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## Strengthening Rural Karnataka through MGNREGA: An Inclusive Development Perspective

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### ABSTRACT

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is one of the largest employment guarantee program which was implemented in 2005 with an objective of providing guaranteed wage employment of 100 days every financial year to every household who volunteer themselves to do unskilled manual work. This program gives importance to rural development in India as it focuses on poverty alleviation with employment generation. This will enable the rural population to earn a minimum level of income and improve their standard of living. The prime objective of this scheme is to eradicate poverty through providing employment opportunities, reducing rural-urban migration and also to develop rural infrastructure. This will bring about positive changes and improvements in the backward regions of the rural communities. The basic objective of this paper is to study about the role of MGNREGA in promoting inclusive growth and development. The study is based on secondary data collected from books, journals, websites and reports. The paper also analyses the performance of MGNREGA in the rural regions of Karnataka.

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### Introduction

India is a country with majority of its population living in the villages and deriving their livelihood directly or indirectly through agriculture. This occupation suffers from disguised unemployment and the



rural population do not receive regular income and suffer from various social and economic problems such as poverty, illiteracy, low level of income and poor standard of living. To overcome these problems, it is essential for the government to take necessary steps and actions. MGNREGA is the largest employment generation programme which was enacted in the year 2005 which provides 100 days of guaranteed employment to the rural households to do unskilled manual work. This scheme provides an alternative source of livelihood which will reduce migration, eradicating poverty and improving the quality of living in rural areas. It came into effect from 2nd February 2006, initially covering 200 of the most backward districts in India. It was later extended to cover all rural districts across the country by 1st April 2008. The initial allocation was Rs.11,300 crore in the year 2006-07 and now it is 86,000 crore (2024-25). The primary objective is to increase employment opportunities in the rural areas and enhancing inclusive development. At least one-third of the workforce should be women, ensuring gender equity and women empowerment.

MGNREGA is one of the largest employment generation programs in the world. It is fully funded by the Central government which are shared across all states. According to Budget Estimate 2024-25, 86,000 crore has been allocated for this scheme under the Union budget. Karnataka also receives its share from the Central fund pool and 2390 crore has been allocated under the State budget.

#### MGNREGA Timeline

Year	2005	2 <sup>nd</sup> February 2006	2008	2009	2013	2016-17
Event	NREGA Act Passed	Scheme came into effect	Nation wide coverage	Renamed	e-FMS introduced	Integration with other schemes

The NREGA Act was passed by the Parliament in August 2005 and came into effect from 2<sup>nd</sup> February 2006 with its implementation and coverage across 200 districts in India in Phase I. In 2007-08, it was expanded across 330 districts in Phase II and further extended to all the remaining districts in the country. NREGA was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on 2<sup>nd</sup> October 2009 to honour Gandhi's vision for rural self-reliance. Electronic Fund Management System (e-FMS) was introduced to enable direct payment of wages for the beneficiaries and to create



transparency of the job holders. MGNREGA was integrated with other schemes like PMKSY, Swachh Bharat Abhiyan and NRLM to enhance development and its coverage across all the areas.

### **Brief review of literature**

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) brought several changes in the lives of the rural poor people in general and vulnerable sections of the rural population in particular by securing their livelihood. (Bhat & Mariyappan, 2016) The World Bank considered that MGNREGA scheme as a stellar example of rural development and praises it's as world largest public programme as policy barrier to economic development and poverty alleviation. Thus there is no doubt that MGNREGA scheme play a positive significant role in reducing rural-urban migration, ample employment generation, improving the standard of living of rural poor and alleviating rural poverty. (Taufique, Areful & Kaushar, 2023) MGNREGA has provided them with an alternate means of employment, with the dignity of labour. In addition to wages, impact assessment of MGNREGA by various entities has shown that over 10 lakh households have benefited from the development of work on private land resulting in higher income, better crop intensity, shift to crops offering higher returns and an improvement in overall asset quality. (Majhi, 2017) The programme promotes inclusive growth by augmenting open market wages, reducing gender wage differentials, increasing the proportion of Scheduled Castes among the participating households, improving the employment and income levels of wage seekers, and deriving substantial benefits compared to government expenditure on the Scheme. (Karan & Rekha, 2019) The scheme has to be implemented properly with revision of minimum wage from time to time the distress migration from rural areas especially during the off season can be checked. (Nazeer, 2015) The commitment of the Government is appropriate, but might have failed at the stage of proper implementation. (Benni & Nagaraja, 2017)

### **Objectives of the study**

1. To assess the performance of MGNREGA in Karnataka state.
2. To study about the role of MGNREGA in promoting inclusive growth.
3. To suggest policy recommendations for improving the efficiency and inclusiveness of MGNREGA in rural Karnataka.

### **Research methodology**

The present study is based on secondary data sources. The related data is collected from books, journals articles, government publications, annual reports and NREGA website.



## **Scheme Highlights**

### **Employment Guarantee**

Mahatma Gandhi National Rural Employment Guarantee Act focuses on generating employment opportunities. It provides 100 days of guaranteed employment to the eligible rural population which enables to earn a certain level of income. This helps them to be employed for a specific period of time helping eradicate poverty and providing access to basic amenities of life. This programme focuses on providing unskilled labour work to the rural households which encourages their participation and also contributes to the growth of the rural economy.

