



Decline in Work Demand Under MGNREGS

For Prelims: [Mahatma Gandhi National Rural Employment Guarantee Scheme \(MGNREGS\)](#), [International Monetary Fund \(IMF\)](#), [Monsoon](#), [Migration](#), [Work Guarantee Programmes](#), [Employment](#), [Unemployment Allowance](#), [Gram Sabha](#), [Social Audit](#), [Below Poverty Line](#), [Panchayati Raj Institution \(PRI\)](#)

For Mains: Role of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

[Source: ET](#)

Why in News?

According to the **Ministry of Rural Development**, work demand under the [Mahatma Gandhi National Rural Employment Guarantee Scheme \(MGNREGS\)](#) fell sharply in July 2024.

What Does a Decline in Demand for Work under the MGNREGS Indicate?

- **Current State of Demand for Work:** Approximately **22.80 million individuals** sought work under the scheme in July, reflecting a 21.6% decline from the same period in 2023.
 - These individuals represented **18.90 million households**, a decrease of 19.5% year-over-year and **28.4%** compared to June 2024.
 - On a **month-to-month basis**, the number of people seeking work dropped by **33.4%** in July 2024.
 - In July 2024, fewer individuals submitted work demands in key states like **Tamil Nadu, Andhra Pradesh, Karnataka** and **Telangana**.
- **Reasons For Decline in Demand Work:**
 - **Strong Economic Activity:**
 - Work demand under MGNREGS usually drops when better-paying [employment](#) opportunities are available due to strong economic growth, **possibly reflecting robust economic activity**.
 - The economy grew at a higher-than- anticipated pace of 8.2% in the last Fiscal Year (FY) 2023-24.
 - The [International Monetary Fund \(IMF\)](#) predicts India will be the fastest- growing major economy, with growth rates of **7% in FY 2024-25** and **6.5% in 2025-26**, both exceeding the **global average**.
 - **Impact of Monsoon:**
 - The [monsoon](#) typically causes large-scale [migration](#) of rural workers to villages for crop sowing, reducing the demand for unskilled jobs under the MGNREGS.
 - In 2024, abundant seasonal showers in July **reduced the 11% rainfall deficit seen in June**.

What is Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)?

▪ **About:**

- MGNREGS is one of the largest [work guarantee programmes](#) in the world launched in **2005** by the **Ministry of Rural Development**.
- It guarantees **100 days** of [employment](#) each financial year for adult members of **rural households** willing to perform **unskilled manual work** at the statutory minimum wage.

▪ **Implementation Agency:**

- The **Ministry of Rural Development** monitors the entire **implementation** of this scheme in association with state governments.

▪ **Major Features:**

- The cornerstone of MGNREGA's design is its **legal guarantee**, ensuring that any rural adult can **request work** and must **receive** it within **15 days**.
 - If this commitment is not met, an "[unemployment allowance](#)" must be provided. It requires that **priority** shall be given to **women** in such a way that at least **one-third** of the beneficiaries shall be **women** who have registered and requested for work.
- **Section 17** of the **Mahatma Gandhi NREGA, 2005** mandates the [Gram Sabha](#) to conduct [social audits](#) of works undertaken under the scheme.

▪ **Objective:**

- It was introduced with an aim of improving the **purchasing power** of the rural people, primarily **semi or unskilled work** to people living [below poverty line](#) in rural India.
- It attempts to bridge the **gap** between the **rich** and **poor** in the country.

▪ **Current Status:**

- **Budget Allocation:** For the financial year **2023-24**, the government allocated approximately **Rs 73,000 crore** to MGNREGA, reflecting an increase from previous years to meet the rising demand for employment.
- **Employment Generation:** In the FY 2022-23, MGNREGA provided over **300 crore person-days of work**, with approximately 11 crore households participating in the scheme.
- **Wage Payments:** The Centre has notified a **3-10% increase** in the wage rates for MGNREGA workers for the FY 2024-25.
 - The average wage for **2024-25 is Rs 289** as against Rs 261 for FY 2023-24.
- **Project Focus:** The scheme has increasingly focused on sustainable development projects, such as **water conservation, afforestation**, and **rural infrastructure** enhancement. Over **60%** of the works undertaken are related to **natural resource management**.

What are the Challenges with the Implementation of the MGNREGS?

- **Concerns Over Minimum Wage Determination:** A panel from the Ministry of Rural Development has raised concerns that the **minimum wage** under MGNREGS is based on the [Consumer Price Index for Agricultural Labourers](#), which does not reflect the different types of work performed by MGNREGS workers.
 - They **recommend using the [Consumer Price Index-Rural](#) instead**, as it is more current and accounts for higher expenses on education and healthcare.
- **Poor Planning & Administrative Skill:** Panchayats, except in some states like Karnataka and West Bengal, lack experience in planning large-scale programs. The [Comptroller and Auditor General \(CAG\)](#) highlighted inadequate administrative capacity among village panchayat members.
- **Lack of Adequate Manpower:** Insufficient administrative and technical staff at Block and Grama Panchayat levels affects planning, monitoring, and transparency.
- **Difficulty in Funding the Scheme:** The budget for MGNREGS has increased significantly, raising concerns about **sustainability** and funding sources.
 - The **declining tax-GDP ratio** poses challenges for financing the program.
- **Discrimination:** While MGNREGA promotes equal pay, instances of discrimination against women and marginalised groups persist. Some states show high enrollment of women, while others exhibit low participation due to systemic biases.
- **Corruption & Irregularities:** High levels of [corruption](#) result in minimal funds reaching intended beneficiaries. Issues like **fake job cards** for non-existent workers lead to significant financial losses.

Way Forward

- **Increase of Entitled Work Days:** While a full 100 days of employment has not been provided per year, the **Parliament Committee** and **activist groups** have strongly recommended an increase in the number of guaranteed days of work per household from **100 to 150** so that rural populations have a **safety net** for a longer period in the year.
- **Capacity Building:** Provide training programs for panchayat members to improve planning and implementation skills and establish clear guidelines and best practices for effective program management.
- **Monitoring:** Implement **robust monitoring** mechanisms to track fund allocation and project outcomes. Use technology, such as **mobile apps** and online portals, to enhance **transparency** and **accountability**.
- **Updated Wage Determination:** Shift the **minimum wage determination** to the **Consumer Price Index-Rural** to better reflect the living costs faced by MGNREGS workers.
 - Regularly update wage rates **to keep pace with inflation and local economic conditions**.

Drishti Mains Question:

Q. Discuss the role of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in generating employment in rural areas. What challenges are associated with the scheme?

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. Among the following who are eligible to benefit from the “Mahatma Gandhi National Rural Employment Guarantee Act”? (2011)

- (a) Adult members of only the scheduled caste and scheduled tribe households
- (b) Adult members of below poverty line (BPL) households
- (c) Adult members of households of all backward communities
- (d) Adult members of any household

Ans: (d)

Mains

Q. Hunger and Poverty are the biggest challenges for good governance in India still today. Evaluate how far successive governments have progressed in dealing with these humongous problems. Suggest measures for improvement. (2017)

Q. Do government's schemes for up-lifting vulnerable and backward communities by protecting required social resources for them, lead to their exclusion in establishing businesses in urban economies? (2014)