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MGNREGA

POLICY BRIEF

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BY:
Kushumika Sikdar
Lavisha Bajaj
Rishi Raj Sharma
Shivansh Shrivastava
Tanvi Srivastava

 www.symposiumsociety.in

 symposiumhinducollege@gmail.com

DESIGNED BY:
Kabyaa Nayak
Khushi Chatta
Simran Jangra
Yug Singh Chauhan

TABLE OF CONTENTS

OVERVIEW	01
<hr/>	
FUNDING AND ALLOCATIONS	01
<hr/>	
SOCIOLOGICAL ANALYSIS/DEMOGRAPHICS AND PARTICIPATION	03
<hr/>	
EMPLOYMENT DYNAMICS	07
<hr/>	
COMPARATIVE ANALYSIS OF THE SCHEME UNDER UPA AND NDA	12
<hr/>	
IMPACT OF COVID-19 ON MGNREGA	13
<hr/>	
IMPACT ASSESSMENT	17
<hr/>	
POLICY RECOMMENDATIONS	19
<hr/>	
REFERENCES	21

OVERVIEW

Enacted by the Indian Parliament in 2005, the National Rural Employment Guarantee Act (NREGA) is the largest employment and welfare program in the world, providing at least 100 days of wage employment per fiscal year to any household willing to perform unskilled manual labour. It is a social and legal measure that guarantees the "right to work"—putting the Directive Principle into practice.

In 2009, NREGA was renamed after Mahatma Gandhi in a move which marked the Congress government's tribute to the father of the nation to commemorate his birth anniversary and commemorate his work for rural development. Prime Minister Manmohan Singh called it appropriate as Gandhiji championed the idea of 'Gram Swaraj' and rural development.

The policy, which takes a bottom-up approach and is demand driven, aims to improve the purchasing power of rural poor people by reducing poverty and creating gainful employment. It accomplishes this by building public infrastructure in rural areas, such as wells, check dams, and roads, to conserve water and help residents overcome other challenges related to rural poverty.

The Maharashtra work Guarantee Scheme (MEGS) of 1972, which addressed the issue of rural unemployment by guaranteeing work at a salary level adequate to sustain a minimal level of sustenance, is where MGNREGA got its beginnings.

By reducing risks faced by poor households, and by constructing productive assets and infrastructure the scheme also aimed to have a longer term developmental role. This idea of 'Employment Guarantee' could be deduced as the brainchild of Prime Minister Narasimha Rao back in the 1990s, which was taken forward by the UPA government.

MGNREGA was launched at a time of political transition in India when the UPA coalition led by the Congress and supported by leftist parties came to power in 2004. The Common Minimum Programme, a document of the coalition partners, promised commitments to poverty alleviation, employment generation, and strengthening Panchayati Raj institutions, setting the stage for MGNREGA's launch. In the period in which the Act was passed, the Indian economy was growing faster than many of the world's largest developed economies but the extent of poverty did not decrease at a desirable rate. The agricultural sector which dominated the rural economy had a variety of problems like small landholdings, disguised unemployment, seasonal migration to the cities for manual labour opportunities, lack of basic infrastructure and over dependence on rain for irrigation. MGNREGA strived to counter these problems.

FUNDING AND ALLOCATIONS

Though the Central Government specifies the wage rates for the purposes of this Act, different states may have different wage rates based on regional conditions and demand.

Centre-State funding dynamics

1. Subject to the rules as may be made by the Central Government in this behalf, the Central Government shall meet the cost of the following, namely:-
 - a) The amount required for payment of wages for unskilled manual work under the Scheme;
 - b) Up to three-fourths of the material cost of the scheme including payment of wages to skilled and

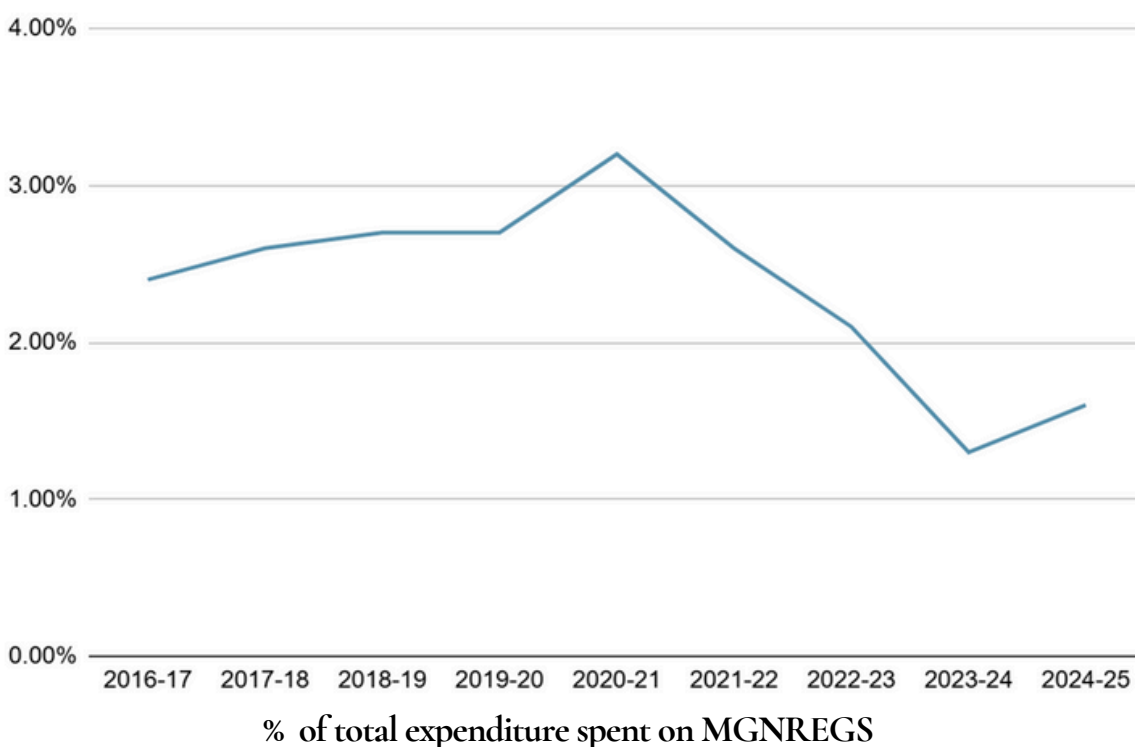
semi-skilled workers subject to the provisions of Schedule II;
 c) Such percentage of the total cost of the scheme as may be determined by the Central Government towards the administrative expenses, which may include the salary and allowances of the Programme Officers and their supporting staff, the administrative expenses of the Central Council, facilities to be provided under Schedule II and such other item as may be decided by the Central Government.

2. The State Government shall meet the cost of the following, namely:-

- a) The cost of unemployment allowance payable under the scheme;
- b) One-fourth of the material cost of the scheme including payment of wages to skilled and semi-skilled workers subject to the provisions of Schedule II;
- c) The administrative expenses of the State Council.

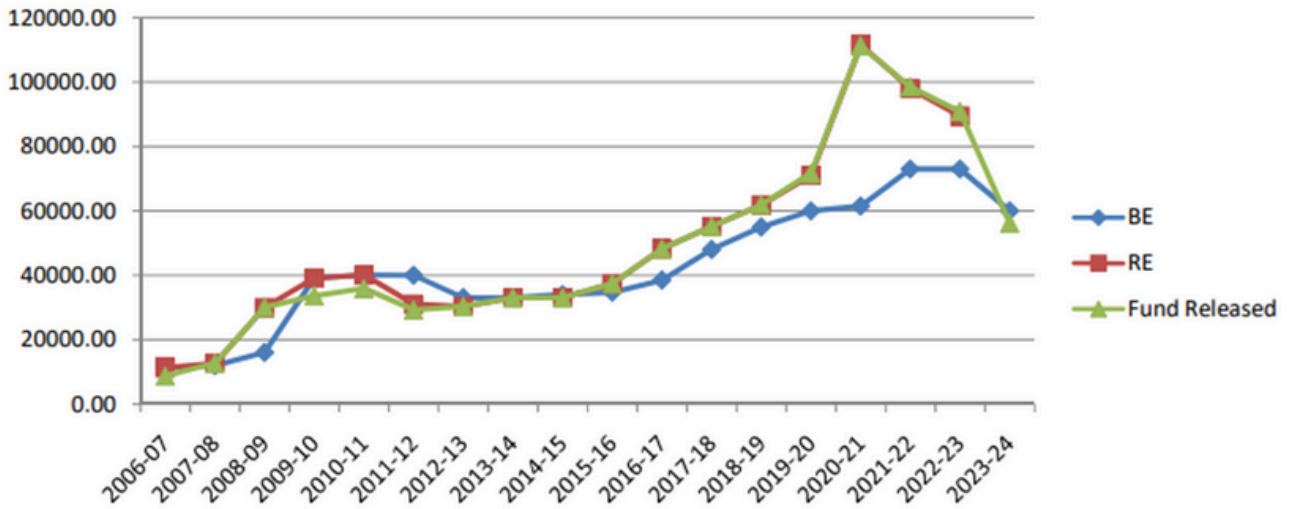
In accordance with the suggestions of the Gram Sabhas (village assembly), the Gram Panchayat will be in charge of selecting, carrying out, and overseeing projects. The Gram Sabhas are empowered to regularly carry out a social audit of particular schemes in order to promote accountability and transparency.

Aadhar Based Payment System under MGNREGA is aimed at bringing in greater transparency and reduce misappropriation of funds through the usage of technology. This is related to the governments push towards Digitisation and aims at reducing grassroot corruption. In May, 2023, there was an average of 87 per cent Aadhaar based payment within the country.



The budget allocated to the MGNREGS in the decades up to the Covid 19 pandemic was constant at around 2.5% of the total budget. We can see that in the financial year 2020-21, the year of the pandemic, with large-scale migration to rural areas of urban labourers, the participation rate in MGNREGA increased which could also be the cause of the increase in budget. On top of that the government had the responsibility of providing employment and wages to the people in the villages. However after the pandemic years, the budget allocation has been decreasing to now being half of what percent had been allocated to the scheme during 2020-21.

