



# Research Paper: Effectiveness of Mahatma Gandhi National Employment Guarantee Act (MGNREGA) on Rural Employment and Quality of Life in Rural Nagpur (100+ Rural Households Surveyed)

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# **Effectiveness of Mahatma Gandhi National Employment Guarantee Act (MGNREGA) on Rural Employment and Quality of Life in Rural Nagpur (100+ Rural Households Surveyed)- Introduction**

India is primarily an agrarian economy, and agriculture's seasonality means rural households are forced to rely on informal, unskilled and insecure jobs in the off-season. The Rural Unemployment Rate (UR) of India is 4.2% as of 2025. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), introduced in 2005, guarantees of 100 days of employment with wages per year with the aim of reducing the chronic poverty seen in rural India, increasing the quality of life of these citizens.

Nagpur is located in eastern Maharashtra, with ~40% of Nagpur's Population living in rural areas and containing a significant presence of farmers and landless labourers . The years 2021 to 2024 are especially significant in evaluating the effectiveness of MGNREGA as it includes the COVID-19 unemployment shock, which triggered a reverse migration from urban centres to rural parts of the country, as well as the with the post-pandemic recovery period.

## Introduction and Methodology

This paper explores the extent to which MGNREGA has improved rural employment and household income in Nagpur, Maharashtra, between 2021 and 2024.

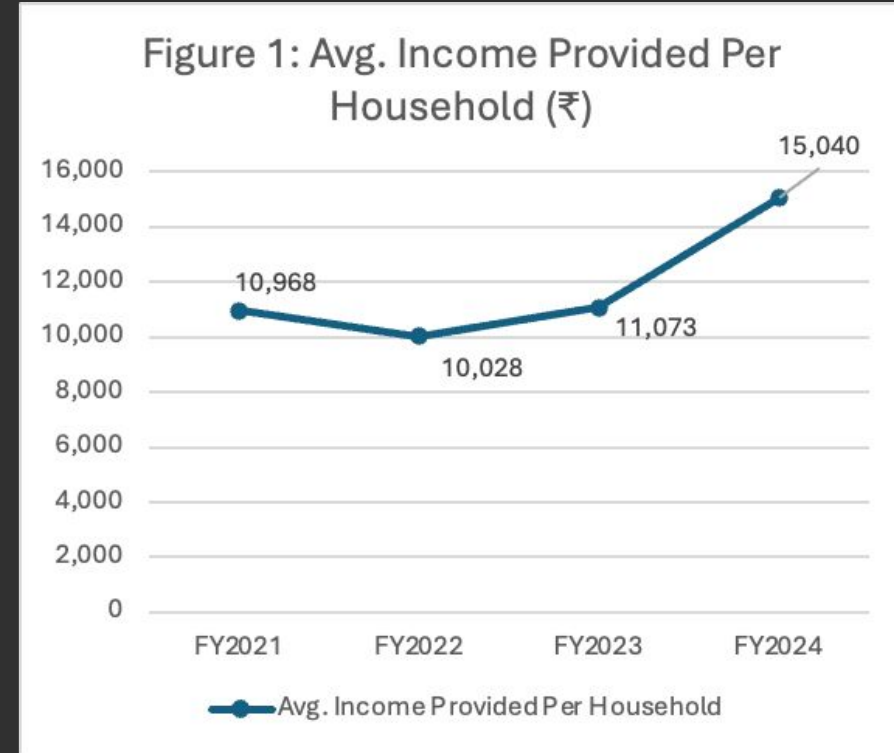
This analysis is conducted with the help of Secondary data sourced from the MGNREGA Management Information System (MIS) which is maintained by the Ministry of Rural Development. The reports consulted are: R5.1.1 Employment Generated, S4.11 Work Category Wise Women Employment Provided, R3.1 Work Demand Pattern, R5.1.4 Employment Provided Pattern and Report on No. of Registered households, workers, SC, ST, Others, Women & BPL-Families in MGNREGA. To supplement the government data available, I have obtained **primary data** from my survey of 100 households in Rural Nagpur to ascertain the effectiveness of income received from the policy MGNREGA.

