

## Scope and Future Prospects of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in India

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Received 01 Jan 2021, Accepted 20 Feb 2021, Available online 22 Feb 2021, Vol.9 (Jan/Feb 2021 issue)

### Abstract

*The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a key Pillar of Rural Employment in India. This study provides a conceptual analysis of the Mahatma Gandhi National Rural Employment Guarantee Act, focusing on its role and significance in enhancing rural livelihoods. The paper examines the scope of MGNREGA in generating wage employment, promoting social inclusion, and supporting sustainable rural development through the creation of productive assets. It further explores the prospects of the programme in alleviating rural poverty, strengthening agricultural productivity, and empowering marginalized communities. By synthesizing the existing literature and secondary data, the study highlights the transformative potential of MGNREGA as a rights-based intervention, establishing it as a vital tool for inclusive rural growth and long-term livelihood security in India.*

**Keywords:** MGNREGA, Rural Development, Rural Poverty, Marginalised Communities, Long-term Livelihood.

### 1. Introduction

On 25 August 2005, the Parliament of India passed the National Rural Employment Guarantee Act (NREGA) as a major initiative for poverty alleviation through employment generation in rural areas. The Act came into force in September 2005 and was formally launched by the then Prime Minister Dr. Manmohan Singh on 2 February 2006 in Bandla Palli village of Anantapur district, Andhra Pradesh. Subsequently, on 2 October 2009, coinciding with the 140th birth anniversary of Mahatma Gandhi, the United Progressive Alliance (UPA) government renamed the Act as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The programme is sponsored and implemented by the Ministry of Rural Development, Government of India (Bishnoi et al., 2012). The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), enacted by the Government of India in 2005 and implemented in 2006, is a landmark rights-based legislation aimed at enhancing livelihood security in rural areas (Government of India, 2005). The Act legally guarantees at least 100 days of wage employment per financial year to every rural household whose adult members are willing to undertake unskilled manual work. By transforming employment from a welfare provision into a justiciable right, MGNREGA represents a significant shift in India's approach to rural development and social protection (Dreze & Sen, 2013).

MGNREGA was introduced in response to persistent rural poverty, unemployment, and income insecurity, particularly among marginalized sections of society. As a demand-driven programme, it obligates the state to employ within 15 days of demand, failing which unemployment allowance must be paid to the applicant (Government of India, 2005). This design seeks to strengthen accountability and ensure income stability for rural households. Studies have highlighted the role of MGNREGA in reducing distress migration and smoothing rural consumption, especially during periods of economic slowdown and agrarian distress (Khera, 2011). In addition to employment generation, MGNREGA emphasizes the creation of durable and productive rural assets, such as water conservation structures, land development works, irrigation facilities, and rural roads. These assets contribute to sustainable rural development and enhance agricultural productivity in the long run (Ambasta et al., 2008). The programme also promotes social inclusion and gender equity, as a significant proportion of beneficiaries belong to the Scheduled Castes, Scheduled Tribes, and women, thereby supporting inclusive growth.

**Table 1:** Main features of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005

Feature	Details
Employment Guarantee	MGNREGA provides a legal guarantee of 100 days of wage employment per year to every rural household willing to undertake unskilled manual work.

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DOI : <https://doi.org/10.14741/ijmcr/v.9.1.3>

Women's Participation	The Act promotes the active participation of women in the workforce, contributing to their economic empowerment and social inclusion.
Focus on Rural Development	The scheme aims to enhance the livelihood security of rural households by promoting sustainable rural development through the creation of durable and productive assets.
Inclusive and Demand-Driven	MGNREGA is a demand-driven programme, where employment opportunities are generated in response to the expressed demand of the rural community, ensuring inclusiveness.
Electronic Fund Management (eFMS)	The eFMS ensures direct transfer of wages into workers' bank or post office accounts, improving efficiency and reducing leakages.
Transparency and Accountability	The scheme ensures transparency and accountability through regular social audits, public disclosure of records, and active community monitoring.

