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Role of MGNREGS in Rural Development of India

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ABSTRACT

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), created under the Mahatma Gandhi National Rural Employment Guarantee Act, 2005, represented a major shift in Indian rural policy from discretionary wage-employment assistance toward a rights-based employment guarantee. The programme began in February 2006 in 200 districts, expanded to 330 districts in 2007–08 and reached virtually all rural districts by April 2008. Its central promise was to provide up to 100 days of unskilled manual employment to a rural household whose adult members demanded work, while simultaneously creating productive assets and strengthening local governance. This article examines the role of MGNREGS in rural development over the period 2006–2018 through a synthesis of official government statistics, Comptroller and Auditor General audits, policy documents and empirical economic studies. The analysis finds that the programme became an important source of wage employment, particularly during agricultural slack seasons and periods of drought or weak private demand. The number of households receiving employment increased from about 2.10 crore in 2006–07 to around 5.10 crore in 2017–18, while persondays rose from about 90.5 crore in 2006–07 to more than 230 crore in 2017–18. Women consistently accounted for more than the statutory one-third share of persondays and, in several years, crossed one-half of total persondays. Empirical research also indicates effects on rural wages, food security, savings, labour-force participation and migration decisions. The programme's asset-building dimension became increasingly important as works moved toward water conservation, land development, drought proofing, irrigation and agriculture-related activities. Thus, MGNREGS should not be assessed simply as an employment-generation scheme. Its larger rural-development contribution lies in the interaction of employment protection, wage bargaining power, women's economic participation, financial inclusion, community assets and decentralised planning. The article concludes that the programme had a significant positive role in rural development between 2006 and 2018, but its long-run effectiveness depended on strengthening demand-based implementation, timely payments, local institutional capacity, quality of assets and social accountability.

Keywords: MGNREGS, rural development, employment guarantee, rural wages, women.

INTRODUCTION

Rural development in India has historically involved a combination of agricultural policy, infrastructure creation, poverty reduction, employment programmes and decentralised development. Despite long periods of economic growth, rural households have continued to face seasonal unemployment, underemployment, uncertain agricultural incomes and exposure to droughts, floods and other shocks. A particularly important problem has been the uneven availability of non-farm and off-season employment. For a landless labourer, a small farmer, a woman with limited mobility or a household affected by crop failure, even a short period without income can have consequences for food consumption, debt and migration. It is within this context that the employment guarantee approach acquired policy significance.

The National Rural Employment Guarantee Act was enacted in 2005 and implemented from February 2006. Unlike earlier wage-employment schemes that were mainly designed as anti-poverty programmes, the employment guarantee created a legal entitlement. The core idea was simple but institutionally ambitious: if a rural household demanded unskilled manual work, the state had a responsibility to provide employment subject to the terms of the Act. The programme was initially introduced in 200 districts, expanded to 330 districts in 2007–08 and to all rural districts by April 2008, with the exception of districts having a completely urban population (CAG, 2013; PIB, 2007). In October 2009, the scheme was renamed Mahatma Gandhi National Rural Employment Guarantee Scheme.

The importance of MGNREGS goes beyond the number of jobs created. Public works can operate as a safety net when agricultural activity is seasonal, wages are depressed or private employment contracts. When employment is predictable, households can reduce the need for distress borrowing or distress migration. At the same time, public works can create rural infrastructure. The programme's permitted works have increasingly included water harvesting, drought proofing, land development, irrigation-related activities, plantations, renovation of traditional water bodies and other natural-resource-management interventions. The combination of income support and asset creation gives MGNREGS a potentially productive, rather than purely compensatory, role in rural development.

The gender dimension is equally important. The Act provides for equal wages for men and women, and the programme requires that at least one-third of participants be women. In practice, women's participation was frequently above this threshold. Government evidence shows that women constituted approximately 40 percent of persondays in 2006–07 and close to one-half by 2008–09; later years saw women's participation above 50 percent in several reporting periods (PIB, 2011; Ministry of Rural Development, 2016). This is significant because paid employment near the village can lower some of the constraints that limit women's participation in the labour market, while direct access to earnings can strengthen their economic agency.

Nevertheless, a rights-based programme can be judged on two different standards: its intentions and its actual delivery. The CAG's 2013 performance audit found that many beneficiaries did not fully exercise their statutory rights. It identified deficiencies in registration, demand for work, wage payments, record keeping and asset creation. The World Bank's assessment of Bihar similarly highlighted unmet demand, administrative weaknesses and delayed or incomplete payments. Consequently, an analysis of rural-development impact must capture both the programme's achievements and its implementation deficit.