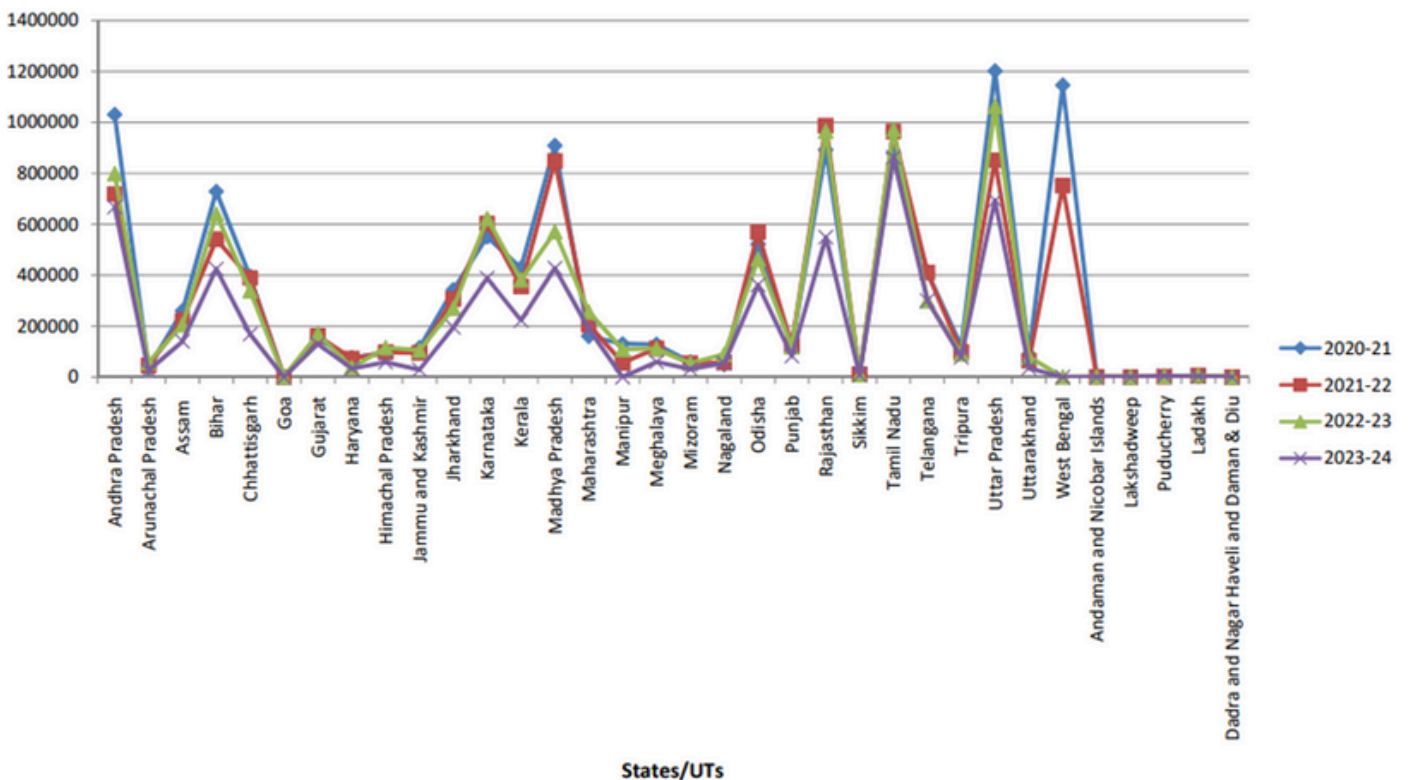
Fund allocation vis-à-vis release pattern under MGNREGA



The above graph shows the budget estimates, the revised budget and the fund released. The initial budget after the scheme was under 20000 crores and remained such for the next 2 years. There was a jump in the budget in 2009, for which one reason can be explained with the Lok Sabha elections. The budget then decreases after 2012 and is constant in the first few years of the NDA government at the centre. The revised estimate of 2020-21 is exponentially high as compared to the initial estimate which can be explained with the covid 19 pandemic and high influx of Urban-Rural migration of labourers. However, after the pandemic we can see that the budget has been decreasing to 2016-17 levels in 2023-24.

SOCIOLOGICAL ANALYSIS/DEMOGRAPHICS AND PARTICIPATION

Fund Allocation - States/UTs wise

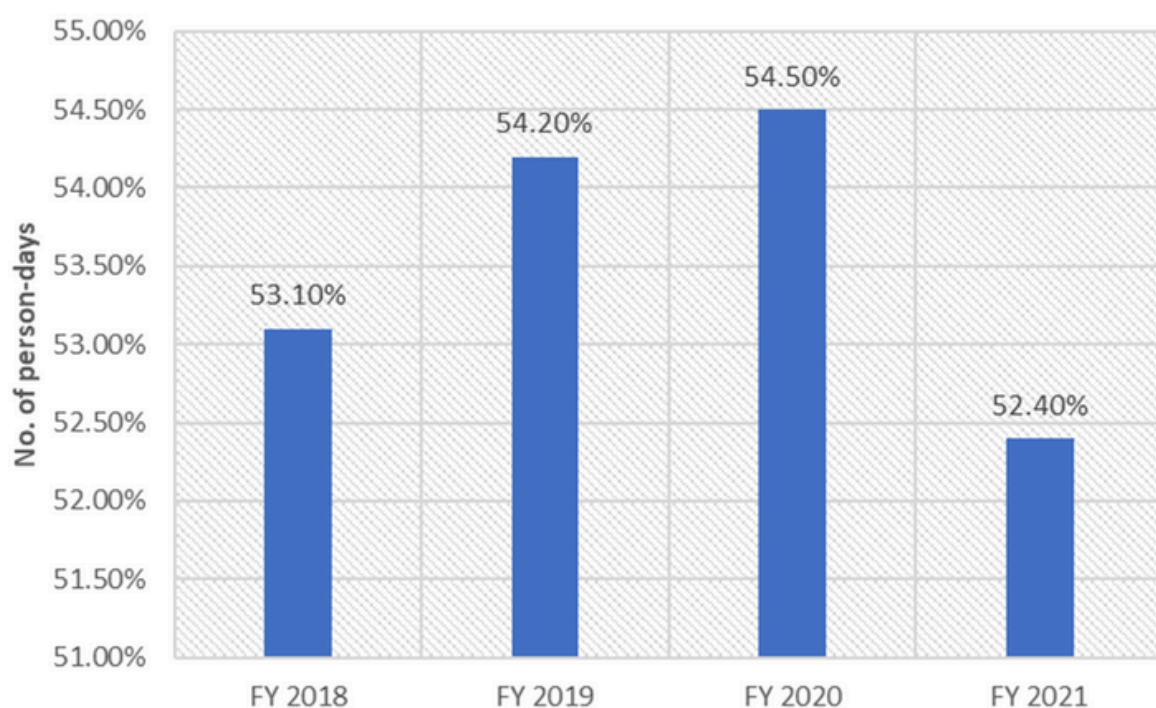


WOMEN

The goal of the act is to guarantee that the women make up at least one-third of the program's beneficiaries. According to data, women have attained a greater proportion of person days of work—53 percent from 2015-16 to 2021-22. This trend is explained by the fact that the rural-urban migration is heavily dominated by men, leaving women behind as the target audience of the scheme.

However, the figures saw a drop in the years of pandemic when men migrated back home and women regained their autonomy to work.

Under the auspices of MGNREGA, the Mahila Mate program was introduced in March 2021 with the goal of assigning "Mahila Mates," or female assistants, to oversee and manage MGNREGA jobs and job sites. Worksites with fewer than 40 employees are required to have 1 Mahila Mate, while those with more than 40 employees should have 2.



Until 2014-15, MGNREGA lacked a focus on women's participation. The National Rural Livelihoods Mission (NRLM) emphasised self-help groups (SHGs) but often saw them as tools for MGNREGA, not women's empowerment. Later, MGNREGA introduced direct payments to workers, ensuring women had access to their earnings. Many assets created under the scheme were registered in women's names to address practical needs, like reducing water collection travel. Direct payments to women's accounts improved their financial autonomy and control over household spending. However, Despite these advancements, women mates (supervisors) faced intimidation and ridicule, leading to a high dropout rate in some areas.

CASTE

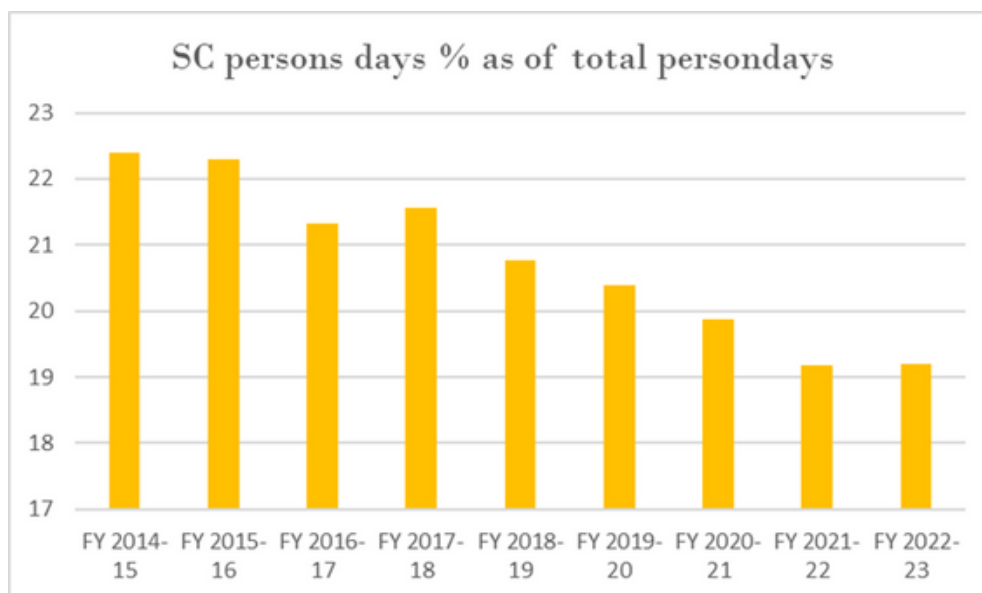
The MGNREGA operational guidelines of 2013 expanded employment goals to include SCs and STs under its ambit. Despite India's economic growth, Scheduled Castes (SCs) continue to lag in agriculture and industry due to their dependence on agriculture and persistent discrimination. In 2014-15, 27.74 million SC households (21.65% of the total) had MGNREGA job cards. By 2021-22, this grew to 31.87 million, but the percentage dropped to 19.50%, showing relative decline despite the increase. The growth rates of Scheduled Caste (SC) households receiving job cards have shown considerable variation over

the years. Notably, there was a positive growth of 1.57% in 2015-16, followed by a decline of 2.52% in 2016-17, and a rebound with a growth of 5.01% in 2019-20. However, this fluctuating trend culminated in a significant drop of -11.24% in 2022-23.

