



Evaluating MGNREGA's Impact: A Comparative Analysis in South India

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Abstract

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), enacted in 2005, is a pivotal Indian legislation aimed at enhancing livelihood security in rural areas by guaranteeing at least 100 days of wage employment annually to every household whose adult members volunteer for unskilled manual work. The scheme not only provides employment but also focuses on creating durable assets such as roads, canals, and ponds to promote sustainable development. Implementation is primarily managed by Gram Panchayat Ensuring decentralized and community-driven planning. Over the years, MGNREGA has significantly contributed to poverty alleviation, increased agricultural wages, and empowered marginalized communities, with women constituting over 50% of the workforce. Despite its successes, challenges like delayed payments, underfunding, and implementation disparities persist. In the fiscal year 2024-25, the Indian government allocated ₹860 billion to MGNREGA, maintaining the previous year's funding level. Continuous efforts are underway to enhance transparency and efficiency through technological interventions and policy reforms. The present aims in analysing selected parameters under MGNREGA among South Indian States i.e., Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Kerala.

Key words: MGNREGA, Approved Labour Budget, No. of Works Taken up, No. of works Completed, Average wage rate per day per person, Households worked, Individuals worked, differently abled persons worked.

1. Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), enacted in 2005, is one of India's largest social security programs aimed at providing employment and livelihood security to rural households. It guarantees 100 days of wage employment per financial year to every rural household whose adult members are willing to do unskilled manual work.

MGNREGA is designed to improve livelihood security, reduce rural unemployment, and create durable assets such as roads, water conservation structures, and irrigation facilities. The scheme follows a rights-based approach, ensuring transparency, social inclusion, and grassroots participation.

By empowering Gram Panchayats to implement the scheme, MGNREGA promotes decentralized governance and enhances rural development. It has been instrumental in reducing rural distress, minimizing seasonal migration, and promoting sustainable livelihoods across India.

1. Impact of MGNREGA

MGNREGA has significantly influenced rural India in multiple ways:

a. Employment Generation

- Provided wage employment to millions of rural workers, reducing rural distress.
- Helped marginalized communities (SC/ST, women) by ensuring job opportunities.

b. Women Empowerment

- At least one-third of jobs under MGNREGA are reserved for women.
- Increased financial independence and participation of women in the workforce.

c. Rural Infrastructure Development

- Creation of durable assets like irrigation facilities, rural roads, and water conservation structures.
- Improved agricultural productivity and rural connectivity.

d. Reduction in Migration

- Reduced seasonal migration from villages to cities by providing local employment.

e. Environmental Benefits

- Works under MGNREGA support afforestation, soil conservation, and drought-proofing.
- Improved groundwater levels through water conservation projects.

2. Implementation of MGNREGA

The scheme is implemented through a three-tier system:

1. **Gram Panchayats (Local Level):** Identify projects, register workers, and maintain work records.
2. **State Governments:** Ensure smooth execution, monitoring, and wage disbursement.
3. **Central Government:** Provides funding (90% by Centre, 10% by State), sets policies, and monitors performance.

Key Features of Implementation:

1. **Demand-driven approach:** Employment is provided based on demand, not a fixed number of jobs.
2. **Direct Benefit Transfer (DBT):** Wages are paid directly to workers' bank accounts to reduce corruption.
3. **Social Audit Mechanism:** Regular audits by Gram Sabhas ensure transparency and accountability.
4. **Use of Digital Technology:** Online job card management and biometric attendance tracking.

3. Recent Updates and Challenges

Recent Developments:

- Increased budget allocation due to economic distress (e.g., during COVID-19, funds were increased).
- Introduction of National Mobile Monitoring System (NMMS) for real-time attendance tracking.
- Push for digital payments to ensure wage transparency.

