



CRITICAL ANALYSIS OF MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT ACT 2005 (MGNREGA)

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ABSTRACT

This study is a critical analysis of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), a historic rural employment scheme that was launched in 2005, as a means of countering poverty, unemployment and insecurity of livelihoods in rural India. The Act offers a legal assurance of 100 days of wage employment to the rural households who would be ready to do unskilled manual labor and this is a paradigm shift in the welfare-based assistance to a rights-based development model. In a combination of mixed methods, using qualitative and quantitative analysis, this study assesses the efficacy of MGNREGA in different aspects, such as generation of employment in the rural sector, empowerment of women, financial inclusion, and institutional efficiency. It also investigates the mechanisms of implementation, the issues of late payments, corruption and political interference and the decentralized governance. The case studies in show regional variations and best practices in a state-specific manner. The paper also examines the importance of monitoring and evaluation and social audits in the promotion of transparency and accountability. The evidence indicates that MGNREGA has brought significant changes in the livelihoods of rural people and social equity, but its operation is not fully realized due to the operational bottlenecks. Some of the policy recommendations are capacity building, enhanced digital infrastructure, disbursement of funds in time, and convergence with other rural development programs to enhance the effectiveness of the scheme. The research has concluded that a reformed and well-monitored MGNREGA can be an effective instrument of inclusive and sustainable rural development of India.

Keywords: MGNREGA, Rural Employment, Poverty Alleviation, Right to Work, Women Empowerment, Financial Inclusion, Social Audits.



INTRODUCTION

One of the most ambitious social welfare schemes by India to deal with the rural unemployment and poverty is the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) which was implemented in 2005. Based on the policy of the Right to Work, MGNREGA is a legally enshrined entitlement to 100 days of wage employment in a financial year to all rural households, whose adult members volunteer to do unskilled manual labor. The Act is an indication of moving away with the traditional models of welfare to a rights-based approach where rural citizens will be able to demand employment as a right and not a favor.

Underemployment, seasonal migration and structural inequality have been some of the problems that have afflicted the Indian rural economy. Rural areas are exposed to economic vulnerability despite the economic growth because of lack of livelihood opportunities and overdependence on agriculture. MGNREGA was implemented as a social security net, both as an instantaneous income maintenance program and as a long-term asset generating program in rural areas. It does not only concentrate on creating employment but also on generating sustainable infrastructure like water conservation, afforestation and rural roads by way of labor-intensive projects. One of the stronger parts of MGNREGA is its decentralized planning and implementation system. The identification of project and work execution is left to the Gram Panchayats and this has enhanced the grassroots democracy and also makes the development activities locally relevant. Secondly, the Act has been a revolutionary one in empowering the marginalized communities, in this case women and Scheduled Castes/Scheduled Tribes (SC/ST), by making them visible in the workforce and in decision making processes.

In spite of its noble purposes and mass application, MGNREGA has not been without difficulties. Its effectiveness has been inhibited by delayed payment of wages, corruption in job cards issuance, poor technical guidance and lack of awareness by beneficiaries in a number of regions. Moreover, the differences in the performance among the states, poor monitoring systems, and inefficiencies in the operations still undermine the intended results of the program. In this regard, it is necessary to critically analyse MGNREGA in order to determine its contribution to rural livelihoods, to determine the gaps in its implementation, and to recommend the policy changes that are necessary. This study focuses on assessing the performance of the scheme under a multidimensional prism-in terms of employment creation, women empowerment, institutional capacity and sustainability. In this way, it aims to add to the current debate on rural development and inclusive growth in India.

Objectives of the Study

- In order to analyze implementation along with effectiveness MGNREGA has on selected regions.
- In order to study socio-economic growth of MGNREGA on rural households.
- To evaluate the program's contribution to women's empowerment and financial inclusion.



- To find the major hurdles came in execution of scheme.
- To provide policy suggestions for strengthening MGNREGA's impact.

1. LITERATURE REVIEW

NREGA Watch (2022) provided an NGO view on the position of social audits in enhancing transparency and accountability in the scheme. The researchers highlighted that community-based auditing was very important in uncovering anomalies like ghost beneficiaries and bloated muster rolls, which eventually led to more citizen awareness and participatory governance. Nonetheless, it also identified the discrepancies in social audit exercise in various states because of the dissimilarities in the political will and institutional strength.

Planning Commission, Government of India (2006) conducted one of the first extensive reviews of the implementation of MGNREGA. The report has pointed out structural strength and bottlenecks. Although it appreciated the fact that the Act had the potential of providing sustainable rural employment and empowering local institutions through decentralized planning it also noted concerns on delays in payment of wages, inadequate grievance redressal systems and absence of trained people at grassroots. To enhance overall performance the Commission proposed improved convergence with other rural development schemes and administrative capacity.