This study therefore examines MGNREGS as a multi-dimensional rural-development institution during 2006–2018. The analysis covers employment and income security, rural wages, women and disadvantaged groups, migration, food and consumption security, agriculture and natural-resource management, financial inclusion, local governance and accountability. The period is particularly appropriate because it covers the programme's launch, nationwide expansion, consolidation, a period of lower employment generation in the early 2010s, and the revival and governance reforms visible by 2015–2018. The article seeks to answer a broad question: to what extent did MGNREGS contribute to the economic and social transformation of rural India during its first twelve years, and what limitations reduced its potential impact?

Historical and institutional background

The employment-guarantee idea did not originate with MGNREGA. Maharashtra's Employment Guarantee Scheme provided an important domestic precedent for a public works programme tied to a legal commitment. Earlier national schemes, including the National Rural Employment Programme, Rural Landless Employment Guarantee Programme and Sampoorna Grameen Rozgar Yojana, attempted to generate rural employment but were generally more dependent on annual allocations and administrative discretion. MGNREGA changed this architecture by creating an enforceable framework, a demand-driven financing principle and local-level mechanisms for planning and social accountability.

The Act's operational design linked employment with decentralisation. Gram Sabhas were expected to identify works, Gram Panchayats were assigned a central implementation role, and at least 50 percent of works by cost were intended to be implemented by Gram Panchayats. The framework also prescribed worksite facilities, maintenance of muster rolls, transparency provisions, social audits and grievance redressal. The programme thus became an important test of whether local democratic institutions could translate a national statutory right into a practical entitlement.

Over time, implementation also became increasingly digital. Wage payments moved from cash toward bank and post-office accounts; electronic fund management systems were introduced; information was placed online; and, by 2016–17, government reporting highlighted Aadhaar seeding, electronic payments and geo-tagging of assets. These changes were designed to reduce leakages and make programme management more traceable, although they also created new questions about authentication, exclusion, last-mile banking and delays.

SIGNIFICANCE OF THE STUDY

The significance of studying MGNREGS lies in the fact that it connects several dimensions of development that are often examined separately. Employment, poverty, wages, gender, migration, agriculture and local governance interact with one another. A rural employment programme can therefore produce effects that do not appear in its headline employment figures. For example, a woman who receives MGNREGS wages may contribute more to household expenditure, gain greater financial autonomy and increase her participation in local institutions. A small farmer who receives labour-income

during the lean season may avoid selling livestock or borrowing at a high interest rate. A farm pond created through MGNREGS may initially be recorded as a public work but later influence crop choice, irrigation access and household income.

The period from 2006 to 2018 is also important from a policy-evaluation perspective. It includes the rapid expansion of the programme, the establishment of nationwide coverage, periods of weak demand and administrative constraints, and substantial reforms in fund management and asset planning. Studying the entire period avoids judging the programme from a single year. A programme can have poor administrative performance in one phase and improve after institutional reform; similarly, high expenditure in a year of drought may reflect increased demand rather than administrative inefficiency.

The study is significant for three additional reasons. First, MGNREGS is one of India's largest social-protection interventions and therefore provides evidence on the capacity of the Indian state to implement a rights-based welfare programme at scale. Second, rural development increasingly requires the integration of employment policy with climate resilience, water security and agricultural productivity. MGNREGS offers a rare example of a programme that explicitly combines these objectives. Third, the experience of 2006–2018 provides lessons for future employment guarantees and social-protection systems: the legal right is necessary but not sufficient; demand registration, timely payment, local capacity, transparency and durable assets are equally important.

From an economics perspective, the programme is also significant because it can be understood through the lenses of labour-market institutions, risk insurance, income smoothing, bargaining power and public investment. The relevant counterfactual is not merely unemployment. For many rural households, the alternative to MGNREGS may be low-paid casual labour, seasonal migration, reduced food consumption, informal borrowing or low-return self-employment. Its effect must therefore be assessed relative to these realistic alternatives rather than to a hypothetical full-time formal job.

REVIEW OF LITERATURE

The literature on MGNREGA is broad and interdisciplinary. Early studies focused on whether the programme reached poor households and delivered the promised employment. Later research examined wage effects, labour-market reallocation, women's participation, migration, food security, financial inclusion and the productivity of assets. Together, these studies suggest that MGNREGS has meaningful effects, but those effects vary with state capacity, local wages, timing of work and programme implementation.

Employment, poverty and social protection

The World Bank's evaluation work emphasised the difference between a formal employment guarantee and its actual implementation. Dutta, Murgai, Ravallion and van de Walle (2014), studying Bihar, found that the scheme fell short of its potential because workers could not always obtain the work they wanted and payment and implementation problems weakened the income-protection effect. The study is especially useful because it identifies a supply-side problem: making the programme legally demand-driven does not automatically create administrative capacity to respond to that demand. Awareness, planning, fund management and monitoring must work together.

