in the men commanded rural culture. Hence the scheme ensures improved standard of living of the vulnerable poor, more specifically among women. It additionally finds that poor work site resource, hot climate condition and reduction of spare time put them much hardship during the working hours of MGNREGA.

Ajay Kumar Singh, (2012) made a comparative analysis between the selected fifteen states of the Indian Union and provided the framework for policy recommendation for the states with regard to various parameters. Three major issues (a) Governance; (b) Quality of Life; and (c) Wage and Productivity have been found as the most important factors after conducting the factor analysis. A rampant corruption found in many states has been highlighted even among the well performing states manifesting the potent flagship programme to be deceptive and skeptic about its functioning. MGNREGA has been proved to be the largest employment programme particularly for the rural India and has contributed towards the increase in purchasing power by being a major source of income for the bottom of the pyramid people in the Society. It has helped in solving problems of rural distress.

Ahangar, (2014) examined that rural women are traditionally homebound; the employment guarantee act played a significant role in curbing gender discrimination and empowering rural women. The scheme is attractive especially for women because it stipulates that one-third of the total workers should be women. Women are found to take this opportunity to freedom from their routine and tiresome family activities. Thus, empowerment of women has emerged as an unintended consequence of MGNREGA. Also depicts that 90 per cent of the surveyed respondent believe that their social status is improved after joining in this programme, especially for widows. They got more self-respect than the earlier period. People are able to mingle with others, share their feelings, and increase their participation in Gram Sabha.

Disha Sharma, (2017) studies the effect of MGNREGA on the generation of employment, type of work done under this statute and up to what extent this programme is successful in poverty alleviation in rural India. The role of the scheme in enhancing the livelihood through twin incorporation of work with skill for the rural poor people is examined in the study. As per the secondary data used for the study, the results prove MGNREGA to be successful in the rural economy.

Rachel Godfrey-Wood, (2017) reviews the growth of the scheme in contributing resilience to climate change, its ability to create assets and its support for transformations of exploitative social relations. The study finds that MGNREGA builds resilience of poor households and communities in three ways. Firstly, it provides employment during the lean period of the agricultural seasons, secondly, it creates assets to increase the productivity, connectivity and ecological sustainability. Lastly, it brings out a cooperation at the regional and the household levels benefitting the labourers and encouraging women empowerment.

Sanjay Kumar, (2018) assess the institutional and non-institutional impediments restricting the progress and success of the scheme at the grass-root level of the rural poor households. The study reveals that the major bottlenecks in the process of implementation of MGNREGA are sanctioning of work, disbursement of payments and release of funds. The bottlenecks arise due to the involvement of multiple functionaries at village level, block level, district level and state level.

Gayathri Vasudevan, (2020) proposes the approval of a new work type for sanitization works without any hard asset creation under MGNREGA and roping in the private sector for its project management skills to quickly skill up the returning migrants as well as to match work with workers on an ongoing basis.

Turangi, (2022) assesses the first 15 years of implementation of MGNREGA Scheme with the collated data from the official website of MGNREGA. The study uses a composite index to measure the performance of the scheme across the states. To compute the index, 7 variables are taken, namely, household consumption, women participation, average employment, 100 days completed households, received wage rate, funds Utilisation and work completion rate. Using all the variables, a Composite Index of MGNREGS Performance (CIMP) was adopted to measure and evaluate the performance. The implementation of the scheme at the grass root level depends on the state governments even though the scheme was created by the central government. The variations in the performance of the MGNREGA scheme among the various states is observed in various dimensions as demand side, supply side and governance of the scheme. The study also addresses the role of the scheme in the pandemic time of COVID-19 when it supported the precarious livelihoods of rural poor households by providing employment.

