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MGNREGA: TRANSFORMATIVE VISION, IMPLEMENTATION PROBLEMS, AND THE PATH TO INCLUSIVE RURAL DEVELOPMENT

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Abstract:

The **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**, launched in 2005, is a cornerstone of India's rural development and social security policies. The scheme ensures 100 days of unskilled wage employment annually to rural households willing to work, aiming to mitigate poverty, unemployment, and distress migration. Despite its transformative goals, systemic challenges—including delayed wage payments, insufficient funding, and structural inefficiencies—have hindered its execution. The evolution of MGNREGA under successive governments highlights shifting ideological priorities. Initially anchored in inclusivity and participatory governance under the UPA, the program has increasingly focused on asset creation and centralized management during the BJP regime. Critics argue that this asset-driven approach disproportionately benefits landowners while neglecting landless laborers, undermining the program's demand-driven framework. Technological integrations, such as Direct Benefit Transfers (DBT) via the Jan Dhan-Aadhaar-Mobile (JAM) framework, have improved transparency but exposed underlying governance deficits, including inadequate rural banking infrastructure and flawed Management Information Systems (MIS). Additionally, arbitrary deletion of job cards and a reduced role for local governance institutions like Panchayati Raj Institutions (PRIs) further erode MGNREGA's effectiveness. Key reforms are needed to address low wage rates, delayed fund disbursal, and exclusion of marginalized groups. Strengthening financial systems, decentralizing decision-making, fostering public participation, and enhancing monitoring mechanisms are critical to restoring the program's integrity. By addressing these challenges, MGNREGA can continue to serve as a vital tool for poverty alleviation and rural empowerment, reflecting its founding vision of equitable and sustainable development.

Key words: MNREGA,Social Security,Distress Migration, Poverty Alleviation.

1.0 Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), implemented in 2005, is a flagship social welfare scheme of the Indian government. It guarantees 100 days of wage employment annually to every rural household whose adult members are willing to perform unskilled manual work. The program was designed to address rural poverty, unemployment, and distress migration.

However, the agrarian crisis has significantly reduced earnings for poor rural households, underscoring the critical role of MGNREGA as a safety net. Despite its importance, the program has faced funding cutbacks, exacerbating challenges for state governments already grappling with cash shortages. These constraints have weakened MGNREGA's ability to provide timely wage payments, worsening the conditions that force many rural poor to migrate to urban centers for work. The BJP-led government has diluted some aspects of MGNREGA, launched during the UPA regime, by slashing budgets and revisiting its framework to focus on asset creation. The government has attributed delays in wage payments to states, blaming their failure to submit timely and proper audit reports. These challenges indicate a need for reforms and increased funding to ensure the program effectively serves its target beneficiaries.

When introduced under the UPA (United Progressive Alliance), MGNREGA was a cornerstone of its universalization and entitlement-based development agenda, anchored in the National Common Minimum Programme.

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Support from left-of-center political parties like the CPI(M) was instrumental in ensuring MGNREGA adhered to principles of inclusivity and participatory governance.

After the BJP assumed power in 2014, concerns emerged about the scheme's future, given the party's emphasis on "empowerment" over rights-based frameworks. Yet, the BJP has continued to allocate significant budgets to MGNREGA, with allocations increasing over the years. This shift reflects the political necessity of retaining the program, especially given its critical role in rural India. The BJP government's initial attempts to curtail MGNREGA, evident from reduced funding in its first two years, were met with political backlash, prompting course correction.

Despite increasing funding, the BJP has reoriented MGNREGA's focus from the UPA's demand-driven, wage-centric, decentralized job-creation model to a top-down, asset-driven approach. This transition marks a significant ideological shift, favoring "asset-focused" and "target-driven" goals over "wage-focused" and "demand-driven" development. Critics argue that this compromises MGNREGA's foundational objective of participatory, decentralized development.