Early national government evidence, however, showed rapid expansion. In 2006–07, about 2.10 crore households received employment and 90.51 crore persondays were generated. By 2009–10, employment had reached about 5.26 crore households and 283.59 crore persondays in the government's national overview (PIB, 2011). The expansion indicates that the programme quickly became a substantial element of rural labour-market policy rather than a marginal public works scheme.

Ravi and Engler (2015) examined poor rural households in Andhra Pradesh and found positive effects on food and non-food consumption, food security, savings and some health-related outcomes. Their results support the income-smoothing interpretation of MGNREGS: even when annual employment is limited, timely earnings can reduce severe consumption stress. Jha, **Bhattacharyya and Gaiha (2011)** similarly found significant relationships between rural safety-net participation and nutritional outcomes in their analysis of rural households. These findings imply that employment programmes can affect human welfare through consumption stability, not only through the number of days worked.

Labour-market wages and employment

A central question is whether government employment merely substitutes for private employment or changes labour-market conditions more broadly. Azam (2012) used the phased rollout of NREGA across districts and found positive effects on labour-force participation, particularly among women, and a larger increase in real wages for female casual workers than

for male workers. This suggests that public employment may strengthen the bargaining position of workers who previously faced a highly asymmetric labour market.

Imbert and Papp (2015) provide another influential perspective. Using differential timing of programme implementation across districts, they found evidence that public employment crowded out some private-sector work while increasing private-sector wages. Their welfare calculations suggested that the wage effects benefited poor households beyond those directly employed by the programme. This is important because it means MGNREGS can influence rural development through the general wage structure, not only through direct transfers of income.

Deininger, Nagarajan and Singh (2016) examined short-term labour-market and agricultural effects using national panel data. They reported that the programme increased wages and encouraged labour supply toward non-agricultural casual work and agricultural self-employment, with overall agricultural productivity effects arising through changes in labour allocation and constraints. The study underlines the possibility that rural employment guarantees can alter the opportunity cost of labour and therefore influence household production choices.

Women, gender and financial inclusion

Pande, Rigol, Schaner and Moore (2016) studied the relationship between MGNREGS wage payments, women's bank accounts and economic agency in Madhya Pradesh. Their experimental work showed that strengthening women's control over earnings could affect labour supply and bargaining power. The implication is that the payment mechanism is not a technical detail; it can shape who controls the economic benefit of employment.

Studies of women's participation also indicate that the programme's effects depend on local social norms, wage differentials and worksite conditions. Breitkreuz et al. (2017) found that the experience of women and other marginalised groups varied considerably across states and that MGNREGA could produce modest but meaningful changes in labour relations. The literature therefore supports a qualified conclusion: MGNREGS expanded women's access to paid work, but the depth of empowerment depended on whether women actually controlled the wages they earned and whether worksite arrangements recognised care responsibilities.

Overall, the literature does not support a simple positive or negative verdict. Instead, it indicates that MGNREGS works best when three conditions align: there is genuine demand for work, local governments can plan and execute appropriate projects, and workers receive wages reliably. Where these conditions fail, the programme's legal promise is weakened. The research reviewed in this article therefore supports evaluating MGNREGS as an institution whose developmental impact is highly sensitive to implementation quality.

Statement of the problem

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) completes a decade of existence. The Act came into force on February 2, 2006, covering only the 200 poorest districts of the country, and was expanded to cover all rural areas of the country in April 2008. This is the largest programme of its nature for providing employment in rural areas anywhere in the world. In the short span of 10 years that the Act has been in existence, it has generated 19.86 billion person-days of employment, benefiting 276 million workers, with more than half the jobs going to women workers and almost a third to members of scheduled castes and scheduled tribes. These numbers are staggering by themselves, but what is relatively less known is the impact of MGNREGA on several other aspects of the rural economy, such as wages, agricultural productivity, and gender empowerment. While most critics lament the quality of assets created under MGNREGA, there is now increasing evidence based on rigorous studies that suggests that not only has the asset quality been better than comparable government programmes, they are also used more by the community. An anthology of research studies on MGNREGA (MGNREGA Sameeksha) was brought out by the United Progressive Alliance (UPA) government in 2012, followed by a follow-up by the current government last year. However, a proper evaluation of the impact of MGNREGA has to go beyond the standard metrics of programme evaluation. The achievements of the programme in terms of its impact on rural demand, political participation, women’s empowerment, and improvement in rural infrastructure are hard to quantify but are visible to anyone who has been tracking developments in rural India. And it is these that have been crucial in sustaining the demand for the programme, despite efforts to downsize it. While these were important drivers of the buoyancy in rural economy during the UPA regime, MGNREGA has emerged as an important intervention by the current National Democratic Alliance government during a period of severe distress in the rural economy.

Objectives of the Study

1. To trace the expansion and evolution of MGNREGS during the period 2006–2018.
2. To examine the contribution of MGNREGS to rural employment, income security and the reduction of seasonal underemployment.