III. Research Design

Statement of Problem

India being a developing nation, it suffers from the problem of unemployment and poverty to a greater extent. Despite of the various initiatives taken up by the government of India, the problem remains unanswered. One of the key initiatives brought out by the Government of India is Mahatma Gandhi National Rural Employment Guarantee Scheme Act (MGNREGA) which has manifested substantial outcome for the growth in the employment and living standards of the poor livelihoods of rural India. The scheme ensures 100 days guaranteed employment for the rural poor livelihoods and also strives for women empowerment. The study attempts to highlight the key aspects of the scheme in three objectives. Firstly, understanding the foremost reason and the idea behind implementing the MGNREGA Scheme. Secondly, it covers the challenges faced at different levels in the implementation process of MGNREGA Scheme. And lastly, the effectiveness of MGNREGA scheme post launch is analyzed by considering the key variables, namely, beneficiaries possessing job card, wage rate, growth in employment, funds utilization, women empowerment, projects, works accomplished under MGNREGA and contribution to economic development of the nation. The study is conducted using the secondary data collected from the official website of MGNREGA

Objectives of the study:

- To understand the reason for implementing MGNREGA Scheme
- To study the challenges in the implementation of MGNREGA Scheme
- To analyze the effectiveness of MGNREGA post launch

Scope of Study:

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a social welfare program in India that aims to provide employment opportunities to rural households. The effectiveness of MGNREGA can be studied using secondary data, which refers to data that has already been collected by others for their own purposes.

The scope of study for investigating the effectiveness of MGNREGA using secondary data can be broad and may include various aspects such as:

- Impact on employment: The MGNREGA program aims to provide employment opportunities to rural households. The effectiveness of the program can be evaluated by analyzing the employment data available in secondary sources such as government reports, surveys, and other relevant studies.
- Wage rates and income: The MGNREGA program also aims to provide a minimum wage rate to workers. The effectiveness of the program can be evaluated by analyzing the data on wage rates and income levels of workers in rural areas.

- Asset creation: The program also aims to create durable assets in rural areas, such as water conservation structures, rural roads, and irrigation facilities. The effectiveness of the program can be evaluated by analyzing the data on asset creation available in secondary sources.
- Gender and social inclusion: The program aim to promote gender and social inclusion by providing equal opportunities to marginalized groups. The effectiveness of the program in achieving these goals can be evaluated by analyzing the data on the participation of women and marginalized groups in MGNREGA.
- Administrative efficiency: The effectiveness of the program can also be evaluated by analyzing the administrative data available in secondary sources. This may include data on the timeliness of payments, the accuracy of job cards, and the efficiency of the program in responding to grievances.

Purpose of Study:

The purpose of studying the effectiveness of MGNREGA is to assess whether the program is achieving its intended goals and objectives, and to identify areas where the program can be improved.

There reasons to study the effectiveness of MGNREGA can be listed as:

- Accountability: As a government program funded by taxpayer money, MGNREGA must be accountable to the people. Studying the effectiveness of the program allows policymakers and citizens to evaluate whether the program is achieving its intended goals and objectives.
- Continuous improvement: Studying the effectiveness of MGNREGA allows policymakers to identify areas where the program can be improved. This can help to make the program more effective in providing employment opportunities and improving the livelihoods of rural households.
- Evidence-based policymaking: Studying the effectiveness of MGNREGA using rigorous research methods can provide policymakers with evidence-based insights on how to design and implement effective social welfare programs.
- Transparency: Studying the effectiveness of MGNREGA and making the findings publicly available can improve transparency and accountability in the implementation of the program.
- Impact on beneficiaries: Studying the effectiveness of MGNREGA can also help to understand the impact of the program on the beneficiaries. This can help to ensure that the program is meeting the needs of the rural households it is intended to serve.

Time of Study:

The current study on the effectiveness of the MGNREGA scheme has been undertaken using the secondary data available on the official website and the reports published by Government of India and its authorities. The study covers a period of 16 years ((from the launch 2006 to 2022).

