

MGNREGA and the Rural Labour Market in Bihar: Effects on Employment Generation and Rural-Urban Migration

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Abstract

This paper analyzes how the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) impacts rural-urban migration and employment dynamics in Bihar. This is interesting to study, as Bihar's state has a large rural population, a renowned agrarian economy, and a heavy reliance on casual labour and prolonged migration to urban and out-of-state locations. This study collates information obtained from the official MGNREGA Management Information System, Ministry of Rural Development reports, PLFS, Bihar Economic Survey, NITI Aayog, MoSPI migration data, PIB releases, and selected research publications. Results from MGNREGA data show how significant MGNREGA is to the rural economy in Bihar to date. Official MIS figures show that 48.18-51.47 lakh rural households received work annually in the completed years from FY 2023-24 to FY 2025-26 (Ministry of Rural Development, 2026a). MGNREGA has aided in the inclusion of women to the economy, positivity during the lean agricultural period, and wage support. Despite these, it shows the incapability of MGNREGA toward rural to urban migration. Rural to urban migration has close ties to the economy through the upper bound in manufacturing and regional price differentials, and the informal economy and construction. The paper finds that MGNREGA should be understood not as an outright alternative to migration-led livelihood strategies, but as a partial employment guarantee. The scheme has the potential to reduce distress migration and strengthen the rural bargaining power, and with timely payments, adequate labour budgets and a convergence with rural livelihood and skilling schemes, it can enhance local asset creation.

Keywords: MGNREGA, Bihar, rural labour market, employment generation, rural-urban migration, PLFS, rural livelihoods, persondays, casual labour.

1. Introduction

The rural labour market in Bihar has been shaped by multiple factors, such as high population pressure, small and fragmented landholdings, dependence on farming, informal employment, seasonal demand for labour, and continuous migration to urban and economically advanced areas. In this scenario, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has a significant policy role because of the legal guarantee of wage employment for rural

households who demand unskilled manual work. MGNREGA has a dual nature in that it is both a poverty-alleviation programme and an intervention in the labour market. Public employment, rural wage-setting, seasonal employment, and rural infrastructure are extended and sustained by MGNREGA. Rural works, such as natural resource management and rural infrastructure, provide rural households with a means to conserve water and help grow agricultural infrastructure.

Bihar is one of the states in India that has contributed a lot of workers to migrate. In this case, the rural households in Bihar use a combination of local farming, casual labour, work in the construction industry, earning through remittances, self-employment, and short-term migration along with other survival strategies. Counter to the concept of negative migration, where people are believed to migrate in order to escape poverty, the concept of positive migration has been used to explain the phenomenon of increasing incomes and providing work to rural households in rapidly growing urban economies. There will continue to be a demand for highly-skilled, educated workers in the urban centres of countries that have developed economically. MGNREGA also aims to reduce the level of economic distress migration. That is, reducing the level of migration that is forced by the inability to find work in the rural employment markets.

This paper's purpose is to study if and how MGNREGA has contributed to employment in Bihar and how this connects with rural and urban migration. The analysis also doesn't say whether MGNREGA contributes to migration. Migration is also dependent on other variables, such as the level and type of wages, the role and size of social networks, household assets, the level and type of education, caste and gender, available levels of transportation, the presence of labour contractors, the level of urban opportunities, and the level of risks associated with agriculture.

2. Conceptual Background

A rural labour market includes the demand and supply of labour in village economies. The demand comes from agriculture and related activities, construction, public works, local services, and small businesses. The supply comes from landless labourers, marginal farmers, women workers, seasonal workers, and youth. In Bihar, the rural labour market is characterized by the high availability of labour and the low absorption of labour outside agriculture. This creates periods of underemployment, especially after sowing and harvesting seasons. Underemployment is not always as visible as open unemployment, as many workers remain engaged in low-level family business work or casual work with uncertain or fluctuating returns.