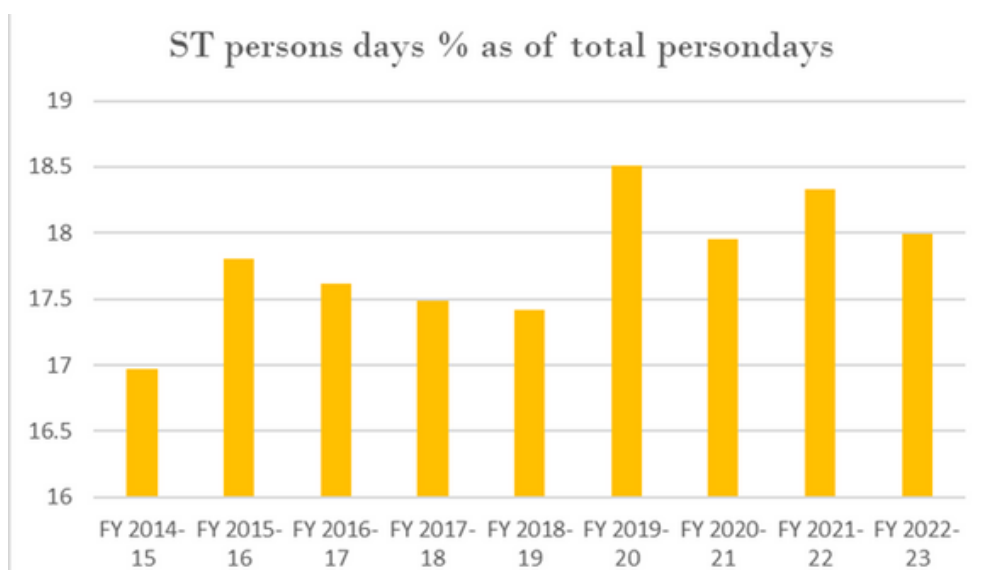
Trends in SC employment show that in 2014-15, 94.491 lakh SC households were employed (22.90% of total). Employment rose consistently to 110.68 lakh in 2015-16 (17.13% growth), but later years showed fluctuations. A peak in employment occurred in 2020-21 with 155.168 lakh households (34.29% growth), followed by declines in 2021-22 and 2022-23, dropping to 122.355 lakh (19.80%). Furthermore, in 2014-15, 5.3 lakh SC families completed 100 days of employment. This number surged to 14.11 lakh in 2020-21 (a 95.51% increase), but declined in 2021-22 and 2022-23, indicating inconsistent participation.

With regard to the impact of MGNREGA on Scheduled Tribes, migration of tribal communities to urban regions has been mitigated to some extent by sustaining their livelihood. In addition to increasing their income and food consumption, the program also reduces gender discrimination, brings stability to their finances, and ensures food security.


A comparison of participation rates under MGNREGA reveals that the share of Scheduled Caste (SC) person-days has decreased from 22.4% in FY 2014-15 to 19.2% in FY 2022-23, while the proportion of Sch-



Vs



Source- MoRD, MGNREGA MIS



eduled Tribe (ST) person-days has gradually risen from 16.97% to 17.99% over the same period. In states like Goa, Jammu & Kashmir, and Gujarat, where the SC population is relatively small, their contribution to total workdays is minimal. Similarly, states such as Bihar, Himachal Pradesh, Uttar Pradesh, Uttarakhand, Karnataka, and West Bengal report a significantly low share of ST workdays, often below 10%. Data from the Monitoring Information System (MIS) on the MGNREGA website indicates that SC and ST workers have been consistently requesting more workdays compared to workers from other caste groups.

PERSONS with DISABILITY

In 2009-10 and 2010-11, data from the Ministry of Rural Development showed the national employment situation for persons with disabilities (PWD) under MGNREGA. In 2009-10, Andhra Pradesh had the highest number of disabled workers, followed by West Bengal, Uttar Pradesh, and Bihar. Participation was low in most northeastern states, except Tripura, and some union territories had no recorded participation. In 2010-11, employment for PWDs increased modestly, with West Bengal leading, followed by Andhra Pradesh. However, states like Gujarat, Tamil Nadu, Chhattisgarh, and Madhya Pradesh showed improvements, while union territories and northeastern states saw little change.

Considering the nation's total disabled population as determined by the 2001 Census and the number of PWDs employed under NREGS, the work participation rate in 2009-10 was as low as 1.37%. The macro-level statistics demonstrated that the coverage of PWD remained completely unsatisfactory even after five years of NREGA implementation.

Ensuring inclusive employment under MGNREGA requires policy interventions such as creating alternative job roles, having awareness campaigns to inform people about their rights under MGNREGA, ensuring special wage provisions and incentives for PwDs, and stronger implementation and monitoring of existing schemes to enhance PwD participation.

MIGRATION

MGNREGA has emerged as a linchpin of the Indian government's objective of social welfare especially in migration.

By providing employment in rural areas, it has reduced the need for seasonal migration, particularly among small and marginal farmers who otherwise seek work in urban areas. However the scheme has failed to curb migration from agriculturally advanced rural areas as in these regions, the farming sector required less labour due to higher productivity and mechanisation. As a result, people were no longer dependent on agriculture for their livelihood and could earn more by migrating to urban areas. MGNREGA did not create enough alternative employment in these regions to counterbalance the economic incentives of moving to cities. According to the target audience, another key reason for migration was the dissatisfaction among people with the government's provision of 100 man-days, considered insufficient for supporting an entire family. Additionally, there was dissatisfaction with the wage rates which were lower than the local rates.

Moreover, MGNREGA has been crucial in addressing migration-related vulnerabilities during crises. The reverse migration witnessed during the COVID-19 lockdowns highlighted the scheme's role as a critical fallback mechanism. Millions of workers who returned to their villages relied on MGNREGA for employment, underscoring its importance as a social security measure during economic downturns.

The fact that a workfare program like NREGA may partially or completely replace a minimum wage in areas where it cannot be enforced is one of its benefits. By using the MGNREGA salary to negotiate with private sector employers, workers can get better-paying jobs in rural regions, hence limiting the movement of people from rural to urban areas.

EMPLOYMENT DYNAMICS

TYPES OF JOBS CREATED

Major Category of Work-wise Abstract since Inception

SL. No.	NAME OF MAJOR CATEGORY OF WORK	2014-15 TO 2023-24 (3 rd October 2023)		SINCE INCEPTION (3 rd October 2023)	
		Number of works (in lakh)	Expenditure (in Rs. Crore)	Number of works (in lakh)	Expenditure (in Rs. Crore)
1	NRM	266.13	4,18,468	357.56	4,91,719
2	All Plantation	68.05	54,149	80.19	61,669
3	Horticulture	24.98	18,689	26.95	19,610
4	Silvipasture Grassland Dev.	0.80	732	0.91	750
5	Farm Pond	29.36	31,379	39.38	38,363
6	Check Dam	7.71	30,788	12.94	37,916
7	DugWell	9.13	18,546	12.02	22,030
8	Trenches	8.17	32,321	10.62	35,875
9	Goat Shed	3.67	2,679	3.70	2,704
10	Cattle Shed	15.86	12,987	15.97	13,075
11	Vermi -NADEP & Compost pit	16.60	4,454	17.59	4,753
12	Soak Pit	31.78	2,562	31.81	2,574
13	Food Grain Storage Structure	0.84	1,497	1.03	1,626
14	Play Ground	0.82	2,457	0.82	2,474
15	Ren. of Trad. Water Bodies	10.53	48,287	17.14	60,887
16	Water Con. & Water Harvest.	38.85	1,27,436	57.61	1,51,401
17	Individual works	434.59	1,51,420	463.94	1,60,727
18	Rural Connectivity	38.38	1,30,021	64.99	1,84,608
19	Anganwadi Centres	1.06	5,796	1.06	5,801

* The expenditure shown above is the total expenditure of all major assets(Asset created & Ongoing works) and the number reflects the Assets created only.

The provided data offers a detailed overview of the types of jobs created under MGNREGA and it concentrates on two time frames which are from 2014-15 to 2023-24 and from the program's inception until October 3, 2023. The data depicts how the program is dealing with employment generation and infrastructure development and sustainable resource management in rural areas by examining the number of works completed and the corresponding expenditures across 19 categories.

KEY AREAS OF FOCUS AND ACCOMPLISHMENTS

The initiative spans a variety of sectors, including Natural Resource Management (NRM), Rural Infrastructure Development, and Agricultural Assistance Programs. Notably, NRM stands out as the primary driver of employment opportunities and asset generation. From 2014 to 2023, over 26.6 million projects were undertaken, amounting to a total investment of Rs. 4,18,468 crore. Since the program's launch, these numbers have escalated to 35.756 million projects and Rs. 4,91,719 crore, highlighting the emphasis placed on sustainable resource management.

In addition, individual projects constitute another vital component, with approximately 43.5 million projects completed during the same timeframe, resulting in an expenditure of Rs. 1,51,420 crore. These initiatives serve rural households, enhancing livelihoods and empowering local communities.