The "asset fetishism" under the BJP, while not entirely misplaced, has tended to favor landowning agriculturists. In contrast, landless rural laborers—who account for a significant proportion of the rural population—often remain excluded, as they cannot benefit from individual asset creation. This focus has diluted MGNREGA's job-creation mandate, which under the UPA was bolstered by provisions like a 60:40 wage-material expenditure ratio and prioritization of labor-intensive projects.

The NDA government has also integrated technology into its policy framework, adopting the UPA's Direct Benefit Transfer (DBT) model through the Jan Dhan-Aadhaar-Mobile (JAM) trinity. While this has streamlined cash transfers, critics argue that it overlooks deeper governance challenges, such as overly complex procedures, weak human resources, and inadequate training.

2.0 Distinct ideological approaches

The evolution of MGNREGA highlights distinct ideological approaches. While the UPA prioritized inclusive job creation and participatory development, the BJP has emphasized top-down asset building, reflecting broader shifts in governance priorities. This contrast illustrates the complex interplay of political imperatives, ideological underpinnings, and the practical realities of implementing one of India's most significant social welfare programs.

The government has placed technology at the core of its policy agenda, adopting the UPA's Direct Benefit Transfer (DBT) framework early on through the Jan Dhan-Aadhaar-Mobile (JAM) trinity. This approach aims to transition toward a cash-based welfare system. However, critics argue that this focus on technology glosses over fundamental governance challenges, such as complex procedures, inadequate human resources, and insufficient training.

During the Modi government's initial years, there were discussions about scaling back MGNREGA, aligned with its pro-business and investment-driven narrative of "empowerment," exemplified by initiatives like Make in India, Skill India, and Start-Up India. These initiatives contrasted with the entitlement- and rights-based framework championed by the Congress-led UPA. Despite this, the NDA has progressively increased budgetary allocations for MGNREGA, with the FY19 allocation marking the highest ever, signaling the government's decision to retain the program.

This shift in stance reflects the BJP's learning curve regarding the political repercussions of attempting to curtail MGNREGA in its early years through reduced funding. While the program has received greater financial support, the NDA

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has reoriented its focus toward a top-down, target-driven asset creation model. This is a stark departure from the UPA's demand-driven, job-creation model rooted in participatory and decentralized development.

The divergence between the UPA and NDA's approaches to MGNREGA is sharp. The UPA's framework emphasized "wage-focused" and "demand-driven" employment creation, ensuring participatory governance. Conversely, the NDA has prioritized "asset-focused" and "target-driven" development, often at the expense of the program's decentralized and inclusive nature.

This emphasis on asset creation, though not inherently flawed, has disproportionately benefited landowning agriculturists, sidelining landless rural laborers, who form a significant portion of India's rural population. These households often cannot access the benefits of individual assets due to their lack of landownership. Furthermore, this shift has compromised job creation, a critical aspect of MGNREGA under the UPA, which mandated a 60:40 wage-material expenditure ratio and prioritized labor-intensive works.

The Indian context reveals a weak correlation between "political will" and effective implementation of welfare schemes. The Congress and BJP, despite their ideological differences, have broadly pursued neoliberal economic policies. Prime Minister Modi has shown little personal ideological alignment with MGNREGA. However, enhanced funding and program adjustments to align with the BJP's governance narrative indicate that political will, in this case, has not been a decisive factor in MGNREGA's continuity or transformation.

3.0 Problems in the Implementation of MGNREGA

Addressing Systemic Flaws

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was launched as a flagship program to provide livelihood security to rural households through 100 days of guaranteed wage employment each financial year. Despite its transformative potential, systemic challenges continue to hinder its effective implementation. This essay examines the critical issues impacting MGNREGA and their far-reaching consequences.

Low Wage Rates

MGNREGA wages remain significantly lower than state minimum wages in 17 states, contravening legal precedents mandating wage parity. This disparity not only discourages participation but also increases workers' vulnerability to exploitation by contractors and local intermediaries.