MGNREGA transforms the rural labour market by creating an enforceable right to wage employment. A household that demand employment is entitled to work under the provision of the Act. This is a shift as now rural workers have employment alternatives to private employers. MGNREGA could potentially have an impact on the reservation wage, meaning, the minimum wage at which a worker is willing to accept a private employment. If the public program is well funded and the wages are paid in a timely manner, the rural labourers could gain leverage in the local wage negotiations. This is especially the case for landless households and women, who generally have the least access to formal employment.

Restricted local opportunities incite migration. Permanence, seasonality, circularity, and temporariness define rural-urban migration. Circularity characterizes the majority of labour migration from Bihar. Migrant workers leave villages and go to cities or other states for opportunities in construction, manufacturing, transport, services, work in brick kilns, security and domestic work, and other informal labour. After working for a certain period of time, they return to their villages. Circular migration helps villages, as it enables households to augment their income. This type of migration places workers in insecure, protective, and health compromising destination areas, resulting in unstable housing during the migration and exposes them to health risks.

3. Review of Recent Literature

MGNREGA literature notes numerous effects. Alongside wage employment, there is support for income security, asset creation, women's participation, and possible influence on the local labour market. Mohanty, Nayak, and Sahoo (2025) study the demand for and generation of employment through MGNREGA while considering the unintended shocks of climate and the COVID-19 pandemic. Their research notes that outside shocks have resulted in an increased demand for employment. It is also indicated that districts with greater propensity for migration need to be focused on more. This is

particularly significant to Bihar, as the rural economy experiences seasonal migration as well as flooding and droughts, and significant uncertainty in agriculture.

Distress migration research finds that public employment programs with predictable jobs and timely wage payments have the potential to minimize the push to migrate. Nayak, Sahoo, Jenamani, Mohanty, and Chatterjee (2021) and Nayak, Sahoo, and Mohanty (2023) have also shown that the integration or “convergence” of MGNREGA with other rural development initiatives can reduce distress migration in vulnerable areas. Despite focusing on other contexts, especially Odisha, these studies give important insights for Bihar, particularly that the employment guarantee is more effective when associated with asset building, livelihood opportunities, and local governance planning.

There is considerable evidence from Bihar that there is an extreme reliance on rural wage labour and migration. Datta (2020) provides evidence describing circular migration and precarity in rural Bihar, describing how migration is a household strategy in an uncertain world, and is therefore not just a rural to urban migration journey of escaping poverty. PCI India (2023) describes how in Bihar, MGNREGA is a backup in-between work option that is used by vulnerable people, including migrant returnees, during the pandemic. Mishra (2024) describes a recent study of MGNREGA in Bihar and describes how the need for this work has not decreased, and how the program is needed for the employment and livelihood security of residents.

The literature supports three primary assertions. One, MGNREGA helps in job creation, though actual work days often fall short of the legal maximum of 100 days. Two, the scheme alleviates distress migration, but if households require greater income or consistent employment, migration persists. Three, the quality of implementation is crucial. Whether MGNREGA becomes a more effective tool for the labour market or is just a limited means of additional income is contingent upon proper wage payment, job-card records, worksite planning, social audits, and convergence with rural development initiatives.

4. Objectives and Research Questions

The main objective of the paper is to examine the effect of MGNREGA on employment generation and rural-urban migration pressures in Bihar using recent secondary data. The study is organised around the following objectives:

- To analyse recent MGNREGA employment-generation trends in Bihar through indicators such as households worked, average days of employment, wage rate, and estimated persondays.
- To examine how MGNREGA functions as a rural labour-market stabiliser by providing local wage employment, supporting rural incomes, and strengthening workers' bargaining position.
- To assess the relationship between MGNREGA and rural-urban migration pressures in Bihar, with attention to distress migration, seasonal employment gaps, and the limits of public employment as a migration-control instrument.
- To provide policy suggestions for improving the employment and migration-related role of MGNREGA in Bihar.