It is hypothesised that while MGNREGA has been successful in expanding opportunities in Nagpur, its impact on sustained income has been limited due to the constraints of underemployment and lower than required average workdays per household.

## Discussion: 2021

In 2021, as the COVID-19 pandemic was at its peak, labourers and other workers continued to migrate back to their villages (*reverse migration*). The high number of jobs demanded by new migrant workers put immense pressure on the scheme: resulting in a record ₹98,400 crore of total expenditure. With a wage rate of ₹248/day, MGNREGA helped generate an average of ₹10,900 per household (Fig. 1): ~5.9% of the per capita income of a citizen of Maharashtra.

Noting that households of rural Nagpur earn *significantly* less than the per capita mean of ₹1,83,704, this income was likely extremely effective in acquiring the required preventive healthcare (masks, vaccines etc.) and medicines as well as helping maintain regular household expenditure.

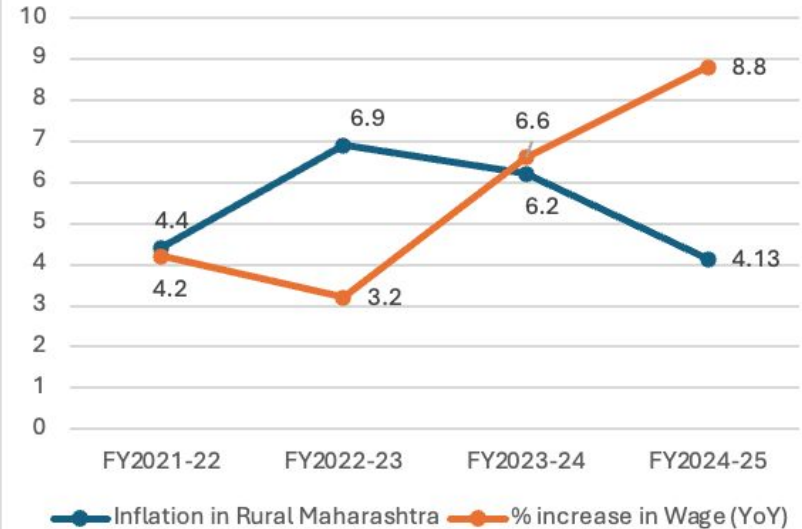


## Results - 2022

In 2022, the War in Ukraine led to a rise in prices of wheat and other foodgrains, with *rural inflation* in Maharashtra peaking at 6.9%. Simultaneously, *real wages* increased Year-on-Year only by 3.2%, eroding the purchasing power of MGNREGA workers. (Fig. 2)

There was a 16.27% decrease from 2021 to 2022 in number of person days worked, (Fig. 5) with average workdays per household falling by 5 days as well (Fig. 3). With the price of necessities like foodstuff and cooking oil increasing, the loss of workdays along with lower *real* income were particularly harmful to rural citizens. 2022 thus exposes the shortcoming of MGNREGA in failing to prevent rural distress. However, It is likely that less workdays were the result of a combination of higher prices for agricultural products (due to the war) as well as the reduced real income received through MGNREGA incentivising more workers to undertake farm jobs.

Figure 2: Inflation in Rural Maharashtra vs. % Increase in Wage (YoY)



## Results - 2023

In 2023, real wages of MGNREGA workers increased marginally (by 0.4%; Fig. 2) and the Central Government slashed the MGNREGA budget to ₹60,000 Crore. As no. of households saw the steepest decline of 22.5% (Fig. 4) no. of person days worked decreased by 19.7% as well (Fig. 5). Thus, it is important to note that the 3.6% increase in average workdays per household (Fig. 3) is not a reflection of more person days worked as a whole, but instead number of households decreasing more rapidly than person days.

