

# Employment Generation Through Mgnrega in Uttar Pradesh: An Analysis

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## Abstract

This paper analyzes the role of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in promoting rural employment and economic development, with a focus on Uttar Pradesh. Based on secondary data from official reports and existing literature, the study evaluates the scheme's performance in terms of employment generation, income enhancement, and social inclusion. The findings indicate that MGNREGA has significantly improved livelihood security by providing guaranteed wage employment, reducing poverty, and curbing distress migration. It has also strengthened the rural economy through increased purchasing power and the creation of productive assets. Furthermore, the scheme has enhanced participation of marginalized groups, particularly women and Scheduled Castes. However, issues such as delayed wage payments, low participation of Scheduled Tribes, and implementation inefficiencies continue to limit its full potential. The study concludes that while MGNREGA is a vital instrument for inclusive rural development, its impact can be further improved through effective policy measures and better execution.

**Keywords:** MGNREGA, Employment Generation, Rural Employment, Economic Development.

## Introduction

India is a developing nation where the majority of people work in agriculture, which only gives rural residents temporary, seasonal jobs. Rural development initiatives are crucial in India, since two-thirds of the population lives in rural areas. Most of the jobs and means of subsistence for this rural community come from agriculture. Frequent weather swings have had a detrimental effect on agrarian life, and because they have no alternative source of income, they are becoming increasingly impoverished. Significantly, rural India's unemployment and poverty rates are rising, which is detrimental to the nation's overall development.

However, people continue to be unemployed for the majority of the time. In light of these circumstances, the Government of India (GOI) launched a number of programs aimed at reducing poverty and creating jobs. Among these is the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), which offers rural residents direct job possibilities. On February 2, 2006, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was unveiled. It is the first of its kind in the world, with 2/3 of the population receiving an economic safety net through right-based employment and 1/10 of the total population participating. The plan was put into action gradually. Two hundred (200) of the nation's most impoverished districts were included in the first phase, which began on February 2, 2006. The second

phase, which began on April 1, 2007, covered 130 districts. All of the country's remaining districts were covered in the last phase (2008), and as of right now, it covers 644 districts with a sizable rural population. The backbone of the rural economy is the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). For adult household members who are willing to perform unskilled physical labour in the event that employment is not available, it guarantees employment for one hundred (100) days throughout each fiscal year. At their own expense, the state will offer unemployment benefits. Additionally, it has had a variety of repercussions on India's rural economy. Poverty and unemployment have an indirect relationship. Thus, the number of impoverished individuals in rural areas will decrease as a result of the MGNREGS's employment creation. Additionally, village capital formation is enhanced by local saving. In addition to these advantages, it improves people's mental and physical well-being. However, MGNREGS uses the excess labor force for other beneficial endeavors. In this sense, as agricultural productivity rises, demand on agriculture diminishes. Therefore, it is thought that offering job security could have a knock-on effect on the growth of the economy as a whole.

All things considered, the MGNREGS has taken a big stride toward resolving the problems of unemployment and empowering marginalized groups in rural India. It also has the potential to significantly improve the lives of rural residents. This study is mainly focused on the performance of MGNREGA in Uttar Pradesh in terms of employment generation.

### Review of Literature:

1. In a study done in the state of Haryana, **Ahuja et al. (2011)** reported that employment was obtained through MGNREGS in agriculturally advanced Kernal (13.7%) and other agriculturally backward Mewat district (24.6%).
2. Using the social accounting matrix (SAM), **P.S.S. Murthy (2014)** examined the effects of MGNREGA on two chosen villages in Karnataka and noted that it gives rural laborers in both the agricultural and non-farm sectors income, jobs, and livelihood security.
3. **Sunil and Anupriya (2015)** concluded that the income rise was insufficient even if the respondents' standard of living increased and only a tiny percentage of households actually used 100 days of paid employment. While not all of the evaluated communities have fully and consistently implemented the system, several have done so successfully. Although the strategy increased the number of irrigation facilities in some areas, the assets it produced were not proven to be very useful. They also concluded that not all of the scheme's effects on the economy were equal.
4. In the Ramanathapuram district of Tamil Nadu, **R. Sathish Kumar et al. (2020)** examined the effects of MGNREGA on employment and income. They discovered that MGNREGA improves both household wages and the number of workdays.
5. **Prasad (2012)** conducted research on the efficiency of MGNREGA as a safety net for the unemployed during periods of famine and drought.
6. **Dreze and Khera (2009)** were among the first to advocate for the success of MGNREGA. They contend that the program has greatly increased employment prospects in rural regions, especially for underrepresented groups like women, Scheduled Tribes (STs), and Scheduled Castes (SCs). Their research, which was based on field surveys conducted in several states, highlighted how important MGNREGA is for increasing rural labor market participation and lowering low-income households' vulnerability. Additionally, they noted that MGNREGA is a useful instrument for income

redistribution, giving low-income households access to a reliable source of income, which promotes social empowerment and food security.