Source: MGNREGA, 2005

### 1.1 Scope of MGNREGA in India

#### a) Employment Guarantee and Legal Entitlement

Every rural household with a job card has a statutory right to demand work. If work is not provided within 15 days of demand, the law mandates unemployment allowance. It reduces rural distress migration, as households can earn locally instead of moving to cities for low-paying, insecure jobs. Employment is demand-driven, meaning rural households can request work whenever needed. Jobs created under MGNREGA are unskilled manual labour, and wages must be paid within 15 days of work done. This made MGNREGA a *unique program globally* — an employment guarantee law not just a welfare scheme.

### 2. Poverty Alleviation and Livelihood Security

The scheme provides a direct wage income, helping low-income and landless rural households survive economic shocks. Government data shows that millions of households have benefited from MGNREGA work, making it a key anti-poverty programme. Providing regular wage work helps rural families meet basic needs like food, health, and education.

### 3. Rural Infrastructure Development

- MGNREGA creates productive and durable rural assets:
  - Rural roads and connectivity
  - Irrigation canals, ponds, and water harvesting structures
  - Soil and water conservation works
  - Afforestation and land development
- These assets enhance agricultural productivity, improve water availability, and reduce vulnerability to drought.
- This dual role of employment + asset creation distinguishes MGNREGA from other purely wage-based programs.

### 4. Social Inclusion and Empowerment

- Women Participation: Women are guaranteed at least one-third of total jobs and often form over 50% of MGNREGA workforce.
- Scheduled Castes (SCs) and Scheduled Tribes (STs) get focused attention, ensuring that historically marginalized communities' benefit.
- Minority and vulnerable households also have access to job cards.
- This empowers rural women and marginalized groups economically and socially (Tripurari Kumar, 2018).

### 5. Transparency and Governance

- MGNREGA promotes social accountability through:
  - Public works audits
  - Real-time wage payments via bank accounts or post offices
  - Online monitoring of work progress (MIS dashboards, NMMS app)
- This ensures accountability and prevents leakages, creating a model for transparent rural governance. (nregaplus.nic.in)

### 6. Integration with Rural Development Programs

- MGNREGA complements agriculture and water resource programs, supporting government efforts to improve rural livelihoods and natural resource management.
- Assets created under MGNREGA are used for irrigation, soil conservation, and watershed development, promoting sustainable rural development. (nrega.nic.in)

### 7. Economic Multiplier Effect

- Wages paid under MGNREGA increase purchasing power in rural areas.
- This stimulates local markets and the rural economy, as workers spend their wages on food, health, education, and other necessities.
- Indirectly, it supports small businesses, vendors, and rural service providers.

### 8. Disaster Mitigation and Climate Adaptation

- MGNREGA works contribute to water harvesting, drought mitigation, flood control, and soil erosion prevention.
- This enhances resilience of rural communities to natural disasters and climate change.
- Example: Ponds and embankments constructed under MGNREGA store water for irrigation during dry periods.

9. Strengthening Local Governance

- Gram Panchayats and village-level committees implement MGNREGA.
- This strengthens decentralized governance and empowers local decision-making.
- Rural citizens participate in planning, monitoring, and auditing, improving governance skills and accountability. (nregaplus.nic.in)

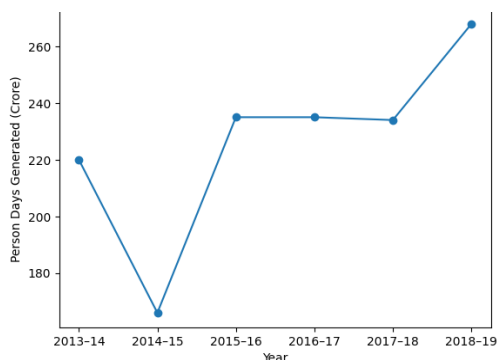
10. National Rural Development Strategy

- MGNREGA is a pillar of India’s rural development policy:
  - Reduces rural poverty and inequality
  - Improves employment opportunities in non-farm sectors
  - Supports sustainable rural livelihoods and environmental conservation
- Government reports highlight that the scheme is key to achieving inclusive growth in rural India. (nrega.nic.in)