Challenges:

- **Delayed Wage Payments:** Many states face delays in wage disbursement, discouraging workers.
- **Corruption and Fund Leakages:** Despite audits, reports of fund misuse and fake job cards exist.
- **Exclusion of Needy Beneficiaries:** Bureaucratic hurdles sometimes prevent genuine workers from registering.
- **Inadequate Work Allocation:** Many districts fail to generate the full 100 days of employment.

Objectives Of the Study:

1. To evaluate the performance of MGNREGA in South Indian states.
2. To assess and compare the performance of MGNREGA among the South Indian states on selected parameters.

2. Literature Review

Tushar Kanti Das : The study aims for analysing the development effectiveness of MGNREGA scheme in three districts of Western Odisha in India. That is the study is an explorative initiative towards the effective implementation of MGNREGA. Differences in the outcomes in terms of employment, wages and effect on migration are the specific

Ms. Rekha & Dr. Rekha Mehta: The Study mainly concentrated on to study the performance and impact of MGNREGA in Jodhpur district of Rajasthan . It has been found that significant changes have taken place in the socio-economic variable and the adjusted R² value for the model was 0.54, indicating a good fit, explaining 54 per cent of the total variations in the dependent variable.

P Gisha & Bassam K : This research paper highlighted the income and savings of MGNREGA workers and impact of this scheme on their income and savings and measured whether MGNREGS enhance livelihood security in rural areas.

V.P.Lakshmi Devi & M.P.Boraian : The study has profiled the role of the scheme in not only providing livelihood to all the workers, but also in restoring the normal life of persons with disabilities such as mental depression, speech and visual impairment. The mentally and physically challenged workers, who were hitherto confined to their homes or settlements and were a frustrated lot, are now able to ease their depression, while working, and interacting with fellow workers, and find cheer and solace in their company.

On reviewing the previous work of various scholars on MGNREGA, I concluded to carry my work on evaluating the impact of MGNREGA-A comparative analysis in South India.

3. Research & Methodology

1. Source of the data -Secondary data.
2. Scope of the Study: The project has been organized in such a way to evaluate the impact of MGNREGA among south Indian states considering only 8 parameters.

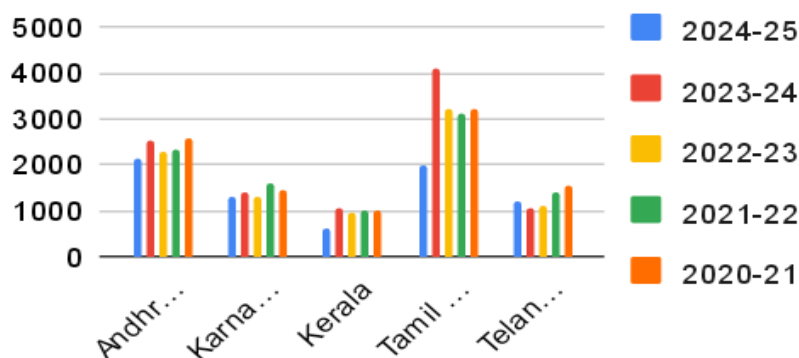
Limitations of the Study:

1. Secondary data is the only source for the research work done.
2. Due to time constraint collection of primary data from individuals and households was not possible.
3. Only 8 parameters were taken among many factors.
4. Only South Indian states were considered for the work.

4. Data Analysis and Interpretation

1. Approved Labour Budget(in Lakhs)					
	2024-25	2023-24	2022-23	2021-22	2020-21
Andhra Pradesh	2150	2530	2300	2350	2592.93
Karnataka	1300	1400	1300	1600	1465
Kerala	600	1050	950	1000	1000
Tamil Nadu	2000	4100	3200	3114	3200
Telangana	1200	1050	1100	1425	1550

2024-25, 2023-24, 2022-23, 2021-22 and...