Figure 3: Average Workdays Per Household in Nagpur

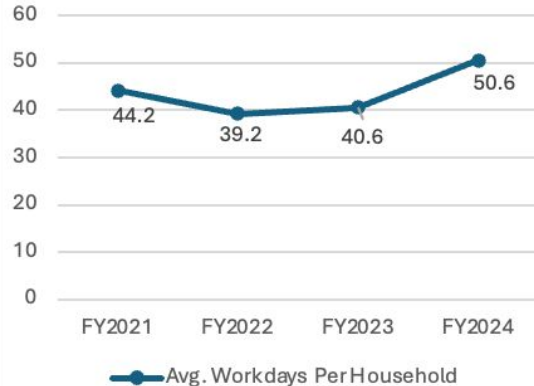


Figure 4: No. of Households reached in Nagpur District

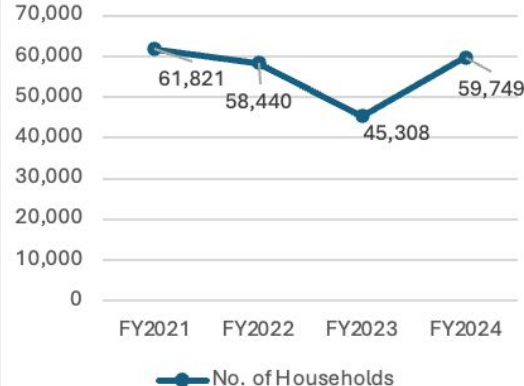
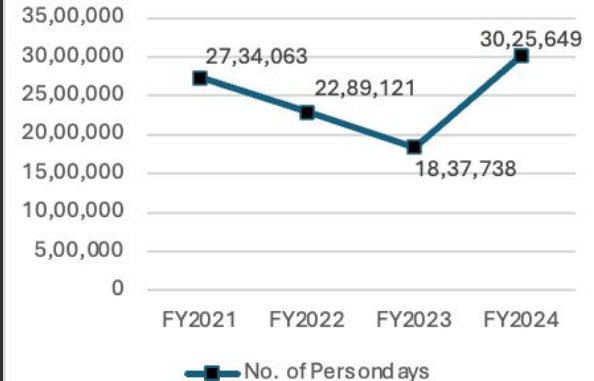


Figure 5: No. of Workdays Availed in Nagpur District

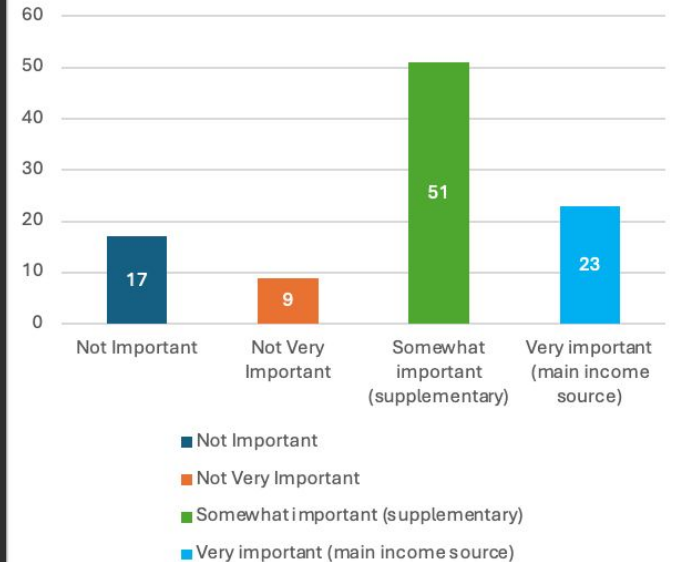


## Results - 2024

In 2024, there was a dynamic shift in the scale of employment offered to the citizens of Nagpur through MGNREGA: no. of persondays availed increased by an astounding 64.5% Year-on-Year, shattering the COVID-19 set record. As a result, average workdays per household reached the historic high of 50 workdays. Although, this is low compared to the statutory-100-day requirement, the increase in work was of huge relief to the rural population, evidenced by the fact that >70% of respondents considered income from MGNREGA to form an *important* part of their household budget.