INFRASTRUCTURE AND RESOURCE MANAGEMENT EMPHASIS

The development of rural infrastructure, especially in terms of connectivity, is a primary focus area. Data indicates that from 2014 to 2023, 38.38 lakh connectivity projects were successfully completed, with a total expenditure of Rs. 1,30,021 crore. Since the program's launch, the total number of completed works has increased to 64.99 lakh, with expenditures reaching Rs. 1,84,608 crore. This emphasis on infrastructure is essential for reducing the gap between rural and urban areas, facilitating access to markets, healthcare, and educational opportunities.

Additionally, water conservation and harvesting initiatives play a significant role in enhancing rural employment. These efforts have resulted in 57.61 lakh completed works since the program's inception, with a financial outlay of Rs. 1,51,401 crore. Such projects not only generate employment but also promote long-term sustainability by tackling water scarcity issues in both agricultural and domestic settings.

PLANTATIONS AND AGRICULTURAL ACTIVITIES

Jobs associated with plantations, including horticulture and the development of silvopasture, are crucial to the sector. From 2014 to 2023, a total of 6.805 million plantation-related projects were executed, with an investment of Rs. 54,149 crore. This underscores a commitment to ecological restoration and agroforestry, which not only promotes environmental sustainability but also creates job opportunities. Additionally, advancements in farm-related infrastructure, such as the construction of farm ponds, cattle shelters, and vermi-compost pits, have been noteworthy. These initiatives improve agricultural productivity, enhance livestock management, and support rural livelihoods, reflecting the comprehensive nature of the program.

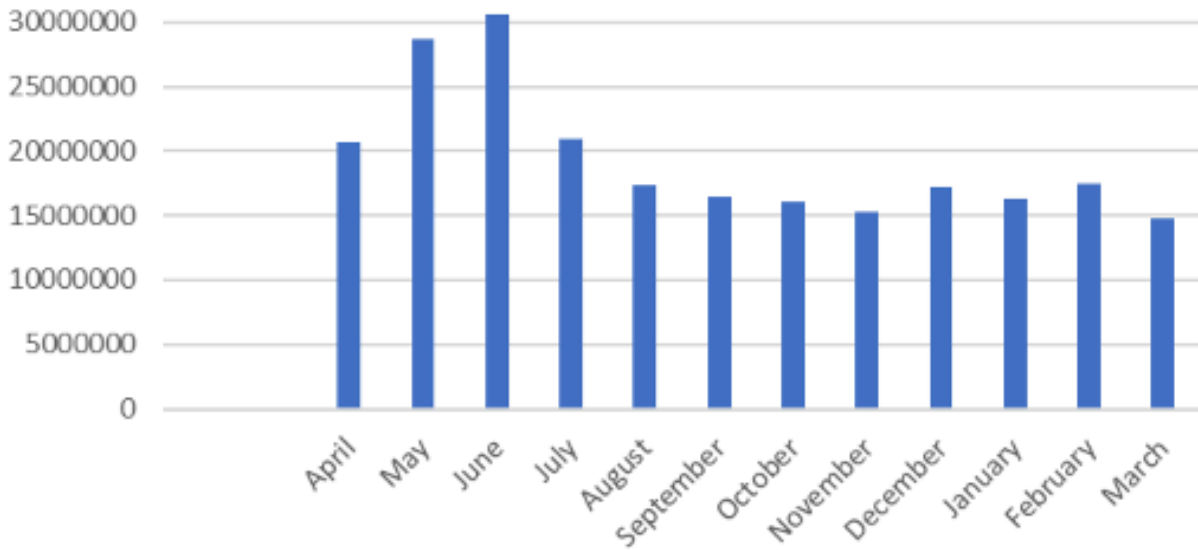
TRENDS AND IMPLICATIONS

The data reveals a consistent and strategic allocation of resources across various sectors, reflecting a comprehensive approach to rural development. The emphasis on NRM and infrastructure development highlights the dual focus on environmental sustainability and economic empowerment. The substantial investment in individual works and plantations underscores the program's commitment to localised development, empowering households and fostering community participation.

The program's sustained investment in water conservation, farm-related projects, and connectivity is critical for long-term rural transformation. These initiatives not only address immediate employment needs but also build durable assets, ensuring that rural communities are equipped for future challenges.



Trends in Employment Demand



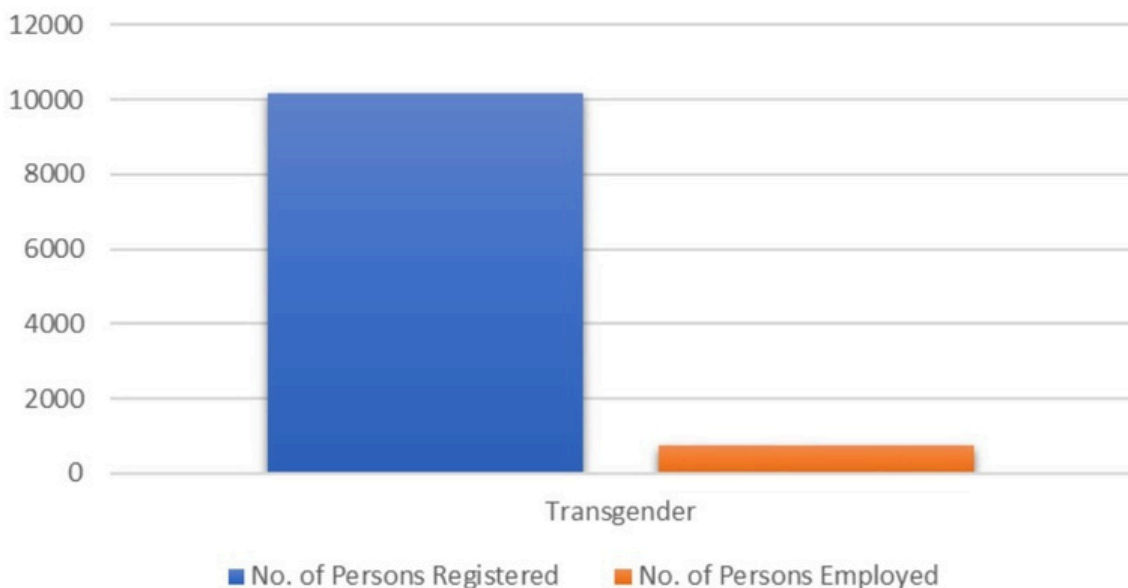
Month wise Household Employment Demand FY 2023-24

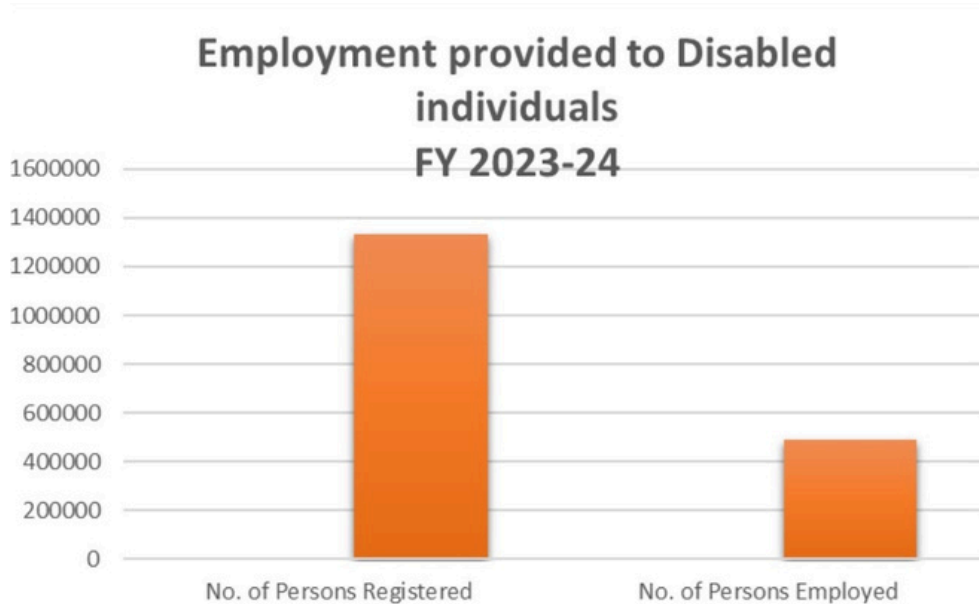
As the data here shows, in India, the maximum demand for rural employment through MGNREGA comes from the months of May and June. The figure jumps with a leap of almost 50% influx in demand in these months. This is mainly due to the fact that these months are considered off-season in Indian Agriculture, when the Rabi crops have been harvested and farmers await the arrival of the Indian Monsoon to start the Kharif Season. Agriculturalists tend to rely on MGNREGA during these months for a steady flow of income.

Employment for Marginalised Individuals and Communities

From these figures shown below, a clear stark can be observed where, out of the total Disabled individuals that registered for the scheme across India only 36.75% of these individuals availed the employment opportunity.

Employment provided to Transgender individuals FY 2023-24





The difference between Total Registration and Employment generated is more evident in the case of Transgender individuals, where only 7.38% individuals who registered availed the employment opportunity. This contrast highlights the scheme’s failure in achieving its objective to ensure employment with inclusivity to the deprived sections of the society.

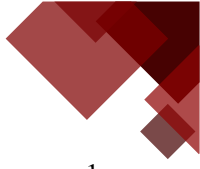
Work Category Name/ Work Sub Category Name/ Work Type	Spillover+New		No. of New Works	Unit.	Estimated outcome
	Total Works	Completed Works			
Public Works Relating To Natural Resources Management					
Water Conservation	4102278	580367	1080487	Hec.	270.52
Watershed Management	1101121	197315	346347	Hec.	70.9
Irrigation	3206564	496042	896226	Hec.	4314.04
Traditional Water Bodies	1196481	140250	281939	Hec.	3392.53
Afforestation	3470089	322930	693749	Hec.	9435.85
Land development	2080301	225069	460422	Hec.	149.3
Sub Total	15156834	1961973	3759170		
Grand Total of Rest of the Sectors	51280629	8423691	11434708		

SECTOR DEVELOPMENT

The analysis for FY: 2024-2025 reveals a detailed summary of public projects associated with Natural Resource Management (NRM), contrasting various categories based on overall works (spillover and new), finished works, count of new initiatives, and projected results (in hectares). This underscores the government's commitment to the stewardship and enhancement of natural resources.