3. To explore the role of MGNREGS in Rural development, food security, consumption smoothing, savings and household resilience.
4. To provide policy suggestions for improving the developmental effectiveness of employment-guarantee programmes.

RESEARCH METHODOLOGY

The study is based on secondary data and a descriptive-analytical research design. No primary survey was conducted for this article. The main purpose is to synthesise evidence from multiple credible sources and interpret the role of MGNREGS over a twelve-year period rather than estimate a new causal effect. The analytical unit is India as a whole, while selected state-level and household-level studies are used to explain why national outcomes differed across contexts. . The study is based on secondary data sources. The data has been collected from various offline and online sources, which include the annual report of government reports, books, articles, and the official website of MGNREGA at the national level.

ROLE OF MGNREGS IN RURAL DEVELOPMENT

Employment generation and livelihood security

The first and most direct contribution of MGNREGS has been the creation of rural wage employment. Government data show a rapid rise in scale in the first four years. In 2006–07, roughly 2.10 crore households received employment and about 90.5 crore persondays were generated. By 2009–10, the number of households receiving work was around 5.26 crore and employment had reached about 283.6 crore persondays. This expansion reflects both the nationwide rollout and the programme's ability to absorb substantial labour during periods of seasonal unemployment.

The importance of these jobs is not only numerical. Rural labour markets are often marked by high seasonality. Agricultural labour demand can be strong during sowing and harvesting but weak during the intervening months. MGNREGS can provide a floor during those gaps. A household does not necessarily need 100 days of public work every year for the programme to be useful. Even a smaller number of days can prevent a sharp temporary fall in consumption, reduce the urgency of informal borrowing and provide a fallback when private employment is unavailable. In this sense, MGNREGS functions partly as employment insurance.

The legal guarantee also changes the meaning of the programme. Under a conventional welfare scheme, beneficiaries depend on annual allocation and administrative discretion. Under MGNREGA, demand for work is central to the entitlement. This shifts part of the responsibility from the household to the implementing state. The practical strength of that right, however, depends on whether demand is properly recorded and whether works are available at the time requested. The gap between the legal entitlement and actual days of employment is therefore a central feature of the programme's developmental performance.

Rural wages and labour-market bargaining power

One of the most economically important indirect effects of MGNREGS is its influence on wages. When a worker has a credible fallback option, the worker may be less willing to accept extremely low private wages. This can increase the reservation wage of rural labour. Empirical studies support this mechanism. Azam (2012) found stronger wage effects for women, while Imbert and Papp (2015) found evidence that public hiring raised private-sector wages even where some private employment was crowded out.

The wage effect can be particularly important for casual agricultural labourers because their bargaining position is often weak. A rural employment guarantee does not necessarily make the government the permanent employer of workers. Instead, it can function as a benchmark against which private employers compete for labour. This may improve labour income beyond the direct MGNREGS wage bill. However, the wage effect is not uniform. Where MGNREGS wage rates are lower than prevailing market wages, private employers may not face a strong competitive constraint. Where the programme offers reliable employment during lean periods, the bargaining effect can be larger.

The relationship between public employment and private agriculture is also complex. Higher rural wages can raise the cost of hired labour for farmers, particularly during peak periods. At the same time, better wages can improve consumption demand in villages, reduce forced migration and encourage some household members to move into non-farm activities. Thus, the correct policy question is not whether MGNREGS raises wages, but whether the resulting wage and labour reallocation effects improve rural productivity and welfare relative to the conditions that would otherwise prevail.

Poverty reduction and consumption smoothing

MGNREGS can reduce poverty through direct earnings and through protection against temporary income shocks. Unlike a pure cash transfer, it links income to work, which can support self-targeting toward households willing to undertake manual labour. In areas where casual labour is the main source of income, programme wages can be significant enough to support food expenditure, education-related spending and debt servicing during lean periods.

Evidence from Andhra Pradesh indicates that participation improved food and non-food consumption and reduced the incidence of meals foregone, while also increasing the probability of saving. These results support the idea that MGNREGS acts as a consumption-smoothing institution. The programme is particularly valuable when households face shocks that are predictable in aggregate but difficult to insure against privately, such as seasonal unemployment or local drought.

The poverty effect is nevertheless limited by the number of days and payment reliability. If a household receives substantially less than the amount it demands, the income-protection function remains incomplete. The World Bank's Bihar analysis illustrates this point: unmet demand and implementation problems reduced the scheme's potential poverty impact. Therefore, an employment guarantee has stronger poverty-reduction potential when supply-side administrative capacity matches the legal demand-driven design.