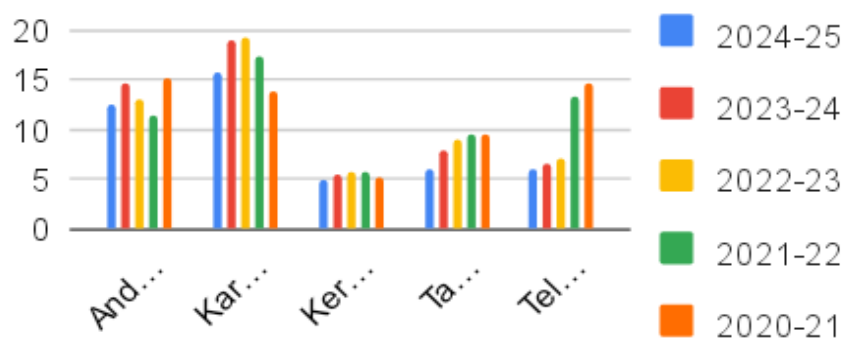


- The labour budget fluctuates significantly across states.
- Tamil Nadu saw a sharp decline from 4100 lakh in 2023-24 to 2000 lakh in 2024-25.
- Kerala's budget reduced drastically from 1050 lakh (2023-24) to 600 lakh (2024-25), reflecting a reduced workforce requirement.
- Andhra Pradesh's budget also fell in 2024-25 compared to previous years, but less sharply than Tamil Nadu.
- Karnataka and Telangana show relative stability in their budget allocation.

Implication: Reduced budgets may indicate a decrease in demand for employment, better employment alternatives, or financial constraints in program funding.

2. No.of Works Taken up (in Lakhs)					
	2024-25	2023-24	2022-23	2021-22	2020-21
Andhra Pradesh	12.44	14.76	13.17	11.55	15.09
Karnataka	15.8	18.99	19.17	17.26	13.82
Kerala	5	5.59	5.63	5.77	5.08
Tamil Nadu	6.12	7.8	8.92	9.43	9.42
Telangana	6.05	6.59	7.21	13.2	14.8

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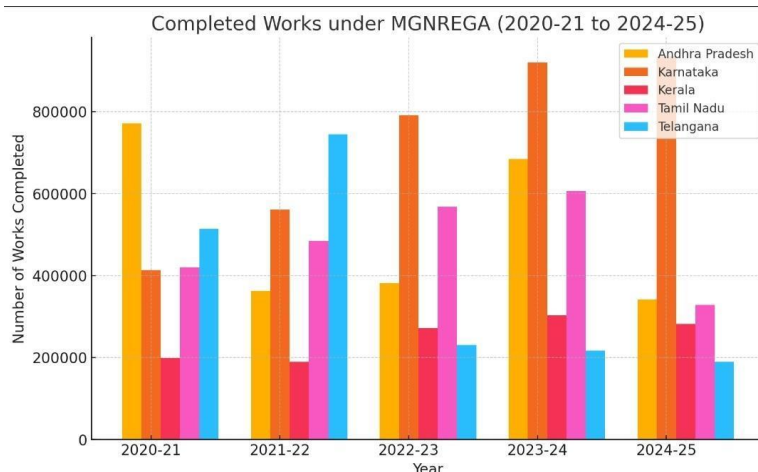


No.of Works Taken up (in Lakhs)

- Andhra Pradesh and Tamil Nadu show a declining trend in the number of works initiated, aligning with their reduced labour budgets.
- Karnataka and Kerala have had relatively stable numbers, with minor fluctuations over the years.
- Telangana saw a drastic decline from 13.2 lakh works in 2021-22 to 6.05 lakh in 2024-25, indicating a possible saturation or policy shift.

Implication: The number of works taken up directly correlates with labour budgets and economic factors influencing rural employment.