This sector encompasses the highest volume of projects, totaling 15.157 million, surpassing other categories. It highlights its significant influence on the sustainability and productivity of natural resources.

These elements collectively underscore that natural resource management is a central priority for the government, particularly as rural India grapples with the challenges posed by climate change, including more frequent droughts, floods, and unpredictable rainfall. Investments in water conservation, irrigation, and afforestation are crucial for fostering climate resilience in these regions.



Furthermore, the emphasis on NRM for the 2024-2025 period is supported by developmental considerations such as promoting sustainable livelihoods, empowering communities, restoring the environment, and aligning with India's broader climate commitments and Sustainable Development Goals.

STATE-SPECIFIC ILLUSTRATIONS

Sikkim: *Dhara Vikas Initiative*

This initiative aims to restore essential water sources such as springs, streams, and lakes to address the challenges posed by drought-prone conditions.

It is in line with the overarching focus on water conservation and sustainable resource management, which is a fundamental aspect of Natural Resource Management (NRM). In the mountainous regions of Sikkim, the scarcity of water significantly affects agricultural output and the livelihoods of local communities.

Therefore, increasing water availability in at-risk areas demonstrates how NRM contributes to enhancing long-term resource security and strengthening community resilience against climate fluctuations.

Andhra Pradesh: *Panta Sanjeevani (Farm Ponds Initiative)*

This initiative encourages water conservation by establishing farm ponds, aimed at mitigating the decline in groundwater levels and maintaining crop health during periods of drought. It aligns with a fundamental goal of Natural Resource Management (NRM) — enhancing irrigation infrastructure to support agriculture and rural economies. This is particularly vital for Andhra Pradesh, where agriculture reliant on rainfall faces significant challenges from climate variability.

Consequently, it offers farmers a safeguard against seasonal water deficits, thereby bolstering food security and promoting agricultural resilience.

West Bengal: *Drought Mitigation in Bankura*

This project aims to enhance water security in the drought-affected Bankura district by implementing water conservation and afforestation initiatives. It emphasises a comprehensive approach to drought mitigation through Natural Resource Management (NRM), integrating water management practices with tree planting efforts to restore ecosystems and boost groundwater recharge. The notable decrease in water-related crises demonstrates the success of NRM in addressing long-standing vulnerabilities and fostering sustainable development in rural areas.

Andaman and Nicobar Islands: *Land Development for Horticulture and Fodder*

The initiative focuses on enhancing settlers' land for the purposes of horticulture, fodder production, and mixed plantations, with the objective of generating income and elevating economic conditions. This approach underscores the dual advantages of Natural Resource Management (NRM), which include ecological restoration alongside economic empowerment. In isolated and economically disadvantaged areas, such programs are essential for fostering sustainable livelihoods and optimising resource utilisation.

The capacity of Gram Panchayats to generate revenue from agricultural produce serves as a prime example of how NRM can yield community-oriented economic benefits.

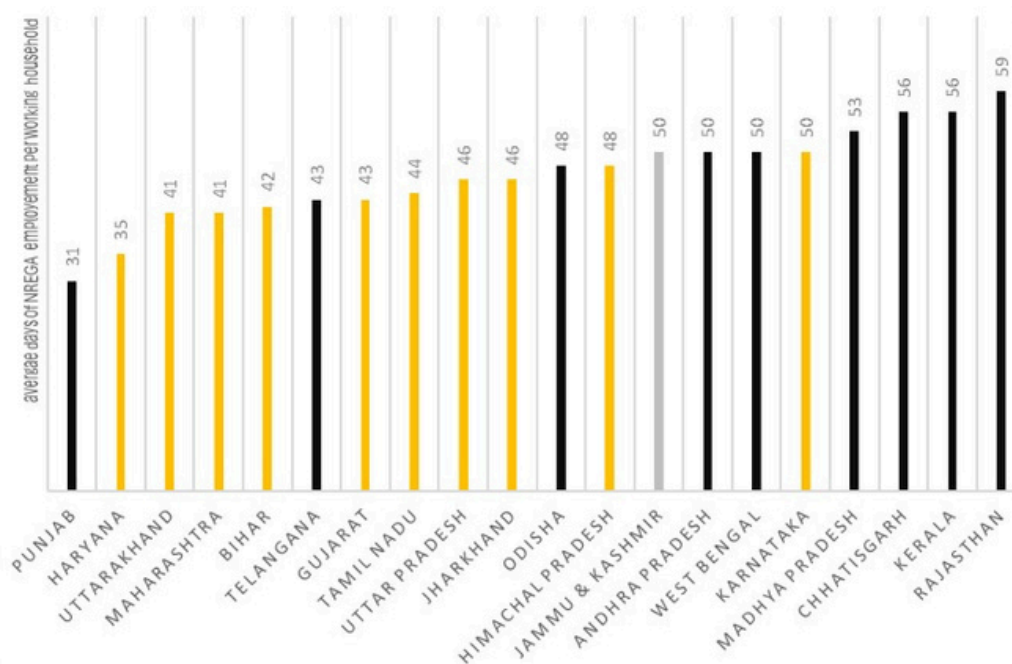
COMPARATIVE ANALYSIS OF THE SCHEME UNDER UPA AND NDA

The UPA promoted MGNREGA as the most effective solution to rural poverty in India, but the Bharatiya Janata Party (BJP) had different opinions, consistently denouncing MGNREGA as a tool for Congress corruption during the 2014 election campaign. MGNREGA has been one of the biggest budgetary matters for the Indian government ever since it was established. With the NDA, this hasn't changed. Annual MGNREGA spending (2.4%) is comparable to UPA-II expenditures (2.6%), as a proportion of total government spending.

First of all, important comparable data show that the UPA performed about the same throughout its six years in power from 2008 to 2014 and that the NDA held the centre for an identical amount of time between 2014 and 2019.

	UPA (Average 2008-2013)	NDA (Average 2014-2020)
No. of Districts	All	All
Total Expenditure in Rs.(millions)	373,151	571,954
Expenditure as a proportion of GDP	0.47	0.35
Person-days of Employments(millions)	2366	2338
No. of households in NREGA work(millions)	50	50
Households completing 100 days(%)	11	8
Women (% of total workers)	49	55
SCs and STs (% of total workers)	46	39

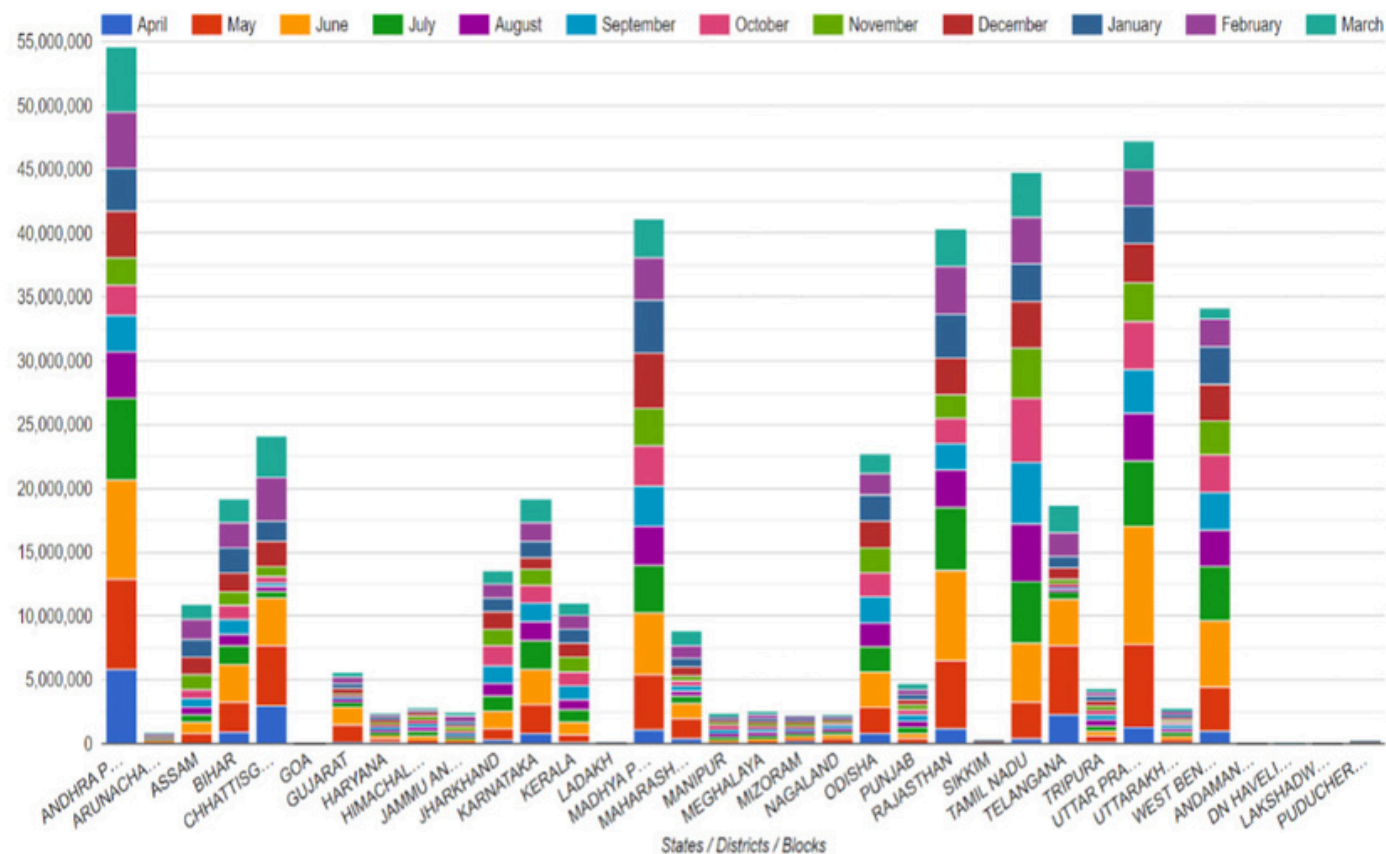
Although the expenditure during the NDA tenure appears higher, its commitment, as a proportion of GDP, is lower. On the other hand, the UPA regime performed slightly better in terms of the number of person-days of employment generated and the proportion of households receiving the full 100-day guarantee. While the NDA regime saw a higher proportion of women employed under NREGA, the UPA regime had a greater share of scheduled caste and scheduled tribe workers among the total beneficiaries. Between 2008 and 2014, during the six years of the UPA government, an average of 30% of rural households were provided employment, compared to just 26% on average during the NDA years from 2014 to 2020.