### **Focus on Rural Development**

The primary motive of MGNREGA is to amplify the socioeconomic conditions of the rural households. Giving them economic stability and secure income helps in creating a sustainable livelihood. As majority of the rural population suffers from disguised and seasonal unemployment, such programmes give them an opportunity to remain employed throughout the year. This scheme also contributes in developing the infrastructure facilities such as construction of roads, power supply, water conservation measures, creation of assets and the overall development of rural areas.

### **Inclusive and Demand-Driven**

MGNREGA aims at economic and social inclusion assuring that the benefits reach every section of the rural society. It majorly focuses on giving aid to the marginalized and vulnerable groups - scheduled castes, scheduled tribes, women and landless laborers. Focusing on gender equity, at least one-third of the workforce has to be women, empowering them to be financially and socially inclusive. The scheme is also designed to be demand driven, meaning that work is demanded on request, the state government must provide employment within 15 days. The beneficiaries have the right to demand work and anyone willing to do unskilled manual work can apply for work.

### **Women's Participation**

The Act commands that 33% of the total workforce engaged under the scheme should be women. One-third of the beneficiaries are required to be women and efforts are also being made to increase the participation of women. In many states, more than 50% of the workforce are women which enables them to be financially independent and contribute to household income. They no longer have to travel far off distance looking for job opportunities which acts as a barrier to most women. This program also offers



equal wages and equal opportunities for both men and women assuring gender equity. This increases their confidence and their ability to work. Many challenges and barriers can be overcome through such opportunities.

### Transparency and Accountability

MGNREGA emphasizes transparency through implementation and execution of such schemes and programmes. All financial transactions conducted are kept transparent to the public through various channels. Social audits are conducted by the Gram Sabha and other independent institutions to ensure accountability and credibility with regard to work details, payment of wages, verification of records and to check the quality of work. All the information and data related to job cards, work allocation, work wages, work participation and financial progress are uploaded on the official website of MGNREGA. Geo-tagged photographs are also uploaded on the official website to ensure visual verification.

### Electronic Fund Management

A key reform under MGNREGA is implementation of Electronic Fund Management System (e-FMS) to ensure efficient monitoring through use of technology. Wages are credited directly to the bank accounts or post office accounts of workers through Aadhar Payment System, lowering delays and eradicating corruption. The introduction of electronic system into this scheme improves the efficiency of the program. It enables real time fund transfer as the workers receive their wages within the estimated period of 15 days. Every transaction is recorded and can be tracked online through the official website. This helps in promoting financial inclusion and also creates a trust among the rural population through transparency of payments.

### Performance of MGNREGA in Karnataka State

State:KARNATAKA	
State : KARNATAKA	
As on 08-09-2025	
Total No. of Districts	31
Total No. of Blocks	232
Total No. of GPs	5,958
<b>I Job Card</b>	
Total No. of JobCards issued[In Lakhs]	81.9
Total No. of Workers[In Lakhs]	185.62
Total No. of Active Job Cards[In Lakhs]	41.5
Total No. of Active Workers[In Lakhs]	75.54
(i)SC worker against active workers[%]	18
(ii)ST worker against active workers[%]	11.09



Source: nrega.nic.in

The above table shows that implementation of this programme is across 31 districts, 232 blocks and 5958 gram panchayats are covered. A total of 81.9 lakh job cards have been issued under the program, covering 185.62 lakh workers. However, only 41.5 lakh job cards remain active, indicating that just over 50% of the issued job cards are still in use. Similarly, only 75.54 lakh workers are currently active, which is around 40.7% of the total registered workforce. This shows a significant drop-off from registration to actual participation, suggesting potential issues such as seasonal demand, migration, lack of work availability, or administrative challenges.

The representation of marginalized communities is notable, with Scheduled Castes (SC) accounting for 18% and Scheduled Tribes (ST) for 11.09% of the active workforce. While this reflects a level of inclusion, these numbers can be further evaluated against the state's demographic composition to assess equity in access to employment.

Overall, the data shows strong initial outreach through registrations but moderate levels of ongoing participation, highlighting the need for targeted policy interventions to improve active engagement, especially for vulnerable communities.

### **Suggestions**

MGNREGA has immensely contributed to the development of rural areas, despite faces many challenges which hinders its implementation and growth on a large scale. To overcome these challenges, proper implementation of the scheme has to be ensured and creating awareness about the benefits across the rural population. Promoting awareness especially among women and marginalized groups will increase the participation of workers. Transparency should be enhanced through the social audit system which will help eliminate corruption and avoid leakages. Proper training to be given to the local bodies and staff and the number of technical staff to be increased to ensure accurate execution of the scheme and not cause any delays in wage payments. The Central government should allocate sufficient funds at regular intervals of time to avoid insufficiency of funds at the state level. Though MGNREGA is a demand driven programme, workers are not able to receive work within the guaranteed days and this will impact the enrollment and participation to the scheme. Use of advanced technology will simplify the process and also ensure inclusive development which will help in strengthening the programme.



## Conclusion

MGNREGA has played a pivotal role in generating employment opportunities and contributing to the overall development of the rural areas. It has helped in enhancing the socioeconomic conditions of the rural poor by providing them 100 days of guaranteed employment to do unskilled manual work and enable them to earn a certain level of income. It has also helped in creating durable assets which contributes in creating sustainable livelihood for the rural population. The act has led to a transformation especially during the Covid-19 pandemic, aiming at providing opportunities and participation across all sections of the society. Despite its strengths, the scheme faces many challenges and the government has to ensure proper implementation and execution of the programme and create awareness to make the benefits reach every household in the rural sector.

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