### **Research Gap:**

Previous studies on MGNREGA have largely focused on the consequences of income generation or employment creation in isolation, leaving a gap in integrated analyses that combine employment trends, social inclusion, income patterns, and participation dynamics. Much of the existing research is also based on pre-2020 datasets, failing to capture recent developments in implementation such as changes in labour budgets, wage rates, and participation trends. Additionally, there is limited attention to the discrepancy between registered and active workers, which highlights issues of underemployment and irregular participation, and has not been adequately examined using recent official data. While several studies acknowledge MGNREGA's role in promoting social inclusion, insufficient focus has been placed on the persistently low participation of Scheduled Tribes (STs), particularly in regions like Uttar Pradesh where their representation remains minimal. This study addresses these gaps using up-to-date data to reveal such inequalities and further examines emerging concerns, including the decline in average employment days per household and the reduction in the number of households completing 100 days of work, raising questions about the depth and sustainability of employment provided under the scheme.

### **Objective of the Study:**

1. To analyse the impact of MGNREGA on rural employment in Uttar Pradesh.
2. To highlight the issues and challenges of MGNREGA in providing employment in U.P.
3. To assess how MGNREGA has influenced household income and livelihood.

### **Research Methodology:**

Research Methodology is essential while performing research. It is essential to the research process since it does more than just help formulate the research question. It also instructs him on how to answer questions concerning a certain research problem. Below are the specifics of some general research approach domains. This study is a descriptive and analytical in nature and based on secondary data was collected from a range of publications, research papers, reports, journals, newspapers, and websites as part of the study's research approach.

In order to thoroughly evaluate the effects of MGNREGA on rural employment and livelihoods in Uttar Pradesh, this study uses a mixed-methods research methodology that integrates both quantitative and qualitative methodologies. The program's results can be better understood thanks to the mixed-method approach, which combines statistical analysis with beneficiaries' personal stories and experiences.

### **Demographic Profile of Uttar Pradesh:**

Uttar Pradesh is the most populous and fourth-largest state in India. It is situated in the north central part of the country. To the north are Uttarakhand and Nepal; to the east are Bihar; to the southeast are Jharkhand and Chhattisgarh; to the south are Madhya Pradesh; to the west are Rajasthan and Haryana; and to the northwest is Delhi. The state was given its current name, Uttar Pradesh, on January 26, 1950, when India became a republic. Lucknow is the capital of the western centre of the state. As per the report of the Technical Group by the National Commission, the population of Uttar Pradesh is projected to be 243,466,000, or 243.47 million, or 24.35 crore, as. Uttar Pradesh is the most populous state in India.

In 2011, there were 908 males for every 1000 females in Uttar Pradesh. In Uttar Pradesh, there are 126,623,000 males (126.62 million, or 12.66 crore) and 116,842,000 females (116.84 million, or 11.68 crore). There are 9,781,000, or 9.78 million, more men than women in Uttar Pradesh.

**Employment Generation Through MGNREGA**

One of the most significant programs for creating jobs in rural India is the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Every rural household whose adult members are willing to perform unskilled manual labour is guaranteed at least 100 days of paid employment throughout a fiscal year. Millions of impoverished families benefit from this legal guarantee of employment, particularly during periods of economic hardship or the agricultural off-season. The program helps preserve social stability in villages by providing jobs locally, which lessens the need for rural residents to relocate to cities in search of employment.

MGNREGA strengthens the rural economy by increasing purchasing power of villagers by providing employment. When people earn wages, they spend more on basic goods and services, which in turn supports local businesses and markets. Overall, MGNREGA not only creates employment opportunities but also reduces poverty, improves living standards, and fosters inclusive and sustainable development in rural India.

Total No. of Districts	75
Total No. of Blocks	827
Total No. of GPs	57,901

Source: [www.nrega.nic.in](http://www.nrega.nic.in)

The above table shows that there are 75 districts in U.P. and in these all districts there are total 827 blocks and 57,901 Gram Panchayat.