Average days of Annual NREGA Employment in large states, 2019-2020. Note: In 2019-20, Orange = NDA coalition-ruled states, Black = non-NDA coalition-ruled states. In states in which there was a change in government in the period April 2019 to March 2020, the colour indicates the government in power for the longer duration.

IMPACT OF COVID-19 ON MGNREGA

As the COVID-19 pandemic hit in 2020 and lockdown started, migrant labourers working in the urban centres faced a situation where they had to return back to their homes with no immediate vision for the future. The majority of migrant labourers were daily wage earners, and prolonged unemployment made it hard to pay for the high cost of living in cities, which is why many returned to the rural. Even though shifting back to villages does not improve their work situation, it is cheaper for them, and now they can hold onto MGNREGA for employment possibilities, thus shifting the burden to MGNREGA.



WORK DEMAND PATTERN FY 2020-21

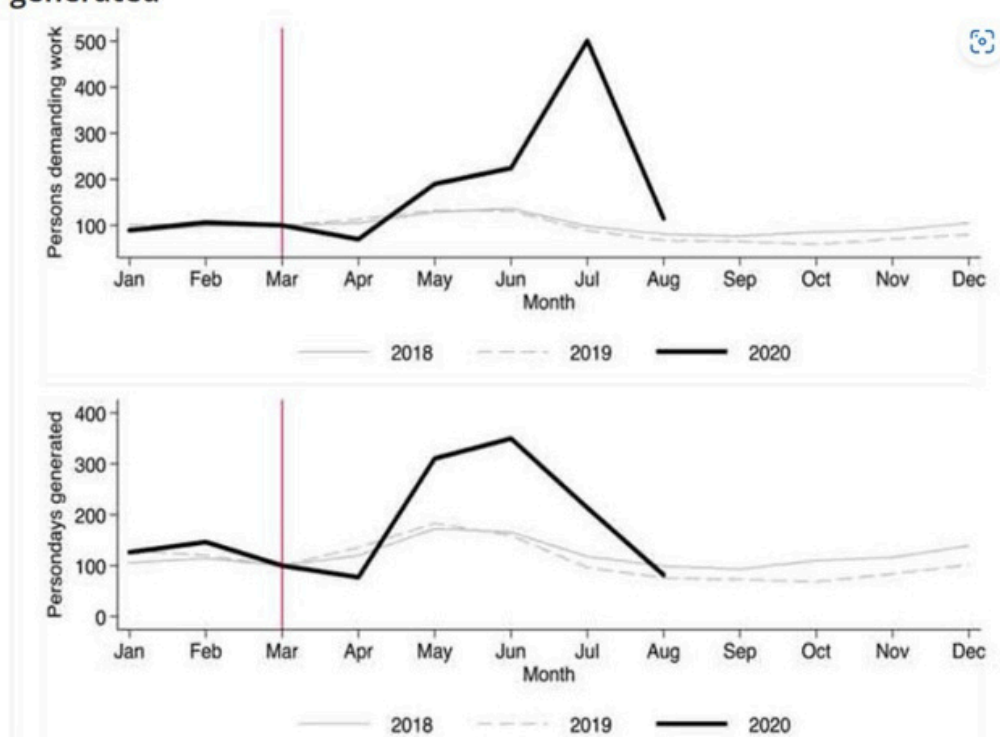
From the above graph, it can be observed that the demand for work increased exponentially every month in the FY 2020-21. This increase is highly visible in the states which have a comparatively higher rural population. The highest demand comes from the states such as Andhra Pradesh, Uttar Pradesh, Tamil Nadu, Madhya Pradesh, Rajasthan and West Bengal, with five of these states crossing the 40 million mark by the end of the year. Most demand came in the month of June, 2020 when the lockdown was being strictly implemented in the urban areas and workers had reached their homes. About 55% of the job cards issued and applied for during 2020-21 have been in the 'high' outmigrant districts. However there was a substantial unmet demand during the COVID year. Especially in the case of out-migrant districts, they were constrained with providing employment to everyone due to highly limited resources. A study conducted by Narayan, Oldiges and Saha in 2020 highlighted that administrative rationing were substantially higher in regions that have higher shares of outmigrants and amongst these districts, rationing is higher in poorer districts.

Note: Administrative rationing rate is computed as the percentage of households who demanded work

but who did not get work. The figures are 'local polynomial regression' with confidence intervals. High outmigration share districts refer to those districts that are in the top tercile in terms of the district's share in all outmigrants.

Source: Data presented here are of monthly rationing rates for May through August 2020.

Figure 1. MNREGA during Covid-19: Persons demanding work vs. person-days generated

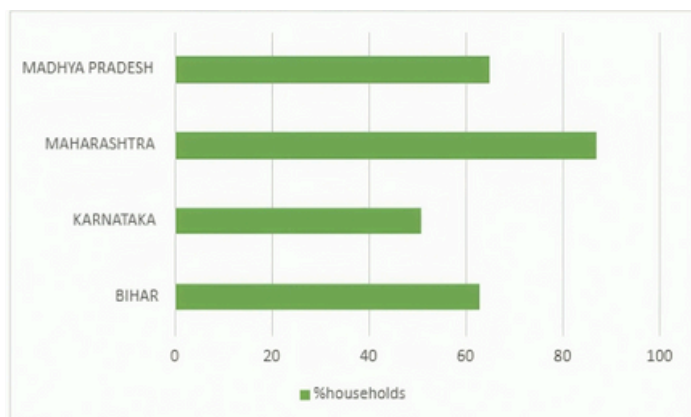


Note: March of each year is set as base=100. The vertical red line denotes the month of the lockdown.

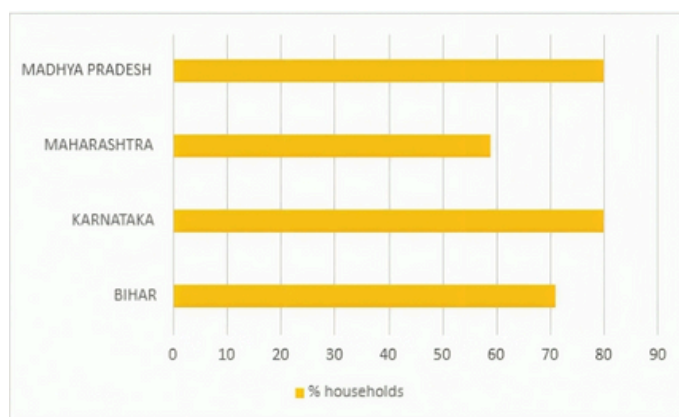
Source: Based on MIS data.

This Act is demand-driven in nature, with the labour budgets of each Panchayat being combined to determine the budget allotment. However, a lack of funding has led to various types of rationing, which essentially turns the program into a supply-driven one rather than a demand-driven one.

As per a report published by Azim Premji University, “a very high percentage of households in every block cited ‘inadequate works’ as the main reason for not getting as much MGNREGA work as they need” in their sample of four key states.



HIGH



LOW

% Households citing ‘inadequate works’ as the main reason for rationing

While the responsibility of identification of projects lies under the respective Gram Panchayats, giving primacy to decentralised planning, it has been insufficient in its capacities to generate employment and meet the demand.

CHANGES IN ALLOCATIONS AND FUNDS

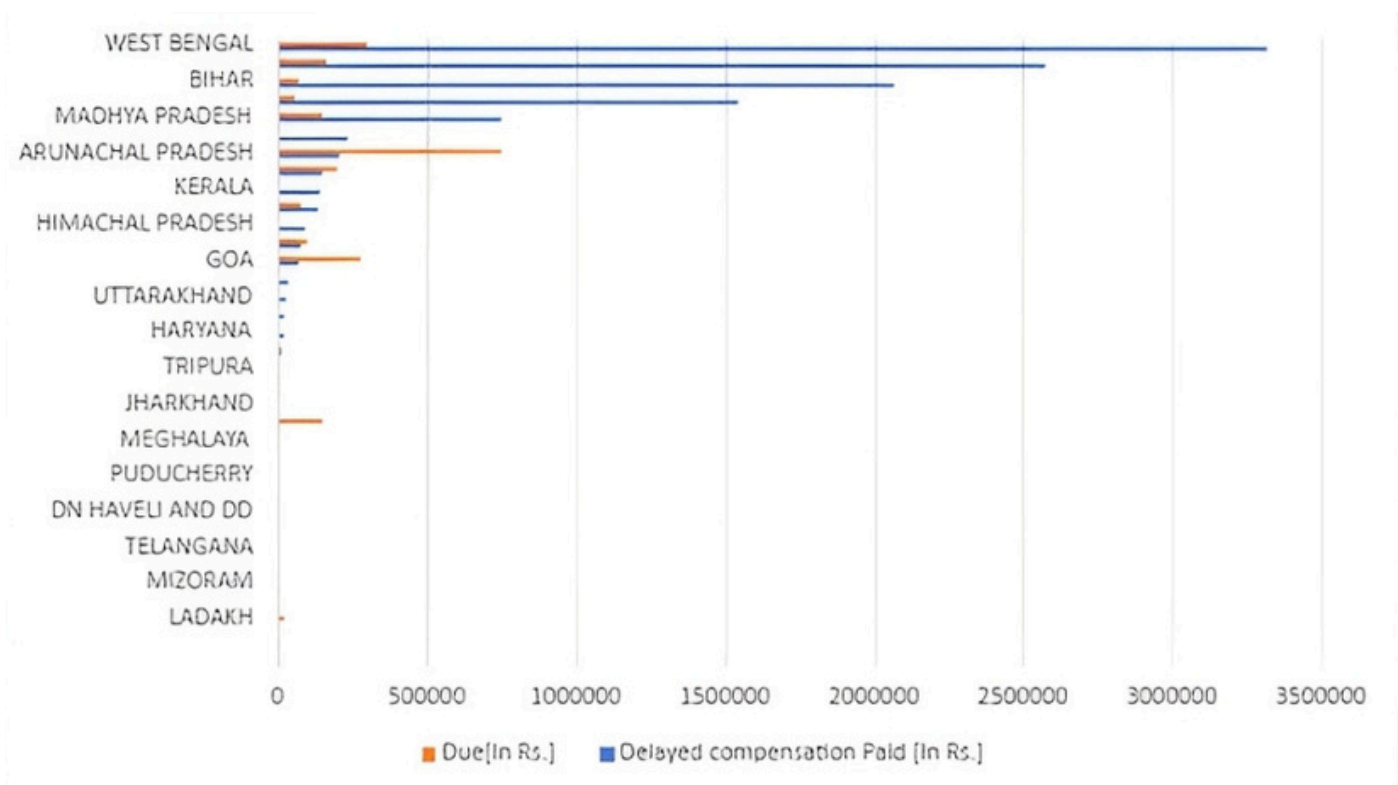
In the Financial Year 2020-21, the Budget Estimate for MGNREGA was fixed to be 61,500 crores. However, as the COVID-19 exposed itself and urban-rural migration started to increase, the Central Government increased the expenditure to 1,11,500 crores, which is almost double the initial estimate. This expenditure on MGNREGA was 3.2% of the total Budget which was the highest since the scheme came into force. This increase in the budget ensured that a rural safety net was established. However, these funds are criticised to not being enough.