Insufficient Budget Allocation

Irregular and inadequate budget allocations disrupt program execution. Delays in the release of funds, particularly "mother sanctions" from the Central government, hamper progress during peak seasons. Moreover, over 80% of allocated funds are often depleted within the first six months of the fiscal year, leaving subsequent months underfunded. Accounting for previous liabilities in the current year's budget further erodes fund availability, undermining implementation on the ground.

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Delays in Wage Payments

Persistent payment delays exacerbate worker hardships. While wages are officially marked as paid when Fund Transfer Orders (FTOs) are signed, delays in processing often result in significant lags untracked by the Management Information System (MIS). The government's claims of timely payments thus fail to reflect the realities faced by workers.

Penalizing Workers for Administrative Lapses

Workers are unjustly penalized for lapses attributable to state-level bureaucratic delays. Payments are withheld when states fail to submit audited reports or bank reconciliation certificates, leaving workers to bear the brunt of inefficiencies they have no control over. This punitive approach is neither legally nor ethically justified.

Challenges in Accessing Wages

Inadequate rural banking infrastructure exacerbates workers' difficulties in accessing their wages. Overcrowded banks, insufficient staff, and poor facilities force workers to make multiple visits to collect payments. Additionally, delays in updating passbooks or delivering emergency funds compound their struggles.

Faulty MIS Data

An over-reliance on real-time MIS has compromised transparency and accountability in MGNREGA. This centralization of program management often marginalizes workers and frontline functionaries. Transitioning to a transaction-based, post-implementation MIS could enhance data accuracy and mitigate opportunities for manipulation.

Non-payment of Unemployment Allowance

Backlogs in unpaid unemployment allowances, as reflected in the MIS, point to a lack of adherence to the program's provisions. This neglect highlights a broader disconnect between the program's governance mechanisms and its on-ground implementation.

Deletion of Genuine Job Cards

Efforts to achieve 100% Direct Benefit Transfer (DBT) compliance have led to the arbitrary deletion of genuine job cards, particularly affecting vulnerable regions like Jharkhand. These actions deny entitlements to legitimate beneficiaries and undermine the credibility of the program, requiring reactive interventions for rectification.

Over-centralization Weakens Local Governance

The centralized MIS-driven implementation model has sidelined Panchayati Raj Institutions, reducing their influence in monitoring progress, resolving issues, and authorizing payments. This over-centralization undermines MGNREGA's original mandate of promoting decentralized governance and local accountability.

Ignoring Local Priorities

MGNREGA's participatory, community-driven planning process has been diluted by top-down administrative directives. The program is increasingly used to achieve unrelated governmental goals, such as constructing toilets under the Swachh Bharat Mission or housing under the Pradhan Mantri Awas Yojana. These actions bypass gram sabha-approved

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plans, contravening the Act and weakening community participation. MGNREGA holds immense potential to enhance rural livelihoods and empower marginalized communities. However, systemic issues—such as low wages, inconsistent funding, payment delays, and excessive centralization—undermine its effectiveness. Additionally, the reliance on a faulty MIS and the exclusion of legitimate beneficiaries reflect governance shortcomings detached from ground realities. Addressing these challenges demands a paradigm shift in governance. Prioritizing worker welfare, decentralizing decision-making, and ensuring a steady flow of resources are crucial. A restructured, inclusive, and participatory approach will restore MGNREGA as a robust framework for rural empowerment, aligning with the true ethos of the Act.

4.0 A Critical Analysis of MGNREGA: Achievements, Challenges, and the Way Forward

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), enacted in 2005, represents a watershed moment in India's efforts to ensure social security and rural development. By guaranteeing 100 days of unskilled wage employment annually to rural households seeking work, the scheme is both expansive and impactful. With over 15.51 crore active workers enrolled, MGNREGA stands as a cornerstone of India's social welfare policies. Despite its transformative vision, implementation challenges have spurred the establishment of a review committee led by Amarjeet Sinha to evaluate its effectiveness in alleviating poverty.