3. Number of Completed Works(in Lakhs)					
	2024-25	2023-24	2022-23	2021-22	2020-21
Andhra Pradesh	3,40,615	6,84,539	3,81,029	3,62,234	7,71,047
Karnataka	9,34,534	9,19,583	7,91,452	5,61,060	4,13,700
Kerala	2,81,312	3,02,887	2,72,305	1,89,193	1,98,869
Tamil Nadu	3,28,735	6,06,665	5,68,121	4,84,917	4,19,447
Telangana	1,89,531	2,16,866	2,30,770	7,45,017	5,14,321

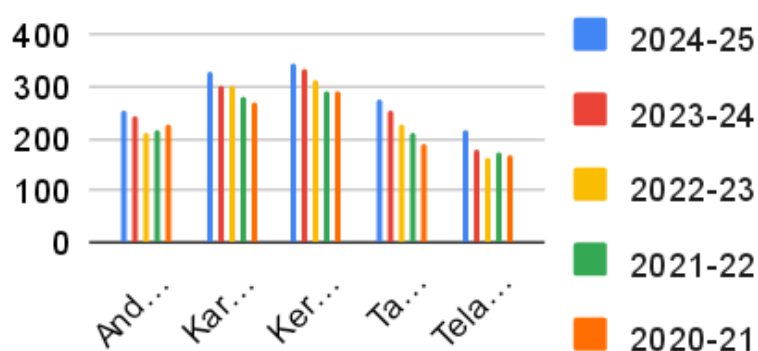


- Andhra Pradesh and Tamil Nadu show volatile numbers in completed works. Andhra Pradesh had 6.84 lakh completed works in 2023-24, but it dropped to 3.40 lakh in 2024-25.
- Karnataka consistently performed well, with 9.34 lakh completed works in 2024-25, the highest among all states.
- Telangana saw a sharp decline in completed works after 2021-22 (7.45 lakh to 1.89 lakh in 2024-25).

Implication: A higher drop in completed works compared to works taken up suggests inefficiencies in execution, potential funding gaps, or labor shortages.

4. Average Wage Rate per day per person (Rs.)					
	2024-25	2023-24	2022-23	2021-22	2020-21
Andhra Pradesh	255.52	245.65	211.47	216.17	228.74
Karnataka	328.57	302.61	299.76	282.2	268.73
Kerala	344.23	331.85	310.46	290.77	290.54
Tamil Nadu	275.14	255.04	226.62	212.64	191.65
Telangana	213.9	181.03	164.33	172.18	169.51

2024-25, 2023-24, 2022-23, 2021-22, 2020-21

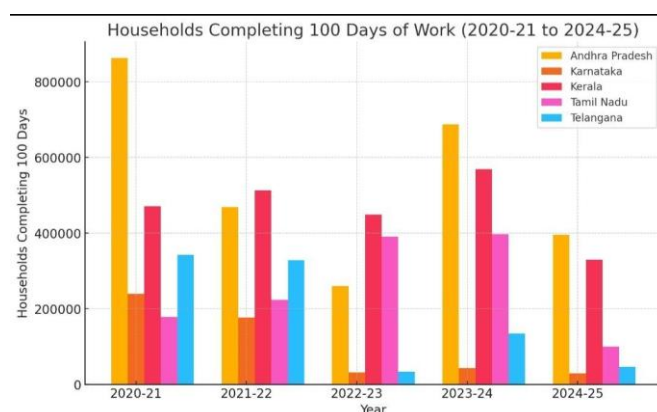


Average Wage Rate per day...

- Wages have steadily increased across all states.
- Kerala had the highest wage rate in 2024-25 at ₹344.23 per day, while Telangana had the lowest at ₹213.90 per day.
- Karnataka's wage rate saw a significant increase from ₹268.73 (2020-21) to ₹328.57 (2024-25).
- Tamil Nadu had a steady rise but still lags behind Kerala and Karnataka.

Implication: Wage increases may be due to inflation, policy decisions, or demand for higher rural wages. However, disparities among states suggest regional economic differences.