**Status of Job Cards under MGNREGA in Uttar Pradesh:**

A pilot program for creating jobs in rural regions was suggested in 1991, during the liberalization phase led by the P V Narasimha Rao administration. After merging with the Food for Work Programme in the early 2000s, this program—originally known as the Employment Assurance Scheme—became the MGNREGA. The government launched the Food for Work Programme to aid those in need following the severe drought that struck the districts of Maharashtra, Ahmednagar, Sholapur, and Beed in 1972–1973.

The MGNREGA program seeks to boost asset generation and employment in rural areas. The MGNREGA mandate states that rural poor people would be guaranteed employment for a minimum of 100 days those who are card holder. Additionally, in addition to the standard 100 days of employment, an additional 50 days of unskilled manual labour are provided in the areas where natural disasters have been reported.

Every household where an adult member has requested employment under MGNREGA and demonstrated a desire to perform casual manual labor is issued a job card, which is an entitlement card. Each person with an employment card is eligible for 100 days of unpaid manual labor. Additionally, the statute requires beneficiaries to have an employment card issued by the relevant Gram Panchayat's competent body. In this way the data recording to job card holders in Uttar Pradesh are as follow:

<b>JOB CARDS (2025-2026)</b>	
Total No. of Job Card issued [In Lakhs]	179.24

Total No. of Workers [In Lakhs]	242.9
Total No. of Active Job Cards [In Lakhs]	88.37
Total No. of Active Workers [In Lakhs]	121.2
(i) SC worker % against active Workers	31.32
(ii) ST worker % against active Workers	1.09

Source: [www.nrega.nic.in](http://www.nrega.nic.in)

The data related to the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) shows both its wide coverage and active role in employment generation. A total of **179.24 lakh job cards** have been issued, covering **242.9 lakh workers**, which indicates that the scheme has reached a large number of rural households across India. However, only **88.37 lakh job cards** and **121.2 lakh workers** are currently active. This suggests that while many people are registered under the scheme, not all are continuously employed, possibly due to seasonal demand for work or availability of alternative employment.

The data also highlights the scheme’s role in **social inclusion**. Scheduled Castes (SC) workers make up **31.32%** of active workers, which is a significant share and reflects that the scheme is benefiting historically disadvantaged communities. On the other hand, Scheduled Tribes (ST) workers account for only **1.09%**, which is comparatively very low. This may indicate unequal access or lower participation of ST populations in certain regions, pointing to a need for better outreach and implementation in tribal areas.

#### Performance of MGNREGA in UP

Progress	FY 2026-2027	FY 2025-2026	FY 2024-2025	FY 2023-2024	FY 2022-2023
Approved Labour Budget [In Lakhs]	0	2500	2600	3450	3100
Person days of Central Liability so far [In Lakhs]	0.27	2404.69	3363.67	3451.91	3111.8
% of Total LB	0	96.19	129.37	100.06	100.39
% as per Proportionate LB	0.1	0			
SC person days % as of total person days	30.49	29.75	29.4	28.84	31.75
ST person days % as of total person days	1.55	0.89	0.89	0.87	0.91
Women Person days out of Total (%)	44.69	41.56	41.87	42.26	37.86
Average days of employment provided per Household	4.82	44.74	51.55	50.37	44.44
Average Wage rate per day per person (Rs.)	249.5	250.56	236.27	229.38	212.81
Total No of HHs completed 100 Days of Wage Employment	0	2,25,696	6,15,736	5,30,655	4,94,726

Total Households Worked [In Lakhs]	0.06	53.74	65.26	68.54	70.03
Total Individuals Worked [In Lakhs]	0.96	62.31	75.82	81.28	83.68
Differently abled persons worked	30	20129	23842	22296	13120

Source: [www.nrega.nic.in](http://www.nrega.nic.in)

The above table shows fluctuations in performance over the years. In 2024–25, person-days exceeded the labour budget (129.37%), indicating high demand for work, while in 2025–26 it remained slightly below target (96.19%). Participation of SC workers has increased significantly to 40.24% in 2026–27, whereas ST participation remains consistently low at around 1%. Women’s participation has improved over time, reaching 45.61%, reflecting better gender inclusion. However, the average days of employment per household have sharply dropped to 2.79 in 2026–27 (likely due to the early stage of the financial year), compared to around 44–51 days in previous years. Wage rates have steadily increased over time, showing improved earnings. Overall, the scheme demonstrates strong inclusivity and rising wages, but shows variability in employment generation and participation levels.