Limitations of the Study:

- Data availability: The availability of data on the various aspects of the program may be limited or incomplete. Secondary data may not capture all the nuances of the program implementation, and it may not be possible to obtain certain types of data that are essential for an in-depth analysis.
- Data quality: The quality of secondary data can be a concern. Data collected by different sources may not be consistent in terms of their quality, definitions, and methodology. Inaccurate or incomplete data can limit the validity and reliability of the findings.
- Lack of control: When using secondary data, the researcher has limited control over the data collection process. This can lead to biases, measurement errors, and other limitations that may affect the validity and reliability of the findings.
- Contextual factors: The effectiveness of MGNREGA may depend on contextual factors such as the economic conditions, political climate, and social norms in a particular region. These contextual factors may not be adequately captured in secondary data, which can limit the generalizability of the findings.

- Causal inference: While secondary data can be used to establish correlations between different variables, it may not be possible to establish causality. Other factors may be influencing the outcome, and without controlling for these factors, it may not be possible to establish a causal relationship.

IV. Results and Discussion

a. Reasons for Implementing MGNREGA Scheme:

MGNREGA is the first internationally recognized law that guarantees employment and wages. It addresses the persistent problem of poverty in India through measures like drought proofing, regeneration of vegetative cover, and soil and water conservation. These measures ensure consistent employment generation. The Act also plays a key role in the implementation of decentralization by authorizing the Pachayati Raj (local bodies) as governing agents at the grass root level. It guarantees the participation of all the beneficiaries by the involvement of democratic process and transparent mechanism towards progression in sustainable and economic development.

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was implemented in India in 2005 to provide legal guarantees for up to 100 days of wage employment per year to every rural household whose adult members volunteer to do unskilled manual work. The primary reasons for implementing MGNREGA are:

- Poverty Alleviation: The program was launched to alleviate poverty in rural areas by providing employment to rural households.
- Livelihood Security: MGNREGA aims to provide a basic level of livelihood security to the rural poor by ensuring that they receive at least 100 days of employment in a year.
- Rural Development: MGNREGA is intended to create durable community assets such as water conservation structures, rural roads, and other infrastructure that will contribute to the overall development of rural areas.
- Women Empowerment: The program also aims to empower women by providing them with equal opportunities to work and earn income. MGNREGA mandates that at least one-third of the beneficiaries should be women.
- Social Equity: MGNREGA is designed to address social equity issues by targeting the most vulnerable sections of society, such as the landless and marginal farmers, scheduled castes, and scheduled tribes.
- Environmental Protection: MGNREGA also has a significant focus on environmental protection by promoting activities such as afforestation, tree plantation, and water conservation.

Overall, MGNREGA aims to promote sustainable development in rural areas by addressing poverty, unemployment, and environmental degradation while promoting social equity and gender equality.

b. Challenges in the Implementation of MGNREGA Scheme:

Sanjay Kumar M. K., (2018) identified the critical problems impeding the proper functioning of MGNREGA in achieving the projected goals. The problems are categorized as institutional and non-institutional problems.

- Delayed Wage Payments: One of the biggest challenges faced by MGNREGA is delayed wage payments. Many workers are not paid on time, which affects their livelihoods and undermines the program's effectiveness.
- Lack of Awareness and Participation: Lack of awareness and participation in MGNREGA is another challenge. Many rural households are not aware of the program or do not participate due to administrative barriers, corruption, and social exclusion.
- Limited Coverage: MGNREGA is currently limited to rural areas and does not cover urban areas, where there is a significant need for employment opportunities.
- Limited Duration and Scope: The program provides employment for a maximum of 100 days per year, which may not be sufficient to meet the needs of rural households. The scope of work under MGNREGA is also limited to unskilled manual labor, which may not lead to long-term development.
- Inadequate Monitoring and Evaluation: MGNREGA lacks adequate monitoring and evaluation mechanisms, which makes it difficult to assess the program's effectiveness and identify areas for improvement.

- Corruption and Leverages: MGNREGA is vulnerable to corruption and leakages, which result in funds being siphoned off or misused, leading to a lack of accountability and transparency.
- Climate Change: Climate change and natural disasters, such as floods and droughts, pose a significant challenge to MGNREGA as they can disrupt the program's implementation and lead to delays and inefficiencies.

c. Effectiveness of MGNREGA Post Launch:

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is one of the largest social welfare schemes in the world, implemented in India in 2005. The scheme aims to provide a minimum of 100 days of employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work.