The research questions are: What has been the recent scale of MGNREGA employment generation in Bihar? How does MGNREGA interact with the rural labour market? Does the scheme reduce rural-urban migration, or does it only reduce distress migration in specific seasons and households? What improvements are required for making the programme more effective in Bihar?

5. Research Methodology and Data Sources

The research carries out a critique of MGNREGA in Bihar with a labour market perspective. Unlike traditional critiques of the program that utilize cross-section survey data, an analysis of secondary data from government publications and studies conducted recently on similar subjects was conducted in this paper. The design optimally captures the MGNREGA performance, since the activity is recorded in the Management Information System and labour market indicators can be assessed through surveys, e.g., Periodic Labour Force Survey.

The MoSPI report on Migration in India, the PIB report, and Contemporary studies on Circular and Distress Migrations were used in the paper to consolidate the discussions on the Migration phenomena. This paper adopts a descriptive trend analysis of secondary data and uses visual comparisons to examine labour-market and migration patterns in Bihar. However, migration is shaped by multiple socio-economic factors, and the present study focuses only on its broad association with MGNREGA.

Table 1: Research Design and Secondary Data Sources

Source	Latest period used	Variables used in this paper	Reason for inclusion
MGNREGA MIS / State at a Glance: Bihar	FY 2022-23 to FY 2026-27*	Households worked, average days, average wage rate, estimated persondays	Core scheme performance data for Bihar
MoRD State Performance Report	2024-25	National MGNREGA benchmark: persondays, women's share, average days, households worked	Provides official national context
PLFS and Bihar Economic Survey	2023-24 and 2024-25	LFPR, employment structure, rural/urban and gender patterns	Shows labour-market conditions
MoSPI Migration in India / PIB	2020-21 and later releases	Migration rate and employment-related migration reasons	Provides migration context
Government notifications and official policy releases	2020-2026	MGNREGA wage notifications, labour-market context, migration-related official releases	Supports official data validation and policy analysis

Source: Compiled from official Government of India and Government of Bihar sources: Ministry of Rural Development MGNREGA MIS, MoRD State Performance Report 2024-25, PLFS 2023-24, Bihar Economic Survey 2024-25, MoSPI Migration in India, PIB releases, and NITI Aayog Bihar profile (Government of Bihar, 2025; Ministry of Rural Development, 2025a, 2026a; Ministry of Statistics and Programme Implementation, 2022, 2024; Press Information Bureau, 2023; NITI Aayog, 2025).

Interpretation: The table indicates that the research utilizes official data from schemes and the labour market and builds on existing scholarly literature and policy studies. The integration of various sources is imperative, as no single dataset sheds light on MGNREGA employment and migration. MGNREGA MIS gives programme output, and PLFS and migration reports outline the labour-market and mobility framework.

Data note: MGNREGA MIS figures used in Table 2 and Figures 1-3 and 5 were updated from the official Ministry of Rural Development MGNREGA MIS State at a Glance page for Bihar. The portal displayed the latest state-level row as on 27 April 2026, and it was accessed for this paper on 11 May 2026. Since the MIS is updated regularly, later downloads may show revised figures (Ministry of Rural Development, 2026a). FY 2026-27 is current-year partial data and should not be directly compared with completed financial years.

6. Bihar Rural Labour Market: Context and Challenges

Rural informal employment characterizes Bihar's labour market. Bihar's NITI Aayog profile states that the majority of the state's population is rural (NITI Aayog, 2025). PLFS-based employment data show the employment structure to be in agriculture, services, and construction (Government of Bihar, 2025; Ministry of Statistics and Programme Implementation, 2024). This employment structure gives rise to two interlinked problems. First, agriculture does not provide full-year employment to all rural households. Second, the rural informal employment sector does not provide labour the required way to reduce rural-urban migration.