**Table 2:** Growth Patterns and Policy Implications of MGNREGA during 2013–14 to 2018–19

Year	Person-Days Generated (Crores)	Trend Notes
2013–14	220 crores (approx.)	Employment continued to grow compared with earlier years.
2014–15	166 crores	Drop due to fund flow delays and a shortfall in completion in some states.
2015–16	235 crores	Major recovery in employment generation, the highest pre-2017.
2016–17	235 crores	Continued strong performance; increasing focus on asset creation.
2017–18	234 crores	Stable trend; slight dip, but overall sustained employment creation.
2018–19	267.90 crores	The highest employment in this period indicates strong demand and implementation.

Source: <https://dge.gov.in/dge/?utm>



**Fig.1:** Growth Trends of MGNREGA (FY 2013–14 to 2018–19)

1.2 Future Prospects of MGNREGA in India

Based on the existing literature and available evidence, MGNREGA continues to have strong future prospects as a

key instrument for inclusive and sustainable rural development in India. Studies highlight that when effectively implemented, MGNREGA can move beyond short-term wage employment to support long-term rural transformation through durable asset creation, especially in areas such as water conservation, land development, soil management, and drought mitigation (Esteves et al., 2013; Ranaware et al., 2015). The programme holds significant potential to strengthen agricultural resilience, reduce livelihood vulnerability, and address climate-related risks, particularly in rain-fed and drought-prone regions. Literature also suggests that MGNREGA can further enhance women’s empowerment and social inclusion by ensuring timely wage payments, increasing awareness, and expanding leadership roles for women and marginalized groups in planning and social audits (Rajalakshmi & Selvam, 2017; Chaturvedi et al., 2017; Rohne, 2012).

At the institutional level, future of MGNREGA largely depend on improvements in governance, administrative capacity, and monitoring mechanisms. Inter-state variations identified in earlier studies indicate that states with strong political commitment, efficient administration, and transparent systems achieve better outcomes (Carswell & De Neve, 2014; Rengasamy & Kumar, 2012). Strengthening digital systems, timely fund flow, grievance redressal, and social audit mechanisms can further improve accountability and public trust in the programme. Moreover, literature emphasizes that MGNREGA can play a crucial role as a social protection mechanism during economic shocks, migration distress, and employment crises, as argued by Shah (2016). Overall, existing research indicates that with policy reforms, better convergence with rural development programmes, and a focus on asset quality and sustainability, MGNREGA has the potential to remain a cornerstone of India’s rural employment strategy and rights-based development framework in the future.

2. Literature Review

The existing literature on the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) presents a comprehensive assessment of its role in rural development, labour markets, social inclusion, and governance, while also highlighting persistent implementation challenges. Studies such as Carswell and De Neve (2014) and Chakraborty (2014) view MGNREGA as a significant shift towards a rights-based development framework, emphasizing its contribution to income security, labour dignity, democratic participation, and enhanced bargaining power of rural workers, particularly in states with strong administrative capacity like Tamil Nadu. Research on rural labour markets by Reddy, Reddy, and Bantilan (2014) and Esteves et al. (2013) indicates that MGNREGA has led to higher rural wage rates, reduced distress migration, and improved agricultural resilience through asset creation in areas such as water