Indian Institute of Management (2018) delved into the issue of the regional differences in MGNREGA implementation in Indian states. The study revealed that states like Kerala and Andhra Pradesh proved to be more effective since they had strong local government, proper flow of funds and effective utilization of technology. On the other hand, states such as Bihar and Uttar Pradesh were left behind due to poor institutional structure, political influence, and a low involvement of the community. The paper has concluded that implementation outcomes were directly related to administrative capacity at the state level and grassroots involvement.

Institute of Economic Growth (2020) looked at governance and accountability in MGNREGA. Management Information System (MIS) and Direct Benefit Transfers (DBT) as digital innovations highlighted in the report are significant in enhancing wage transparency and minimizing leakages. Nevertheless, it also observed that technological interventions were not adequate when there was no social accountability and institutional changes. The IEG stressed that Gram Sabhas should be strengthened, the monitoring systems should be improved, and social audit practices should be consistent in order to increase the long-term effects of the scheme.

2. RESEARCH METHODOLOGY

a) Research Design

This uses a mixed-methods research style, which combines qualitative and quantitative methods to give a comprehensive picture in the implementation of the MGNREGA as well as its effects. This design is especially appropriate when working with complex social programs because it enables analysis of numerical data and exploration of perceptions and experience. The quantitative



aspect is the collection and statistical analysis of numerical data of structured questionnaires and secondary sources. The qualitative part will include the case studies, interviews, the observations made during the field visits, which will provide a comprehensive interpretation of the results.

b) Research Hypothesis

H1: MGNREGA have has made a substantial contribution in reducing village unemployment along with poverty.

H2: Implementations of MGNREGA positively impacts women's social status and financial independence.

H3: States with better local governance structures demonstrate more effective MGNREGA implementation.

H4: Operational challenges such as payment delays and bureaucratic hurdles reduce the program's effectiveness.

c) Research Questions

- Which is the core feature and goals of MGNREGA?
- How the program got implemented at the grassroots level across different states?
- What are the outcomes of MGNREGA for rural households in terms of employment, income stability, and quality of life?
- What role does MGNREGA play in empowering women socially and economically?
- What administrative and operational challenges affect the scheme's success?
- How do transparency and grievance redressal mechanisms function in different regions?

d) Data Collection Methods

Primary data was collected through questionnaires and structured interviews which were directed towards MGNREGA beneficiaries, panchayat members and implementing officials. This data at the field level tells us firsthand the way in which the scheme works and is viewed on the ground. Secondary sources of data are the official MGNREGA reports, publications of the audit of the Ministry of Rural Development, research papers of the reputable academic institutions. These data items provide a macro perspective of the scheme performance.



e) Sampling Techniques

The research employs purposive sampling to identify regions and respondents, which are representative of different implementation outcomes. States with high, medium, and low performance in the implementation of MGNREGA were selected to make sure that the diversity of regions was represented. In every state, the districts and villages were selected according to their accessibility, the variety of demographic features, and the data availability. The respondents are a balanced sample of both male and female beneficiaries, officials and local leaders.

f) Data Analysis Tools

Per cent, averages, crosstabulations, and other simple statistical tools are used to identify trends and patterns by analyzing the quantitative data. The information that fall under the qualitative categories are thematically analyzed to extract common topics, opinion and revelation that is relevant to research questions. The data was analyzed and managed by the use of software such as Microsoft Excel and NVivo (or manual coding techniques). The validity and reliability of the findings is guaranteed by triangulation of the qualitative and quantitative data.

3. ANALYSIS AND DISCUSSION

(a) Overview of MGNREGA

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), enacted in 2005, is now one of the most significant of the world public employment schemes. It provides all the rural households in which at least one member is an adult volunteer to do unskilled manual work with a legal entitlement to 100 days of paid employment annually during the fiscal year. In this section, there is a summary of the design, the scope of the program, and its development over the years. The scheme was first introduced in 200 districts and slowly extended nationwide. It works on the decentralized planning system and Gram Panchayats are very instrumental in identification and implementation of projects. MGNREGA has two objectives: wage employment and the fight against poverty in the rural areas involving creation of long-term assets and infrastructure deficits at the same time.

(b) Implementation Mechanism

The MGNREGA is carried out mainly at the grass-root level, including the Panchayati Raj Institutions (PRIs), the district authorities, and the Rural Development ministry. Planning involves preparation of the labor budget at Gram Panchayat level which involves identification of works, cost estimation and time scheduling. Funds are then released directly into the bank accounts of workers under the electronic fund management systems (e-FMS). The Act stipulates that salaries should be paid within 15 days after the task is done. Nevertheless, it is not done in a consistent manner because of bureaucratic setbacks, deficiency of technical staff, and insufficient awareness of the beneficiaries. The states having superior administrative machinery like Kerala and Andhra Pradesh have demonstrated better implementation.