### Impact of MGNREGA on the Rural Economy

- 1. Employment Generation-** It provides guaranteed wage employment to rural households, ensuring income security and reducing seasonal unemployment in villages.
- 2. Poverty Reduction-** By offering a steady source of income, MGNREGA helps in reducing poverty levels and improving the standard of living among rural populations.
- 3. Reduction in Migration-** The availability of local employment opportunities decreases rural-to-urban migration, helping maintain social and economic stability in villages.
- 4. Boost to Local Economy-** Increased earnings lead to higher spending on goods and services, which stimulates local markets and promotes rural economic growth.
- 5. Creation of Durable Assets-** It supports the development of infrastructure such as roads, irrigation systems, and water conservation projects, contributing to long-term rural development.
- 6. Social Inclusion-** The scheme promotes participation of marginalized groups, including women, Scheduled Castes (SCs), and Scheduled Tribes (STs), ensuring equitable distribution of benefits.
- 7. Women Empowerment-** With a significant share of women workers, MGNREGA enhances financial independence and decision-making power among rural women.

### Challenges with the Implementation

- 1. Inadequacy and Delay in Fund Distribution:** The majority of states have not paid wages by the 15-day MGNREGA deadline. Additionally, late wage payments are not repaid to employees. Because of this, the strategy is now supply-based, and employees are beginning to lose interest in working under it.
- 2. Caste-based segregation:** By caste, the delays differed considerably. Only 26% of non-SC/ST employees received their payments within the allotted seven days, compared to 46% of SC (Scheduled Caste) employees and 37% of ST (Scheduled Tribes) employees.

3. **Ineffective PRI role:** With minimal autonomy, the Panchayati Raj Institution (PRI) is unable to effectively and efficiently implement this statute.
4. **Incomplete projects:** Project inspections have been uneven, and MGNREGA-funded projects have taken longer to complete than anticipated. Additionally, there is an issue with the MGNREGA's work quality and asset creation.
5. **Job card fabrication:** The creation of phony employment cards, the use of fictitious identities, missing entries, and late entries are all problematic.

### Policy Implication

1. **Strengthening Rural Employment Policy-** It highlights the importance of employment guarantee schemes as a key tool for reducing rural unemployment and ensuring livelihood security.
2. **Need for Efficient Implementation-** The variation between registered and active workers suggests the need for better planning, transparency, and timely execution of projects.
3. **Enhancing Social Inclusion Policies-** On seeing the trend we find that higher participation of SCs and women indicates success, but low ST participation calls for targeted policies to improve outreach in tribal areas.
4. **Focus on Asset Quality-** Policies should ensure that assets created (roads, irrigation, etc.) are durable and contribute effectively to long-term rural development.
5. **Improving Wage and Payment Systems-** Timely payment of wages and periodic revision of wage rates are essential to maintain worker participation and trust in the scheme.
6. **Convergence with Other Schemes-** It can be integrated with agricultural and rural development programs to maximize its impact on productivity and infrastructure.
7. **Monitoring and Accountability-** Stronger monitoring systems and use of digital tools can improve transparency, reduce corruption, and ensure efficient utilization of funds.

### Conclusion

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has emerged as a crucial instrument for addressing rural unemployment and poverty in India, particularly in states like Uttar Pradesh where a large proportion of the population depends on agriculture. The study highlights that the scheme has significantly contributed to employment generation, income security, and reduction in seasonal migration. Its wide coverage, as reflected in job card distribution and worker participation, demonstrates its role as a social safety net for rural households.

The findings also indicate that MGNREGA has positively impacted the rural economy by enhancing purchasing power, promoting local economic activities, and creating durable assets that support long-term development. Additionally, the scheme has played an important role in promoting social inclusion, with notable participation from Scheduled Castes and women, although the participation of Scheduled Tribes remains relatively low.

However, despite these achievements, several challenges persist, including delays in wage payments, inefficiencies in implementation, low active participation, and concerns regarding the quality of assets created. These issues highlight the need for improved governance, transparency, and policy reforms.

In conclusion, MGNREGA has made a significant contribution toward rural development and livelihood security. With better implementation, stronger monitoring, and inclusive policy measures, the scheme has

the potential to further strengthen the rural economy and contribute to sustainable and equitable growth in India.

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