Challenges in the Implementation of MGNREGA

***4.1** Delays and Insufficiency in Fund Dispersal*

One of the most persistent challenges is the delay in wage payments. The Act mandates payments within 15 days of work completion, yet delays have become routine, often without any compensation for workers. This issue, largely stemming from insufficient and irregular fund transfers, has turned MGNREGA into a supply-driven program, dampening worker enthusiasm and program efficacy.

***4.2** Caste-Based Disparities*

Inequities based on caste hinder the program's inclusivity. While timely payment rates for Scheduled Caste (SC) and Scheduled Tribe (ST) workers are 46% and 37%, respectively, only 26% of non-SC/ST workers report similar experiences. These disparities are particularly pronounced in socio-economically weaker states, including Madhya Pradesh, Odisha, Jharkhand, and West Bengal, perpetuating systemic inequalities.

***4.3** Ineffective Role of Panchayati Raj Institutions (PRIs)*

MGNREGA's vision of decentralized governance is undermined by the weakened role of Panchayati Raj Institutions. Denied adequate decision-making power, PRIs struggle to effectively implement, monitor, or resolve issues within the program, diminishing its grassroots engagement.

***4.4** High Rate of Incomplete Projects*

Delays in project completion and inconsistent monitoring compromise the scheme's credibility. The quality of assets created under MGNREGA remains a concern, reducing its potential to spur sustainable rural development.

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4.5 Fabrication of Job Cards

Corruption remains an issue, manifesting in fabricated job cards, fake beneficiaries, and outdated entries. Such malpractices undermine administrative oversight and dilute the program's effectiveness, especially in regions with weak governance.

5.0 Achievements of MGNREGA

Performance Highlights for 2023-24

- **Employment Generated:** Over 11.37 crore households benefited from 289.24 crore person-days of work.
- **Diverse Participation:** Women constituted 56.19% of the workforce, with significant representation from Scheduled Castes (19.75%) and Scheduled Tribes (17.47%).

Innovative Initiatives

1. **Amrit Sarovar Initiative:** Development of 75 Amrit Sarovars per district to enhance water resources.
2. **Jaldoot App:** Enables biannual water level measurement in Gram Panchayats, supporting water resource management.
3. **Ombudsperson App:** Facilitates streamlined grievance redressal for MGNREGA workers.

Way Forward

1. Address Delays in Wage Payments

Reforming the financial system is imperative. This includes timely fund transfers to states, real-time tracking of wage payments through digital systems, and stringent administrative accountability to ensure timely disbursal of wages.

2. Strengthen Implementation Capacities

MGNREGA's universal and demand-driven nature must be upheld by addressing exclusion errors. Mapping underrepresented groups, especially SC and ST households, and strengthening inclusivity in implementation will reduce systemic barriers.

3. Foster Public Participation

Encouraging public engagement is key to aligning the program with local needs. Leveraging forums like State and Central Employment Guarantee Councils and consulting with civil society organizations can promote transparency and responsiveness. Reforms should also be openly debated in state assemblies and Parliament.

4. Enhance Monitoring and Accountability

Governments must rigorously evaluate policy changes, particularly their impact on weaker regions. Implementing agencies should be held accountable for lapses, ensuring that workers receive their entitlements without unnecessary delays or obstacles.

Conclusion

MGNREGA has made significant strides in alleviating rural poverty, empowering marginalized communities, and promoting gender equity. However, persistent structural bottlenecks—such as delayed payments, caste-based disparities, weakened local governance, and corruption—continue to undermine its effectiveness. To fulfill its potential, MGNREGA must undergo reforms prioritizing inclusivity, transparency, and decentralization. Enhancing the role of Panchayati Raj Institutions, improving financial management, and fostering participatory governance can help restore the program's intent. By addressing systemic flaws, MGNREGA can emerge as a robust tool for poverty alleviation and rural development, reflecting its transformative vision.

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