(c) Challenges in Execution

Although MGNREGA has a grandiose design, it has a number of implementation issues:

- **Unpaid Wages:** This has always been a case that erodes the confidence of the workers and lowers their turnout.
- **Corruption and Leakages:** Muster rolls are falsified, there are ghost beneficiaries and misappropriation of funds still a bane of the system.
- **Lack of Awareness:** Most of the rural families are not aware of the scheme and this restricts the scope of the scheme.
- **Lack of Capacity:** Lack of field level functionaries and technical experts is a barrier to timely planning and monitoring.
- **Political Interference:** Sometimes the local politics may play a role when the work is allocated and this compromises equity and transparency.

(d) Impact on Rural Employment

The effect of MGNREGA on rural employment has not been good. On the one hand, it has effectively boosted the availability of wage employment especially in the lean periods in the agricultural sector. It has assisted in stabilizing income, decreased distress mobility, and acted as a cushion to shocks in the economy such as the COVID-19 pandemic. On the other hand, however, its potential has been restricted by irregular implementation and delayed payments. The average number of days of employment given according to house is less than assured 100 days, and that is an indication of a gap between policy and practice.

(e) Women Empowerment through MGNREGA

Increasing female workforce is also one of the major successes of MGNREGA. Women contribute close to 50 percent of the total person-days of production under the program as opposed to the 33 percent stipulated by the law. It has resulted in increased financial independence, increased participation in family decision making and a change in gender norms. But several limitations exist to women like absence of childcare services at work places, gender pay gap, and cultural restrictions which limit their full participation. There should be more gender-sensitive implementation plans so that the impact of policies on women empowerment can be maximized.

(f) Financial Inclusion and Wage Transparency

The MGNREGA played a significant function in promoting financial inclusion in Indian Rural Areas. Mandatory bank along post office accounts for wage payments have encouraged formal financial access among the rural poor. The Direct Benefit Transfer (DBT) system's launch has enhanced wage transparency and accountability.

Nevertheless, challenges such as biometric authentication failures, inadequate banking infrastructure, and limited digital literacy hinder smooth implementation. Strengthening the digital and financial ecosystem is essential for improving wage disbursement efficiency.

(g) Case Studies from Selected States

A comparative analysis of different states reveals stark differences in MGNREGA outcomes:

- **Kerala:** Known for its decentralized planning and strong community participation, Kerala has utilized MGNREGA effectively for asset creation and women empowerment.
- **Andhra Pradesh:** Effective use of Information Technology and social audits has led to greater transparency and accountability.
- **Bihar and Uttar Pradesh:** Struggle with weak institutional mechanisms, political interference, and low participation rates.

These case studies underline the importance of state capacity, political commitment, and community engagement in realizing the full potential of MGNREGA.

4. MONITORING, EVALUATION, AND SOCIAL AUDITS

The monitoring, evaluation, and social audit is a key to the success of MGNREGA. These are processes that make it transparent, minimize corruption, and increase accountability in all administrative levels.

Monitoring is done by physical visits to the worksites, financial tracking by use of financial tracking tools such as the Management Information System (MIS) and Public Financial Management System (PFMS) and real time reporting by use of geo-tagged photos and mobile applications. Active involvement of the community is promoted particularly by use of social audits which are legally required in Section 17 of the Act.

Periodic **evaluation** is done by institutes like IIMs and NCAER and it focuses on employment generation, wage efficiency, asset quality, and social inclusion. The main indicators are the number of households that it has given employment to, the punctuality of paying wages, and female and marginalized community participation.

Grassroots accountability is based on **social audits**, which enable rural citizens to review documents and ask questions about differences in the open. Andhra Pradesh and Odisha are some of the examples of how institutionalization of social audits can help unearth anomalies and minimize ghost beneficiaries and enhance delivery of programs. This notwithstanding, there are still some challenges, which include uneven application among states, low levels of digital literacy, political interference and understaffed audit units. In mitigating these gaps, the study proposes



capacity building, enhanced legal enforcement, digital integration, community awareness and institutional support.

CONCLUSION

This study has critically analyzed the structure, implementation and the outcome of MGNREGA and has revealed that although the scheme has had a positive influence in terms of rural employment, empowerment of women and financial inclusion, the scheme has been unable to achieve its full potential due to certain challenges such as delayed payments, corruption and ineffective grievance mechanisms. States like Kerala and Andhra Pradesh demonstrated the best practices as a result of good governance whereas states like Bihar and Uttar Pradesh were lagging behind. In a bid to improve the effectiveness of MGNREGA, the study suggests that, administrative capacity should be strengthened, payment of wages should be timely, integration of technology, gender sensitive approaches and convergence with other rural development schemes should be encouraged. The area of future research should be the investigation of regional differences, the effect of assets in the long-term perspective, and digital innovations to improve specific policy changes. Timely improvements in MGNREGA can still remain a pillar of inclusive rural development in India.

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