Women's participation and empowerment

The participation of women is one of the strongest features of MGNREGS. The statutory one-third requirement was consistently exceeded at the national level. The share of women in total persondays rose from about 40.6 percent in 2006–07 to approximately 48 percent in 2008–09 and remained very high in subsequent years. Government reporting in 2015–16 and 2016–17 indicated that women generated more than half of total persondays in those years. This performance is notable given India's historically low female labour-force participation and the social restrictions affecting women's paid employment in some rural regions.

Several design features help explain the result. First, MGNREGS provides equal wages to men and women. Second, works are generally located within or close to rural communities, lowering some transportation and migration costs. Third, the programme formally recognises the need for worksite facilities such as drinking water, shade, first aid and childcare where the prescribed threshold of children is met. Fourth, employment is available without the need for women to compete for conventional formal jobs.

The empowerment effects are nevertheless broader than employment alone. Paid work can increase women's contribution to household expenditure and may alter perceptions about women's economic roles. Research on individual bank accounts and direct deposit suggests that control over earnings matters. Where women's wages are deposited into accounts that they can control, the economic value of participation is more likely to translate into bargaining power. Thus, future improvements in MGNREGS should treat the payment architecture as part of gender policy rather than as merely an administrative mechanism.

Inclusion of Scheduled Castes, Scheduled Tribes and vulnerable households

MGNREGS has also had an inclusion function because employment is available to rural households willing to perform unskilled manual work, rather than being limited to a narrowly defined occupational group. During the early years, government data show a substantial share of persondays accruing to Scheduled Castes and Scheduled Tribes. This is important because SC and ST households often face disadvantages in land ownership, formal employment and access to financial services. A programme that offers local wage employment can provide a relatively accessible entry point into public economic support.

However, national shares should not be interpreted as proof of perfect targeting. CAG audits showed that access could be affected by weak registration practices, informal demand processes and local administrative failures. Social inclusion therefore depends on implementation. The most vulnerable household is often the least able to navigate complex administrative procedures, and the value of a legal guarantee is highest when the state actively records and responds to demand.

Reduction of distress migration

MGNREGS can influence migration by changing the cost-benefit calculation of leaving the village. A worker who can obtain local employment may choose to remain at home during the lean season instead of migrating for uncertain low-skilled work. This can be especially important for households with elderly people, young children or other members who cannot easily migrate.

The evidence also suggests that the programme does not eliminate migration, nor should that necessarily be a policy objective. Rural households may migrate because urban work offers higher wages, better opportunities or a path toward diversification. The more relevant developmental goal is reducing distress migration: movement that occurs because local households have no viable alternative. Evidence from seasonal-migration settings indicates that the availability of local public works can reduce both the probability and duration of migration. This suggests that MGNREGS can improve the bargaining position of migrants even when it does not prevent migration altogether.

Food security, savings and household resilience

Rural food insecurity is closely linked to irregular income. By providing wage income during periods when private employment is weak, MGNREGS can improve a household's ability to maintain food consumption. The Andhra Pradesh evidence of lower meal skipping provides a concrete example. The programme may also permit households to build small precautionary savings or repay high-cost debt rather than repeatedly borrowing to finance basic consumption.

This resilience function is especially important because poverty is dynamic. A household can move temporarily below a poverty threshold after a crop failure, illness or employment shock even when its average annual income is not extremely low. Employment guarantees can reduce the severity of these temporary declines. Their role is therefore closer to social insurance than to a permanent income replacement programme.

Rural assets, agriculture and natural-resource management

The second major pillar of MGNREGS is productive asset creation. Public expenditure has increasingly been directed toward water conservation, drought proofing, land improvement, irrigation support and agriculture-linked activities. This orientation gives the programme the potential to generate a double dividend: current wages for labourers and future productivity gains for rural communities.

Water-related works are particularly important in a country where agricultural productivity is constrained by rainfall variability. Farm ponds, check dams, water-harvesting structures and land-development activities can improve water availability and reduce the risks associated with dry spells. A 2017 rapid assessment reported by the Ministry found positive changes in household income, cereal productivity and vegetable productivity among surveyed households, and many surveyed households reported improvements in water-table conditions. These findings are encouraging, although they should be interpreted as evidence from a rapid assessment rather than as proof of a national causal effect.

The asset dimension also provides an opportunity to integrate employment with climate resilience. Rural-development planning increasingly needs investments that reduce drought vulnerability, conserve soil and water, restore common resources and support small and marginal farmers. When MGNREGS is coordinated with local agricultural plans, its labour expenditure can create infrastructure that strengthens the productive capacity of the same households that depend on casual work.

Strengthening Panchayati Raj and grassroots participation

MGNREGS has a strong decentralisation component. Gram Sabhas have a formal role in identifying works, while Gram Panchayats are central to planning and execution. This can strengthen local government by giving Panchayats a regular development function, a stream of expenditure and a responsibility to maintain public records and respond to citizens.