The centre provides wages to be paid to the workers paid within the stipulated period of 15 days from the date of closure of Muster Roll as per the notified wage rates of each state under the Minimum Wages Act. However, a careful analysis shows that in almost all the states, the average wage paid was lower than the notified wage rate. This was in contrast to the case of Odisha where the average wage paid was higher than the notified rates.

AVERAGE WAGE PAID FY 2020-21

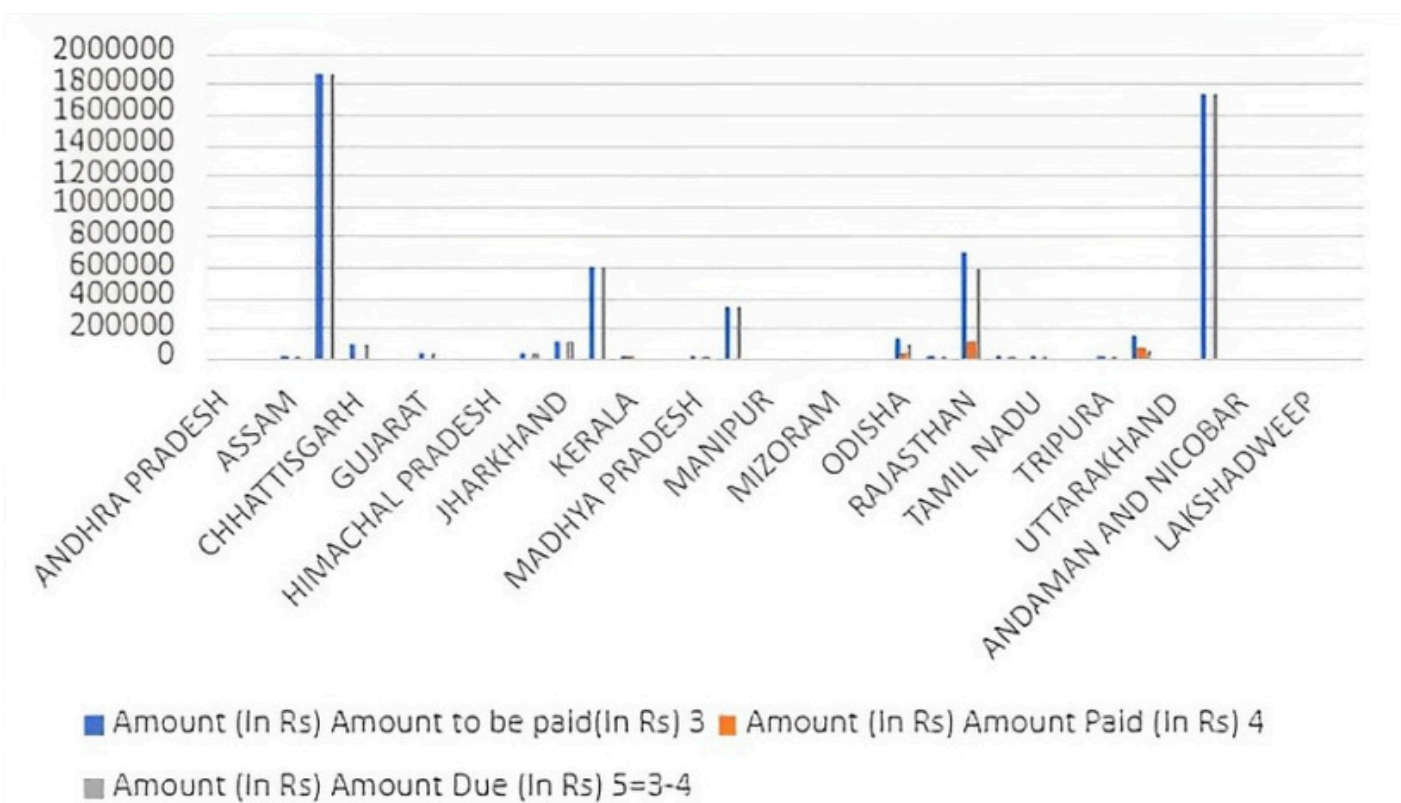
S No.	State	Notified Wage rate.	April	May	June	July	August	September	October	November	December	January	February	March
1	ANDHRA PRADESH	237	226	232	232	224	227	226	226	227	223	220	224	226
2	ARUNACHAL PRADESH	205	205	205	205	205	205	205	207	207	205	205	205	205
3	ASSAM	213	212	213	213	213	213	213	213	213	213	213	213	213
4	BIHAR	194	193	194	194	194	194	194	194	194	194	194	194	194
5	CHHATTISGARH	190	175	175	177	187	188	188	187	185	183	181	176	172
6	GOA	280	280	280	280	280	280	280	280	281	280	280	280	280
7	GUJARAT	224	192	187	193	205	208	211	211	211	205	201	202	203
8	HARYANA	309	306	309	310	309	307	307	308	308	306	308	309	309
9	HIMACHAL PRADESH	200	197	198	198	199	198	198	198	196	195	195	195	196
10	JAMMU AND KASHMIR	204	203	204	204	204	204	204	204	204	204	204	204	204
11	JHARKHAND	194	194	194	194	194	194	194	194	194	194	194	194	194
12	KARNATAKA	275	270	270	270	270	274	274	275	274	274	271	267	267
13	KERALA	291	291	294	294	294	295	295	295	295	295	295	295	294
14	LADAKH	204	202	203	204	204	204	204	204	204	204	204	204	204
15	MADHYA PRADESH	190	180	181	183	183	182	180	180	179	174	175	177	172
16	MAHARASHTRA	238	226	207	216	234	235	237	237	236	229	227	228	223
17	MANIPUR	238	234	238	238	238	237	238	238	238	238	238	238	238
18	MEGHALAYA	203	203	203	203	203	203	203	203	203	203	203	203	203
19	MIZORAM	225	225	225	225	225	225	225	225	225	225	225	225	225
20	NAGALAND	205	205	205	205	205	205	205	205	205	205	205	205	205
21	ODISHA	207	209	211	216	216	217	219	222	228	230	228	227	228
22	PUNJAB	263	260	258	259	258	257	257	260	261	257	256	255	257
23	RAJASTHAN	220	176	160	161	164	176	180	181	177	170	176	180	181
24	SIKKIM	207	205	204	205	206	207	210	213	209	205	206	208	205
25	TAMIL NADU	256	204	190	187	189	189	189	190	194	200	199	195	194
26	TELANGANA	237	163	164	165	172	191	192	193	189	185	191	178	172
27	TRIPURA	205	188	188	187	189	189	188	187	185	184	185	185	185
28	UTTAR PRADESH	201	201	201	201	201	201	201	201	201	201	201	201	201
29	UTTARAKHAND	201	201	201	201	201	201	201	201	201	201	201	201	201
30	WEST BENGAL	204	195	192	191	192	194	193	192	194	194	195	198	200
31	ANDAMAN AND NICOBAR	269	269	270	269	268	274	267	267	267	267	267	267	267
32	DN HAVELI AND DD	258	0	0	0	0	0	0	0	0	0	0	0	0
33	LAKSHADWEEP	266	266	266	266	266	266	266	266	266	266	266	266	266
34	PUDUCHERRY	256	214	219	219	215	211	210	208	209	238	230	231	241
	Total		196	195	198	200	203	204	205	207	201	202	202	204

In case the centre fails to pay the wages within the stipulated time, the worker is entitled to receive a Delayed Compensation. However, here too severe discrepancies were noticed. Out of the total sum of 1.1 crore of delayed compensation, only 23 lakhs were paid by the government.