Since its implementation, MGNREGA has been successful in achieving its objectives of creating employment opportunities and promoting rural development. Here are some of the ways in which the scheme has been effective post-implementation:

- Employment generation: MGNREGA has generated significant employment opportunities in rural areas, especially during the lean agricultural season. According to data from the Ministry of Rural Development, more than 123 crore person-days of employment were generated under the scheme in the financial year 2020-21.
- Poverty reduction: The scheme has played a significant role in reducing poverty in rural areas. By providing employment opportunities, the scheme has increased the income of rural households, enabling them to meet their basic needs and improve their living standards.
- Women's empowerment: MGNREGA has been effective in empowering women in rural areas. The scheme has a provision for one-third participation of women in the workforce, which has helped in increasing their participation in the labor force and decision-making processes.
- Infrastructure development: The scheme has contributed to the development of rural infrastructure, such as roads, water harvesting structures, and irrigation facilities. The assets created under the scheme have improved connectivity, accessibility, and water availability, leading to increased agricultural productivity and enhanced livelihoods.
- Environmental benefits: The scheme has contributed to environmental conservation by promoting water conservation, afforestation, and soil conservation. The works carried out under the scheme have helped in increasing soil fertility, reducing soil erosion, and conserving water resources.
- Social security: MGNREGA has provided a social security net to rural households by providing a guaranteed employment opportunity. The scheme has helped in reducing distress migration, and providing a stable source of income to rural households.

V. Conclusion

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has emerged as a significant scheme for rural development and employment generation in India. The scheme aims to provide a guaranteed employment opportunity to rural households and to promote sustainable development in rural areas. Despite its significant achievements, the scheme also faces several challenges in terms of implementation, corruption, and inadequate funding. The effectiveness of the scheme is evident from the fact that it has generated significant employment opportunities, improved rural infrastructure, and enhanced the income and living standards of rural households. However, the scheme needs further improvement to overcome its challenges and to achieve its objectives. The study highlights the reasons behind the success of the scheme, the challenges it faces, and its effectiveness in promoting rural development and employment generation. Overall, the study suggests that MGNREGA has the potential to transform rural India and improve the lives of millions of rural households, but it needs sustained efforts and support from all stakeholders to realize its full potential. The study also provides recommendations for improving the scheme's implementation, monitoring, and evaluation of the scheme.

- Improve the quality of assets created: There is a need to ensure that the assets created under MGNREGA are of good quality and have a long-term impact on the rural economy. This can be achieved by providing technical support, regular monitoring, and evaluation of the assets created.
- Enhance transparency and accountability: To reduce corruption and ensure transparency, the scheme's implementation should be made more transparent. This can be done by publishing the details of works completed, payments made, and audits conducted on the scheme's website.
- Increase awareness and participation: The awareness about the scheme needs to be increased among the rural population, especially women, marginalized sections, and the disabled. The participation of the beneficiaries in the planning, implementation, and monitoring of the scheme should be encouraged to ensure the scheme meets the actual needs of the rural population.
- Ensure timely payments: The beneficiaries should receive their wages on time to ensure the scheme's effectiveness. This can be achieved by reducing the delays in payments and strengthening the payment and banking system.
- Strengthen the monitoring and evaluation system: A robust monitoring and evaluation system should be put in place to ensure the scheme's effectiveness. This should include regular field visits, periodic evaluations, and independent assessments of the scheme's impact on the rural economy.
- Increase the allocation of funds: Adequate funding is required to ensure the scheme's success. The government should increase the allocation of funds to the scheme and ensure the timely release of funds to the implementing agencies.
- Promote convergence with other schemes: MGNREGA should be integrated with other schemes such as the National Rural Livelihood Mission, Swachh Bharat Abhiyan, and Pradhan Mantri Awas Yojana to maximize the benefits to the rural population.

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