The benefits of decentralisation, however, depend on local capacity. A Panchayat without adequate technical staff may struggle to prepare estimates, measure works or maintain high-quality records. Weak capacity can create delays, encourage dependence on intermediaries and reduce the durability of assets. Thus, the programme simultaneously exposes the strengths and limitations of rural local government. Building the technical and administrative capacity of Panchayats is therefore not an optional complement; it is central to the success of a demand-driven employment guarantee.

Financial inclusion and digital governance

The shift toward bank and post-office wage payments was intended to reduce cash leakages, improve traceability and bring workers into the formal financial system. In principle, a worker who receives regular wages in a bank account may gain access to saving, remittance and payment services that were previously unavailable. Government reforms later expanded electronic fund management, Aadhaar seeding and geo-tagging.

The digital transformation of MGNREGS had two sides. On the positive side, electronic systems can create an auditable transaction trail and make it easier to monitor payment generation and works. They also reduce some opportunities for manipulation of cash records. On the negative side, technology can become a new barrier where biometric authentication,

connectivity, bank access or account mapping is weak. A rights-based programme should therefore treat technology as a means of improving delivery rather than as a substitute for human grievance resolution.

ANALYSIS OF THE STUDY

The combined evidence suggests that MGNREGS contributed materially to rural development between 2006 and 2018, but its impact was uneven across dimensions and periods. The programme's performance can be understood as a transition through three broad phases: rapid expansion and consolidation (2006–2010), a period of lower employment intensity and implementation stress (approximately 2011–2014), and a revival accompanied by stronger digital governance, natural-resource management and asset orientation (2015–2018).

Trend in programme scale

The following benchmark figures illustrate the scale of change. Because some government releases are updated at different dates, the table should be read as a trend table rather than as a single harmonised statistical series. In particular, the 2017–18 figures are reported in an April 2018 government release and represent the programme position available at that time.

Financial year	Households worked (crore)	Persondays (crore)	Women share	Avg. days/HH	Key observation
2006–07	2.10	90.5	40.6%	43–45	Launch in 200 districts; high SC/ST participation
2007–08	3.39	143.6	42.5%	42	Rapid expansion to 330 districts
2008–09	4.50	214.6+	47.8%	48	Near-universal rural coverage
2009–10	5.26	283.6	48.1%	54	Peak early expansion
2011–12	5.04	216.3	48%	43	Lower employment intensity than 2009–10
2013–14	4.79	220.4	>50% in government reporting*	46	Recovery but below early peak
2014–15	4.14	166.2	~55%	40	Low employment and expenditure period
2015–16	4.81	235.1	>55%	48.9	Strong revival and agriculture focus
2016–17	5.12	235.6	56%	46	High demand; digital governance expansion
2017–18	5.10	231.6	54%	45.4	More NRM/agriculture works; e-payments

*The exact women percentage varies by reporting cut-off and data series; government releases consistently place participation well above the one-third statutory floor in this period.

Sources: Government of India/PIB programme reports; Ministry of Rural Development annual reports; PRS Legislative Research. Figures are rounded for analytical presentation.

Interpretation of the employment trend

The employment trend does not move in a simple upward line. The programme expanded rapidly from 2006–07 to 2009–10, followed by lower persondays in the early 2010s. This pattern should not automatically be interpreted as programme

failure. MGNREGS is demand-driven, so lower employment can arise when households find sufficient private employment, but it can also arise when the government fails to provide work. Independent research and CAG evidence suggest that both demand and supply factors matter.

The 2014–15 trough is especially instructive. Government reporting showed about 4.14 crore households worked and 166.21 crore persondays, compared with 4.81 crore households and 235.15 crore persondays in 2015–16. The subsequent revival was associated with increased attention to timely fund flows, natural-resource management, drought-affected areas, electronic payments and stronger programme monitoring. This reinforces the view that MGNREGS outcomes are partly institutional: the same legal framework can generate substantially different employment volumes depending on administrative responsiveness and rural demand.

The 100-day guarantee versus actual employment

The difference between the statutory guarantee and average employment provided is one of the clearest signs of the implementation gap. PRS analysis of official data indicates that average employment per household was around 40 to 49 days in most years from 2012–13 through 2017–18, considerably below the 100-day statutory ceiling. The word 'guarantee' is therefore easily misunderstood. It does not mean that every rural household automatically receives 100 days; employment is available to households that demand it, and the guarantee is conditional on compliance with programme procedures. Even so, when households who demand work receive substantially less than the amount sought, the social-protection potential is reduced.

From a labour-economics perspective, the number of days matters because the income effect of an employment guarantee is the product of wage rate multiplied by actual days worked. A higher wage can strengthen bargaining power, but a worker who is employed only for a few weeks remains exposed to seasonal unemployment for the rest of the year. Therefore, improvements should not focus only on annual budget size or the wage rate; they should also improve demand registration, advance planning and the timely opening of works during the seasons when employment is most needed.