Unemployment Allowance- Responsibility of State

FINANCIAL YEAR 2020-21



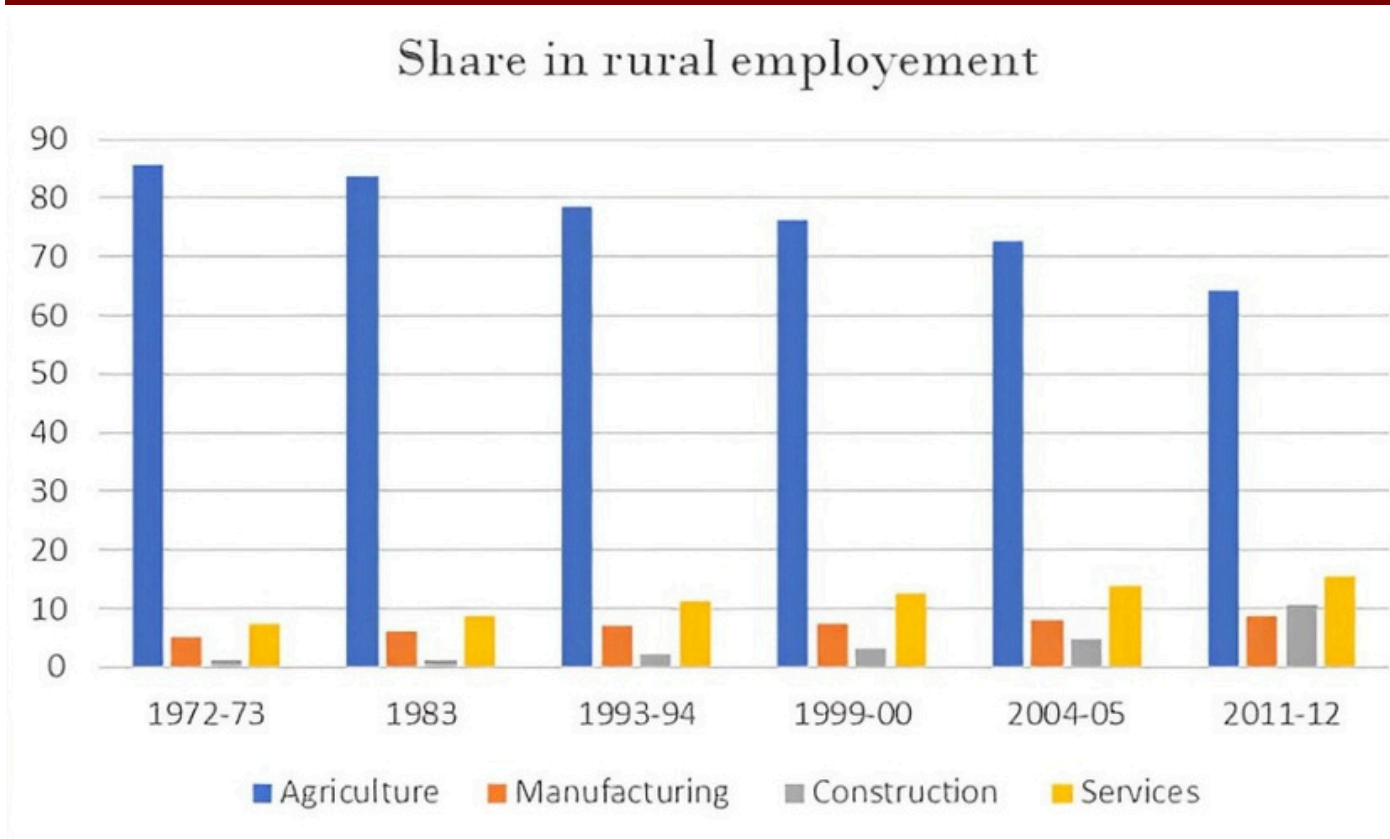
It is the duty of the state government to provide the workers with an unemployment allowance if it is unable to provide the workers with employment within 15 days. However, when the state governments met with an influx of employment demand, they were incapable of providing employment to all. As per law, the state governments are mandated to provide unemployment allowance to workers in this situat-

ion. However in the Financial Year 2020-21, only four states provided unemployment allowance to workers. Apart from the state of Kerala all other states made 0 or impartial payments in this regard. Astonishing figures come from the states of West Bengal and Bihar where more than 17 lakhs of allowances went unpaid to the workers. These examples defy the primary purpose of the scheme to provide the workers with a guarantee of employment.

RURAL-SAFETY NET

A critical analysis of MGNREGA under the Covid era highlights that, while the funds from the government did rise, however discrepancies highlight that these funds were insufficient to manage an exponential influx of work demand. The scheme helped millions of migrants get employment and a source of livelihood in months of off-season where employment through agriculture was not possible. Through MGNREGA, the Government sought to address the situation of Disguised Unemployment that might have occurred in a larger context. This scheme not only helped unskilled workforce get a source of income but some skilled professionals who lost their jobs in cities and migrated back to cities found respite in this scheme. Being a demand-driven scheme, the scheme failed to accommodate demand and supply mismatch. Inability of the Gram Panchayats to provide employment also highlights irregularities in the federal structure to achieve a common goal of eliminating unemployment.

IMPACT ASSESSMENT



The above data shows the distribution of labour within the different sectors of the rural economy. What is evident from the data is that the share of agricultural employment was on the decline however, after 2004-05 data suggests that there was an exponential reduction. This can be credited to mgnrega. At the same time, the employment in the construction sector has almost doubled between 2004-05 and 2011-12. Since construction of a variety of projects from dams to wells is a major part of the mgnrega construction projects, this is thus justified.

SUCCESSSES & LOOPHOLES

Employment generation: The Act has created over 31 billion person-days of employment in the more than 15 years since it was put into effect, and the government has spent more than Rs 6.4 lakh crore on this demand-driven programme.

Under MGNREGA, there have been instances of fund misappropriation and record manipulation resulting in red tapism and inefficiency.

Since 2006, at least 50 water-related structures have been built in each of the 0.6 million villages of India, taking the country-wide tally to over 30 million assets.

The need of rural residents has not been satisfied by 100 days of guaranteed work per person annually. For instance, less than half of job seekers in Bihar, India's poorest state, are hired.

In order to attain improved convergence of resources and efforts, MGNREGA was integrated with different schemes like National Rural Livelihood Mission, Pradhan Mantri Awas Yojana and Swachh Bharat Abhiyan.

Lack of awareness: There is a lack of awareness among rural poor regarding the rights under MGNREGA due to which they are unable to benefit from the scheme.

Access to essential services including housing, water, and sanitation has improved because to the initiative. The rural poor now have better access to natural resources and infrastructure, which benefits the environment.

Bureaucratic delays: Citizens sometimes do not receive benefits promptly due to bureaucratic delays and inefficiencies.

In four states—Bihar, Karnataka, Maharashtra, and Madhya Pradesh—a research by Azim Premji University found that MGNREGA assisted in compensating for 20–80% of the revenue losses brought on by the COVID-19 lock down.

Quality of work: MGNREGA has been criticised for low-quality work and for not being aligned to local needs and priorities.

By granting citizens the "right to work", as enshrined in part 4 of the Constitution, MGNREGA has helped combat chronic poverty. (Some statistic should be added here)

Limited financial inclusion: In states like Bihar, there is a lack of financial inclusion, which makes it difficult to properly execute MGNREGA with regard to salary transfers.

POLICY RECOMMENDATIONS

- **Create a backup fund to handle sudden increases in demand, like during crises or disasters**
Establishing a contingency or emergency fund specifically for unforeseen spikes in work demand can ensure that MGNREGA remains effective during crises. For example, during COVID-19, rural areas saw an unprecedented influx of workers due to migration, which stretched the program's resources. A dedicated reserve can help manage such scenarios without delays, ensuring prompt wage payments and continuous employment.
- **Offer training for mahila mates to reduce intimidation and improve retention**
Structured training programs for mahila mates (female worksite supervisors) can enhance their confidence and skill sets, helping them manage job sites effectively. This would also address the issue of dropout rates caused by workplace intimidation. Training modules could include conflict resolution, leadership development, and practical management skills tailored to rural contexts.
- **Empowering local leaders to disseminate information about rights and benefits from the scheme to bridge the knowledge gap**
Many beneficiaries lack awareness about their entitlements under MGNREGA. Local leaders, like Panchayat members or community organizers, can be equipped with resources to educate workers about their rights, benefits, and grievance mechanisms. Such outreach initiatives could use local dialects and include campaigns via community meetings or cultural events.
- **Move further in transparency of payments and digital infrastructure to eliminate grassroots corruption**
Expanding digital payment systems and linking them with real-time monitoring can minimize corruption. Initiatives like Aadhar-linked payments and online tracking of funds allocation should be strengthened. Additionally, a user-friendly complaint redressal mechanism can help workers report discrepancies and ensure accountability.
- **Skill development**
Initiating skill- building programs within the umbrella of MGNREGA can aid the workers in transitioning into higher-paying jobs that are skilled in nature. For example, masonry, carpentry, or sustainable agriculture are some avenues that can be explored to train workers in, enhancing not only their paying skill set but also helps in disposing local development needs.
- **Ensure inclusion of marginalized sections such as PwDs and Transgenders by guaranteeing jobs which they are comfortable in**
Tailoring job opportunities for persons with disabilities (PwDs) and transgender individuals can promote inclusivity. For instance, lighter tasks, administrative roles, or jobs compatible with their physical and social circumstances could be designed to ensure equal participation.
- **Legal aid and education about rights in MGNREGA**
The partnership with NGOs such as Kartavya Trust seeks to improve legal support for MGNREGA laborers, tackling problems like payment holdups and exploitation, as per the justice directive of Article 39A. Recommended workshops centered on constitutional rights and legal awareness aim to equip workers with information regarding their entitlements and complaint processes. Involving civil society will enhance legal access and accountability in the MGNREGA



framework, facilitating efficient rights advocacy.

- **Get back to pre-COVID funding level**

To address the current shortfall in resources, restoring funding to pre-COVID-19 levels is critical. This step will ensure adequate employment opportunities and the completion of essential infrastructure projects. An increase in budgetary allocation could stabilize the scheme's demand-driven model.

- **Urban MGNREGA**

Broadening the MGNREGA framework to encompass an "Urban MGNREGA" initiative might address joblessness among unskilled laborers in urban areas. This program aims to generate sustainable livelihoods for city residents in poverty, enhancing neglected communities through slum redevelopment, waste handling, and urban greening efforts. By engaging these workers in infrastructure initiatives, Urban MGNREGA would provide immediate economic support while tackling housing shortages and improving environmental well-being, all while promoting skills development.

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symposiumhinducollege@gmail.com

CONTACT US

The Symposium Society, Hindu College

+9955246309 | symposiumhinducollege@gmail.com

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