conservation and land development, though concerns remain regarding labour shortages during peak agricultural seasons. State-level analyses by Rengasamy and Kumar (2012) and Ranaware et al. (2015) reveal wide regional variations in performance, with better outcomes in states characterized by proactive governance and efficient implementation, while others suffer from delays in wage payments, poor planning, and uneven asset quality. The literature also strongly underscores MGNREGA’s role in women’s empowerment and social inclusion, with studies by Rajalakshmi and Selvam (2017) and Shah (2016) highlighting increased female workforce participation, economic independence, and social security for marginalized groups, despite challenges such as delayed wages and limited awareness. At the same time, several scholars, including Salian and Leelavathi (2014), Singh, Bhasin, and Lama (2012), and Patidar and Gupta (2012), point to systemic implementation issues such as administrative inefficiencies, corruption, lack of technical staff, weak monitoring, and ineffective grievance redressal mechanisms, concluding that while MGNREGA has substantial potential to reduce rural poverty and support sustainable livelihoods, its overall effectiveness is largely contingent upon improved governance, accountability, and state-specific institutional capacity. The literature on MGNREGA further highlights its role in improving livelihoods, promoting social inclusion, and supporting rural development across diverse regions and population groups. Rohne (2012), in a case study of tribal MGNREGA participants in Wayanad, Kerala, examined public works programmes as a development strategy for marginalized communities and found that the scheme enhanced income security, reduced economic vulnerability, and improved access to basic needs among tribal households, although social and administrative barriers continued to affect participation. Roy (2011) analysed the impact of MGNREGA on beneficiaries in West Bengal and observed notable improvements in livelihood security, consumption patterns, and employment opportunities, indicating the programme’s positive influence on rural household welfare. Thakur (2015) assessed the overall effectiveness of MGNREGA for rural development and concluded that the scheme contributed significantly to employment generation, poverty reduction, and infrastructure creation in rural areas, while also stressing the need for better implementation and monitoring mechanisms. Hembram et al. (2017) studied employment generation, income utilization, and operational challenges under MGNREGA and reported that the scheme provided assured wage employment and supported household income stability, though issues such as delayed payments, limited awareness, and procedural complexities constrained its full potential. Focusing on gender dimensions, Chaturvedi et al. (2017) examined the socio-economic profile of women workers under MGNREGA in the Purabazar Block of Faizabad district and found that the scheme played a meaningful role in women’s empowerment by enhancing

their income, self-confidence, and participation in household decision-making, despite persisting challenges related to work burden and access to information.

**Table 3:** Progress of MGNREGA in India

Particulars	2018–19 (Financial Year)
Person-Days Generated	267.96 crore
Households Demanded Work	5.88 crore
Households Provided Work	5.27 crore
Average Days of Work per Household	49–50 days
Women Participation	54.6% of person-days
Budget Allocation	₹60,000+ crore

Source: [https://nrega.dord.gov.in/MGNREGA\\_new/Nrega\\_home.aspx](https://nrega.dord.gov.in/MGNREGA_new/Nrega_home.aspx)

**Table 4:** Recent Developments under MGNREGA (2017–2019)

Year	Key Developments
2017	<ul style="list-style-type: none"> <li>Highest-ever budget allocation of ₹48,000 crore for MGNREGA.</li> <li>Emphasis on geo-tagging of assets and use of space technology for planning and monitoring.</li> <li>Focus on improving transparency and efficiency in implementation.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Record growth in person-days generated (~255 crore person-days).</li> <li>Demand for employment under MGNREGA increased by ~10% compared to previous year.</li> <li>Continued reliance of rural households on the programme for livelihood security.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Slight reduction in allocation for MGNREGA (~₹60,000 crore) compared to previous fiscal year.</li> <li>Continued high demand for employment.</li> <li>Budgetary adjustments indicated evolving policy focus and fiscal constraints while maintaining programme objectives.</li> </ul>

Source: Union Budget 2017-2018, Government of India, Scroll. in 2018, Economic Times, 2019.

**3. Objectives of the study**

- To examine the scope of MGNREGA in promoting inclusive rural development in India.
- To analyse the future prospects of MGNREGA in India.