5. Total No.of HHs completed 100 days of Wage Employment					
	2024-25	2023-24	2022-23	2021-22	2020-21
Andhra Pradesh	3,95,511	6,87,396	2,59,857	4,68,576	8,62,807
Karnataka	29,508	43,367	31,623	1,76,228	2,39,535
Kerala	3,29,790	5,69,108	4,49,638	5,12,822	4,70,410
Tamil Nadu	1,00,291	3,97,098	3,90,300	2,23,919	1,78,690
Telangana	46,341	1,34,969	33,872	3,28,522	3,42,128



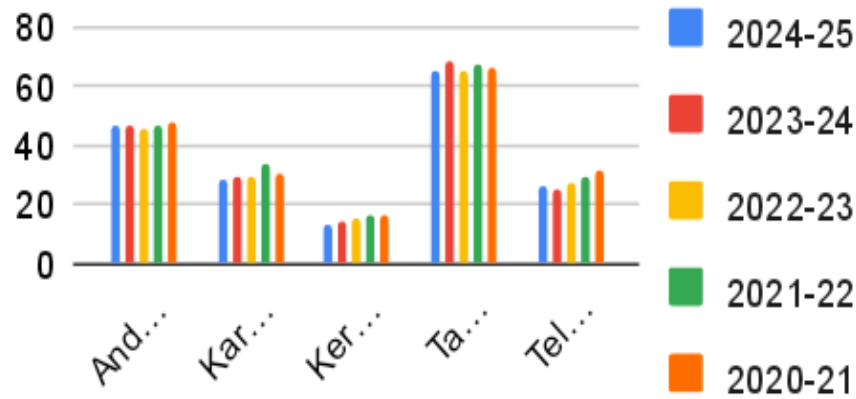
- Significant decline in 2024-25 across all states, except Kerala, which remains relatively stable.
- Andhra Pradesh's numbers dropped from 8.62 lakh (2020-21) to 3.95 lakh (2024-25).
- Tamil Nadu saw a similar decline from 3.97 lakh in 2023-24 to 1.00 lakh in 2024-25.
- Telangana and Karnataka witnessed major drops, suggesting lower program participation or reduced work opportunities.

Implication: The decline in 100-day employment households could be due to:

- Reduction in available workdays
- Economic recovery leading to alternate employment
- Lower program demand due to wage competitiveness

6. Total Households Worked (in lakhs)					
	2024-25	2023-24	2022-23	2021-22	2020-21
Andhra Pradesh	46.48	46.55	45.83	46.74	47.52
Karnataka	27.89	29.95	29.58	33.85	30.15
Kerala	13.54	14.69	15.51	16.45	16.17
Tamil Nadu	65.09	68.76	65.67	67.86	66.49
Telangana	25.98	25.33	27.35	28.98	31.11

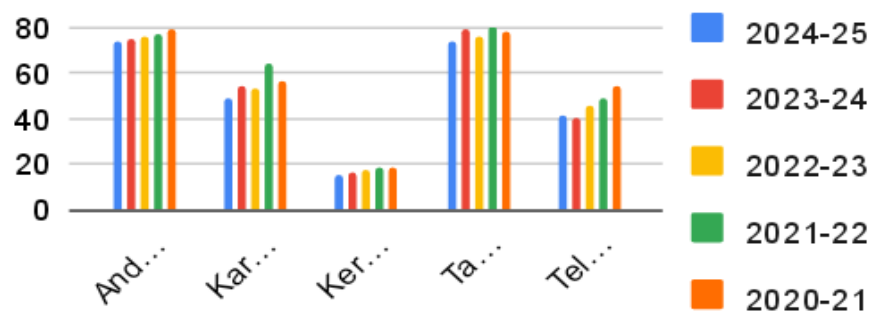
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Total Households Worked (in lakhs)

7. Total Individuals Worked (in lakhs)					
	2024-25	2023-24	2022-23	2021-22	2020-21
Andhra Pradesh	74.27	75.43	75.99	77.37	79.52
Karnataka	49.37	54.02	53.16	63.61	56.69
Kerala	15.14	16.62	17.59	18.99	18.83
Tamil Nadu	74.02	79.39	75.79	79.96	78.53
Telangana	41.07	40.62	45.45	48.78	54.29