Budget and expenditure performance

The scale of public expenditure reflects MGNREGS's importance in the rural-development budget. PRS data show that actual or revised expenditure increased sharply after 2014–15: expenditure was about Rs 32,977 crore in 2014–15, Rs 37,341 crore in 2015–16, Rs 48,215 crore in 2016–17 and around Rs 55,166 crore in the 2017–18 revised estimate. The rising expenditure partly reflects greater demand and the government's willingness to provide additional resources, particularly during rural distress.

However, expenditure must be interpreted in relation to composition and outputs. A high expenditure number is not automatically a sign of success. The quality of assets, wage-payment timeliness, number of completed works and the distribution of benefits matter. A productive water structure that continues to provide irrigation can have a higher development return than a low-quality earthwork that is washed away after one monsoon. Similarly, a rupee that reaches a worker on time has a different welfare value from a wage payment delayed for several months.

Women as a structural achievement

Women's participation is arguably the most distinctive social achievement of the programme during this period. The national share remained above the one-third statutory requirement and in several years exceeded one-half. This suggests that the programme created a relatively rare form of large-scale paid employment that was accessible to women in rural areas. The effect is even more meaningful because the programme does not require formal educational qualifications and generally provides work near the home.

At the same time, participation should not be equated automatically with empowerment. If women lack control over their wages, face long payment delays or carry an additional burden of unpaid care work, the net effect may be smaller than the participation figure suggests. The evidence on direct deposit and individual bank accounts shows why women's control over earnings is a meaningful policy objective. Gender-sensitive implementation should therefore include functional crèches where required, safe work conditions, local works, equal wage enforcement, individual accounts and simplified access to payments and grievance mechanisms.

Rural assets and the shift from relief to development

An important evolution by 2015–18 was the stronger orientation toward natural-resource management and agriculture. Government reporting indicated that a large share of expenditure was directed to agriculture and allied works, and that natural-resource-management expenditure had become a central thrust. This is a major conceptual shift. A public works

programme can be designed simply to transfer wages, or it can use labour expenditure to create the ecological infrastructure on which rural productivity depends.

The development case is strongest when assets are matched to local resource constraints. In drought-prone areas, water harvesting can be more valuable than generic earthwork. In rainfed agriculture, soil and moisture conservation can improve crop resilience. On small and marginal farms, land development and irrigation support can raise the returns to labour and capital. However, the matching process requires technical planning. Gram Panchayats need access to engineers, agricultural specialists, GIS information and realistic estimates. Without that support, the programme may produce a large number of assets without a correspondingly large development impact.

Overall assessment

Taken together, the evidence supports an assessment of MGNREGS as a significant but imperfect instrument of rural development. Its strongest achievements during 2006–2018 were scale, legal entitlement, women's participation, wage effects, income smoothing and increasingly productive natural-resource works. Its weakest dimensions were the shortfall from the 100-day guarantee, uneven implementation, delayed payments and variable asset quality. The programme should therefore be understood neither as a failed welfare scheme nor as a complete solution to rural poverty. Its value lies in creating a floor beneath rural livelihoods while also providing a platform for decentralised public investment.

SUGGESTIONS OF THE STUDY

The evidence from 2006–2018 suggests that improving MGNREGS does not require replacing its basic design. The major challenge is to make the existing right to work more credible and developmentally productive. The following suggestions arise from the analysis.

Make demand registration genuinely demand-driven

A household should be able to request work through multiple accessible channels: Gram Panchayat offices, local facilitation centres, mobile-based systems and designated workers or community groups. The request should generate a dated acknowledgement so that the programme can be held accountable for the employment timetable. The distinction between 'registered household' and 'household that actually demanded work' must be maintained clearly in the MIS.

Strengthen local planning before the lean season

MGNREGS works should be planned before the season of expected unemployment begins. Panchayats can prepare shelf-of-projects plans containing technically approved works that can be opened quickly when demand rises. Labour budgets should use realistic historical demand, seasonal migration patterns, rainfall conditions and local crop calendars. This would reduce the tendency to discover demand only after workers have already lost private employment.

Guarantee timely wage payments and compensation

The employment guarantee loses value when wages arrive late. The programme should continue to prioritise electronic payments but must also ensure adequate administrative capacity at every stage: attendance, measurement, fund transfer, account validation and bank settlement. Where delays are caused by programme administration, compensation should be automatic rather than dependent on workers submitting a complex claim. This is particularly important for poor households with limited liquidity.

Improve the quality and durability of rural assets

The asset objective should be evaluated by functionality, not only by expenditure or completion counts. Each major work should have a clear development rationale, an estimate of the expected productive benefit and a simple post-completion inspection. Water structures should be linked to watershed planning; farm assets should be integrated with local agricultural extension; and common-property works should include maintenance arrangements. Technical support teams at the block level can help Panchayats prepare better projects without centralising decision-making.