MGNREGA's role in Bihar can be best understood in light of the above. This program creates employment at the village level where employment in agriculture is hard to come by. MGNREGA wages meet the consumption needs of rural households. For many, cash that was earned in the MGNREGA is used to pay school expenses, buy food and clothes, tend to the health needs of the family, pay off certain debts, and meet the needs of consumers. In some ways, the program is better for women than the more private labour market. The private market requires more travel to work, employment in the private market is often more limited for women, and when women can work, the pay is often less.

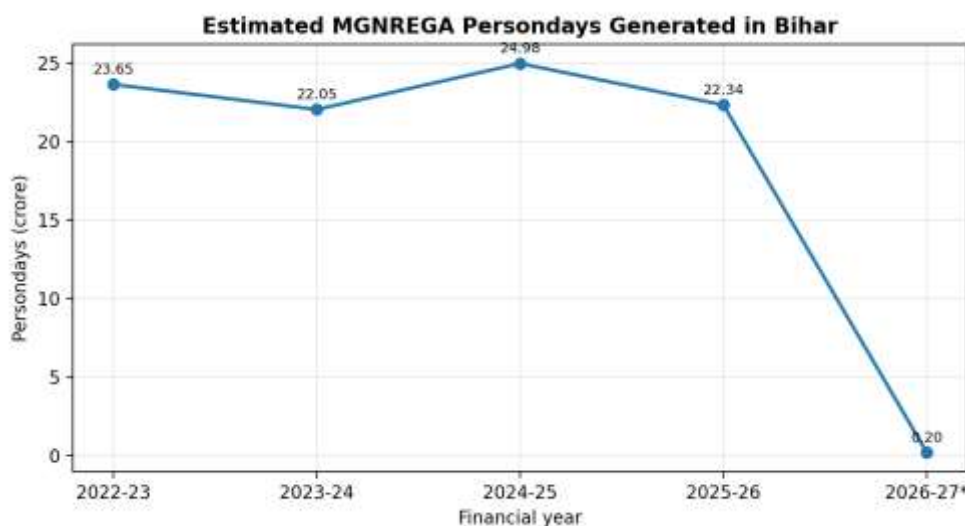
Table 2: Bihar MGNREGA Employment Indicators, FY 2022-23 to FY 2026-27*

Financial year	Households worked (lakh)	Average days per household	Estimated persondays (crore)	Average wage rate (Rs./day)
2022-23	50.14	47.16	23.65	209.91
2023-24	48.18	45.77	22.05	227.21
2024-25	51.09	48.89	24.98	239.11
2025-26	51.47	43.41	22.34	250.10
2026-27*	1.99	10.30	0.20	252.67

Source: Compiled from Ministry of Rural Development (2026a), official MGNREGA MIS State at a Glance / all-level details for Bihar. Portal row displayed as on 27 April 2026 and accessed on 11 May 2026. Estimated persondays are calculated as households worked $\times$ average days / 100. *FY 2026-27 is current-year partial MIS data.

Interpretation: According to the table, MGNREGA has continued as a major employment programme in Bihar. In the completed recent years, households worked remained in the range of 48.18 to 51.47 lakh. The average days of work remained well below the statutory ceiling of 100 days, reaching 43.41 days in FY 2025-26 and 48.89 days in FY 2024-25. The FY 2026-27 figure is partial current-year data and therefore only shows the early-year position. This shows that the programme offers supplementary work and not full-year employment.