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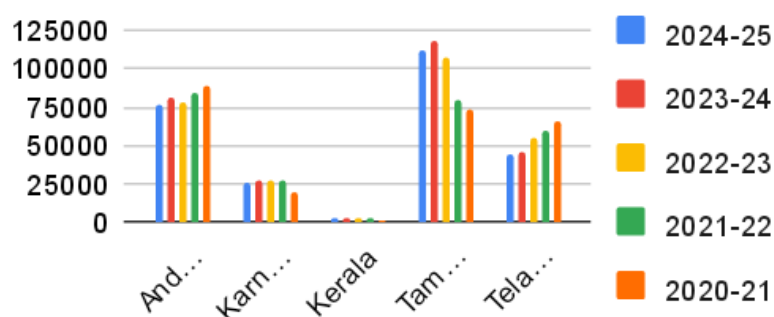
Total Individuals Worked (in lakhs)

- Andhra Pradesh and Tamil Nadu consistently have the highest numbers.
- Karnataka and Telangana showed a declining trend in total individuals employed.
- Kerala's figures remain relatively stable.
- Tamil Nadu had the highest number of households working, but its decline in 2024-25 indicates shifting employment dynamics.

Implication: A drop in total households and individuals working suggests either an improving job market or decreased program efficiency

8. Differently Abled Persons Worked					
	2024-25	2023-24	2022-23	2021-22	2020-21
Andhra Pradesh	75967	80583	78767	84542	88948
Karnataka	25596	28098	27652	27423	20411
Kerala	2340	2572	2649	2735	2236
Tamil Nadu	111476	117657	107498	79818	74149
Telangana	44738	46541	54605	59891	66096

2024-25, 2023-24, 2022-23, 2021-22 and 2020-21



Differently Abled Persons Worked

- Tamil Nadu and Andhra Pradesh have the highest participation rates.
- Telangana saw a sharp decline from 66,096 (2020-21) to 44,738 (2024-25).
- Kerala has the lowest participation, with only around 2,340 differently abled persons employed in 2024-25.

Implication: A decline in participation may indicate challenges in accessibility, program awareness, or fewer opportunities for differently abled persons.

5. Findings

1. MGNREGA participation is declining in some states, possibly due to improved employment opportunities outside the scheme or budget reductions.
2. Wage rates have increased steadily, but disparities remain among states.
3. Kerala has the highest wages, while Telangana has the lowest, impacting labor mobility.
4. Andhra Pradesh and Tamil Nadu saw sharp declines in 100-day employment households, raising concerns about work availability.
5. Completed works are lower than works taken up, signaling potential inefficiencies.
6. Differently abled participation is reducing, suggesting a need for targeted policy interventions.

6. Suggestions

1. Ensuring adequate funding will help sustain employment opportunities.
2. Addressing delayed wage disbursements through enhanced digital payment mechanisms can boost worker participation.
3. The gap between works initiated and completed indicates inefficiencies. Strengthening project monitoring and execution can improve outcomes.
4. Participation among differently abled workers is declining. Introducing inclusive work opportunities and accessibility measures can help.
5. A uniform minimum wage policy can ensure fair compensation.
6. Strengthening social audits and grievance redressal mechanisms can minimize fund leakages and fake job card issues.
7. Diversifying employment opportunities under MGNREGA, such as agro-based industries or skill-based work, can increase participation.

8. Using biometric attendance, geotagging, and AI-driven monitoring can improve efficiency and reduce administrative burdens.

Conclusion

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) remains a crucial social security program, providing employment opportunities and contributing to rural infrastructure. However, the declining number of works taken up, fluctuating labor budgets, and wage disparities highlight the need for policy improvements. Strengthening implementation, ensuring timely wage payments, addressing wage inequalities, and promoting inclusivity for differently abled workers will be key to enhancing the scheme's effectiveness. With strategic reforms and technological integration, MGNREGA can continue to be a significant force in alleviating rural unemployment and promoting sustainable development.

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