Increase convergence with agriculture and climate-resilience planning

MGNREGS should be connected more systematically with watershed development, irrigation planning, soil conservation, horticulture, livestock and rural livelihood programmes. Convergence can improve the return on public expenditure because labour-intensive works can create the basic infrastructure needed for productive investments under other schemes. In drought-prone districts, programme calendars should be aligned with climate-risk maps and seasonal water availability.

Deepen women-centred implementation
Maintaining the one-third minimum share is not enough when actual participation is already above 50 percent in many contexts. Policy should focus on the quality of women's participation. Individual bank accounts, direct deposit, safe worksites, accessible childcare where required, proximity of works and transparent wage information can increase the value of participation. Local women's groups and self-help groups can also help disseminate information about work demand, wage rates and grievance procedures.

Protect inclusion of SC, ST and remote households
Socially excluded households may be the least able to navigate digital or administrative requirements. Panchayat-level facilitation should therefore proactively identify vulnerable households, especially in remote hamlets and tribal areas. Job cards should not be treated as proof of adequate access; officials should monitor who demanded work, who received work and who faced delays. Social audits should specifically examine inclusion patterns, not only financial irregularities.

Modernise transparency without creating exclusion
Digital governance should remain an instrument of transparency, not a prerequisite for exercising a statutory right. Where biometric authentication, connectivity or banking access fails, workers should have an alternative assisted mechanism. Information displayed online should also be available in village-level formats that ordinary citizens can understand. Social audit units should have sufficient resources and independence to verify records, speak with workers and track follow-up action.

Build a stronger performance framework
Programme assessment should use a balanced scorecard rather than one indicator. A useful framework would track: employment demand met, average days per demanding household, payment timeliness, women and SC/ST participation, asset functionality, social-audit completion, grievance resolution and post-completion use of assets. Such a framework would reduce the risk that a large increase in expenditure is interpreted as success when the quality of delivery remains weak.

Preserve the employment guarantee as a rural insurance instrument
The evidence from drought years and labour-market shocks suggests that the programme's counter-cyclical value is significant. Fiscal planning should therefore preserve the ability to expand employment when rural labour demand collapses. A rigid annual expenditure ceiling is poorly suited to a scheme whose purpose is precisely to respond to uncertain demand. At the same time, counter-cyclical expansion should be linked to technically sound, labour-intensive asset plans so that emergency spending also contributes to long-term rural resilience.

CONCLUSION

MGNREGS emerged during a period when India was experiencing rapid economic growth but continued to face deep rural disparities, seasonal unemployment and insecure livelihoods. Its significance from 2006 to 2018 lies in the fact that it transformed rural employment assistance into a rights-based public institution. The programme reached millions of households, generated billions of persondays, strengthened women's access to paid employment and exerted measurable influence on rural labour markets. It also increasingly directed public expenditure toward water conservation, land development and agriculture-linked assets.

The evidence reviewed in this article suggests that MGNREGS improved rural livelihood security in several ways. Direct wages supported consumption and savings; the availability of public work strengthened workers' bargaining position; women participated at rates substantially above the statutory floor; local work could reduce distress-driven migration; and productive assets had the potential to raise agricultural resilience. These effects are consistent with the wider economic literature, which finds positive wage and welfare effects even while recognising crowding-out and implementation trade-offs.

The main weakness was not the basic idea of employment guarantee but the unevenness of its execution. Average employment remained well below the 100-day ceiling, and CAG audits identified delays, incomplete records, non-payment, weak demand registration and poor-quality or impermissible works in sampled areas. These problems matter because the poorest household benefits most when the legal guarantee is reliable. A right that exists on paper but cannot be activated when a worker needs it is only a partial form of social protection.

The central lesson of the 2006–2018 experience is therefore balanced. MGNREGS should be seen neither merely as a relief programme nor as a replacement for productive private employment. It is better understood as a rural insurance and public-

investment institution. Its employment function creates a floor under livelihoods; its wage effect improves bargaining power; its gender provisions widen economic participation; and its asset function can strengthen rural productive capacity. The policy challenge is to make these functions work together through better planning, timely payments, stronger Panchayats, high-quality assets and meaningful social accountability.

For India's future rural-development strategy, the programme's most valuable legacy is the principle that economic security can be combined with public investment. When employment is offered where and when it is demanded, when wages reach workers promptly, and when the work creates assets that improve water, soil and agricultural productivity, MGNREGS can contribute to a more resilient and inclusive rural economy. The experience up to 2018 shows that the institution has substantial developmental potential; realising that potential requires treating implementation capacity as an essential part of the employment guarantee itself.

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