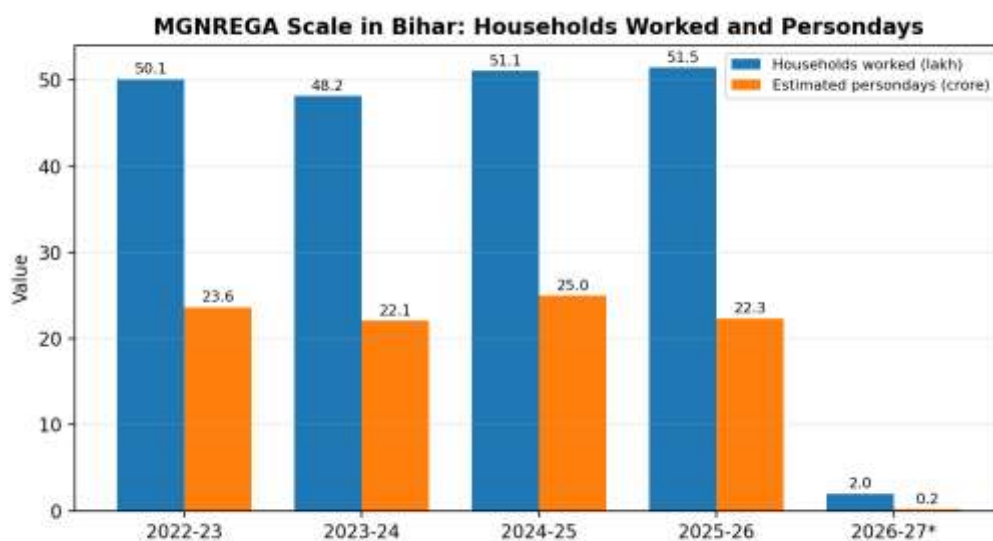
Figure 1: Estimated MGNREGA Persondays Generated in Bihar



Source: Derived from Ministry of Rural Development (2026a), official Bihar MGNREGA MIS indicators shown in Table 2. Portal row displayed as on 27 April 2026 and accessed on 11 May 2026; FY 2026-27 is current-year partial MIS data.

Interpretation: The line chart shows that estimated persondays remained high in completed recent years, with the highest value in FY 2024-25. FY 2025-26 shows a moderate decline compared with FY 2024-25, while FY 2026-27 appears much lower because it is early current-year partial data. This supports the argument that MGNREGA is an important stabiliser but not a full substitute for regular rural livelihood opportunities.

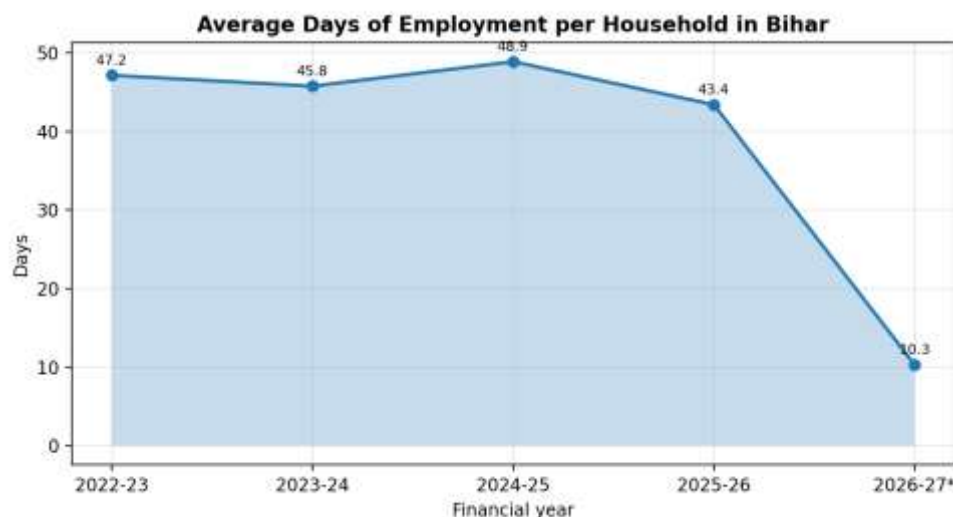
Figure 2: Households Worked and Estimated Persondays in Bihar



Source: Derived from Ministry of Rural Development (2026a), official Bihar MGNREGA MIS indicators shown in Table 2. Portal row displayed as on 27 April 2026 and accessed on 11 May 2026; FY 2026-27 is current-year partial MIS data.