This dramatic increase in MGNREGA employment is likely due to 3 main reasons. Firstly, drought and other natural factors reduced agriculture yield across Maharashtra, prompting farmers and other labourers to adopt MGNREGA work. Secondly, Maharashtra, with a 53.4% rural population, held State Elections in 2024, likely a strong incentive for ₹26,000 Crore increase for the MGNREGA Allocation from the Government Budget, increasing the ability to provide work. Lastly, there was a 4.7% increase in real wages.

**Figure 6: How important is MGNREGA income to your household budget?**

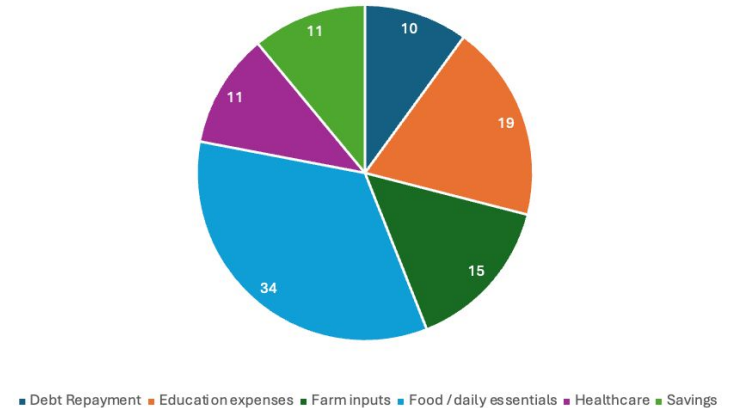


## Conclusion

As explored, in 2022, there was a -3.7% change in real income earned through MGNREGA, illustrating the inability of MGNREGA income to prevent rural vulnerability to higher priced cooking oil, agriculture, and other inputs. On the other hand, the +4.7% growth in real income in 2024 represents increased purchasing power for these rural citizens, increasing their likelihood of breaking the poverty trap. Further, higher MGNREGA wages (₹297 by 2024) also resulted in higher wages in the informal sector for rural households by effectively setting a mandatory minimum-creating social benefit on a larger scale.

The ₹11,000-₹15,000 (Fig. 1) earned by MGNREGA workers as vital income, enabling households to afford essentials such as food, medicine, and school fees (Fig. 7). Thus, it is concluded that both in 2021 during the COVID-19 Pandemic and in 2024 post drought-caused devastation among farmers, MGNREGA was able to fulfil its role of a economic shock-absorber - protecting vulnerable rural citizens from complete income insecurity.

Figure 7: What did you primarily use MGNREGA income for?





## Conclusion

Averaging at around 11.1%, Yearly Unmet Demand (Fig. 9) highlights the inability of MGNREGA to fully achieve its goal of eradicating rural unemployment. Further, despite households being eligible by law to the statutory 100-work day minimum, <65% of households reported receiving less than 100-workdays of employment in 2025 (Fig. 8). Thus, while MGNREGA was relatively successful in providing employment to citizens of rural Nagpur, its structural shortcomings measured through **underemployment and unmet demand for work impedes its long-term goal of increasing quality of life.**

Figure 8: How many days of work did you actually receive under MGNREGA?

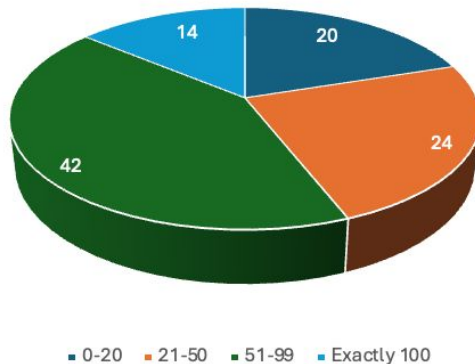


Figure 9: Yearly Unmet Demand for Employment (%)