**4. Research Methodology**

The present study is conceptual in nature and is based entirely on secondary data. Relevant information was collected from authentic sources, including official reports and portals of MGNREGA (mnrega.nic.in), Ministry of Rural Development (MoRD) annual reports, Union Budget documents, Census of India data, Socio-Economic and Caste Census (SECC) data, and labour surveys such as NSSO and Periodic Labour Force Survey (PLFS). In addition, peer-reviewed journal articles, evaluation studies, working papers, and policy documents were reviewed to understand the implementation, socio-economic impact, women’s participation, rural development outcomes, and regional variations of MGNREGA. The collected literature was systematically

analysed to identify key themes such as employment generation, livelihood security, women empowerment, asset creation, governance challenges, and future prospects. Descriptive and comparative analysis of secondary data, including trends in person-days, budgetary allocations, and women's participation, was carried out to support a conceptual understanding of the scheme. This methodology allows for a comprehensive and evidence-based examination of the scope and prospects of MGNREGA without primary data collection, highlighting both achievements and areas requiring policy intervention.

### Conclusion and Policy Implications

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has emerged as one of the most significant rights-based social protection programmes in India, institutionalising the legal guarantee of at least 100 days of wage employment annually to rural households willing to undertake unskilled manual work. Since its inception, the programme has played a critical role in enhancing livelihood security for millions of rural households by providing a dependable source of income, particularly during periods of agricultural off-season, economic distress, and climatic uncertainty. Empirical evidence from existing literature and official data consistently highlights MGNREGA's contribution to poverty reduction, income stabilization, and consumption smoothing among vulnerable rural populations. The programme has also been instrumental in promoting gender inclusion, as women's participation rates under MGNREGA have remained consistently high, often exceeding statutory requirements, thereby strengthening women's economic agency and decision-making power within households and communities. In addition to its employment-generation function, MGNREGA has contributed to the creation of durable rural assets such as water conservation structures, rural connectivity, land development, and irrigation facilities. These assets have the potential to enhance agricultural productivity, improve natural resource management, and strengthen the resilience of rural livelihoods against climate variability. Furthermore, the availability of local employment opportunities under the scheme has helped reduce distress-driven rural-to-urban migration, particularly among marginal farmers and landless labourers. By integrating employment generation with asset creation and environmental sustainability, MGNREGA has positioned itself as a key instrument for inclusive and sustainable rural development. Despite these notable achievements, several structural and implementation-related challenges have constrained the programme's effectiveness and long-term impact. Delays in wage payments remain a persistent concern, undermining the scheme's credibility and weakening its role as a reliable social safety net. Significant inter-state

and intra-state variations in performance reflect disparities in administrative capacity, governance quality, financial management, and political commitment. Administrative inefficiencies, including delays in work approvals, inadequate planning, and weak monitoring mechanisms, further limit the scheme's potential. Additionally, limited awareness among beneficiaries regarding entitlements, grievance redressal mechanisms, and procedural requirements has restricted effective participation, particularly among marginalized communities. In light of these achievements and limitations, future research must move beyond short-term employment outcomes to examine the long-term developmental impacts of MGNREGA. Greater attention is needed to assess the sustainability and productivity of assets created under the programme and their contribution to agricultural growth, income diversification, and livelihood resilience. Comparative and state-level studies can provide valuable insights into how institutional capacity, governance structures, and decentralised planning processes influence programme outcomes. There is also scope for deeper analysis of the socio-economic impacts of MGNREGA on women, Scheduled Castes, Scheduled Tribes, and other disadvantaged groups, particularly in terms of empowerment, skill development, and social inclusion. Moreover, future studies can explore the potential for greater convergence between MGNREGA and other rural development, agriculture, and poverty alleviation schemes to enhance complementarities and maximise developmental outcomes. The increasing adoption of technology—such as digital monitoring systems, geo-tagging of assets, Aadhaar-based direct wage transfers, and real-time management information systems—offers opportunities to improve transparency, efficiency, and accountability. However, research is also needed to critically examine issues related to digital exclusion, administrative burden, and access barriers faced by vulnerable workers. Addressing these dimensions will generate deeper insights into strengthening MGNREGA as a robust, inclusive, and sustainable rights-based intervention, capable of responding effectively to evolving rural development challenges in India.

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