Interpretation: The grouped bar chart shows the difference between coverage and intensity. Coverage remained high in the completed financial years, while person-days depended on average days worked. The FY 2026-27 values are partial current- year data and should be read only as the early current-year position. This shows that the programme's impact on rural livelihoods was determined not only by the number of households that received work, but also by the number of workdays.

Figure 3: Average Days of MGNREGA Employment per Household in Bihar



Source: Derived from Ministry of Rural Development (2026a), official Bihar MGNREGA MIS indicators shown in Table 2. Portal row displayed as on 27 April 2026 and accessed on 11 May 2026; FY 2026-27 is current-year partial MIS data.

Interpretation: The area chart indicates that Bihar's average days of employment remained below the 100-day statutory ceiling throughout the period. Completed-year values moved between 43.41 and 48.89 days in the latest three completed years, while FY 2026-27 represents partial current-year data. For evaluating migration, it is significant that this level of public employment cannot replace the income lost during lean seasons, particularly for landless and near-landless households.

7. Effects on Employment Generation

MGNREGA employs people in Bihar in two primary ways. First, wage work is offered to people demanding entry to the scheme. Second, the scheme undertakes construction of rural assets to facilitate irrigation, water conservation, land development, rural infrastructure, and crop cultivation, which may create opportunities for livelihoods. The scheme creates the potential for a longer-term livelihood asset. The Bihar trend shows a wide reach of the scheme. The number of households that provided work under MGNREGA was over 48 lakh in each year covered in this paper (Ministry of Rural Development, 2026a). This coverage indicates that MGNREGA is not a peripheral welfare scheme in Bihar. In a state where the informal sector dominates, MGNREGA provides a rural public employment option to rural households.

The impact is the greatest during the agricultural off-seasons. Agricultural work in Bihar is characterized by seasonality, and rural demand for labour varies by sowing, transplanting, and harvesting, as well as by the season of floods and the cropping cycle. MGNREGA can provide part of the employment to people when work is organized according to the local work calendar. Public works are undertaken during the time people migrate for work or remain employed in the village. Migration to work in a different area is prevented. MGNREGA has a wage effect. The official average wage rate for Bihar went up during this time and can be said to support rural wage expectations. Even if workers take up private employment, the existence of a public employment wage can strengthen their bargaining position. This effect is worth noticing for casual labourers, who have no or very little bargaining strength and very little bargaining power. This wage effect is observed to be positive as long as there is no delay in making payments. In the absence of timely payment, the workers can devalue the work provided in public employment, and due to this, they can opt to take private or even interstate migrant employment, irrespective of the uncertainties connected to these private employments.

MGNREGA also has an employment-generation effect. In India, the MGNREGA is designed to be a better-integrated employment scheme, and for Bihar, there is a significant share of women MGNREGA workers. In the rural female labour force recently reported in the PLFS, the women labour force also reported an increase, and from this, the MGNREGA scheme becomes even more relevant. There may be available public employment that is less distant than the urban migrant or more male-dominated labour construction marketplaces. Hence, MGNREGA has a positive impact on support labour-market inclusion with women when the public worksites are available, close, and gender-segregated.

Table 3: National MGNREGA Benchmarks, FY 2024-25

Indicator	National value, FY 2024-25	Interpretive relevance for Bihar
Person days of central liability	286.06 crore	Shows the national scale of the programme and provides a benchmark for state contribution
Women person days out of total	58.10%	Indicates national gender inclusion and supports discussion of women's access to local work
Average days per household	50.21 days	Benchmark for comparing Bihar's average days and employment intensity
Average wage rate	Rs. 250.25 per day	Comparable to Bihar wage level in recent years
Households worked	5.78 crore	Shows that MGNREGA remains one of India's largest rural employment programmes
Completed works	89.56 lakh	Highlights asset-creation role beyond wage employment

Source: Ministry of Rural Development, State Performance Report 2024-25 (Ministry of Rural Development, 2025a).

Interpretation: According to the national benchmark, MGNREGA is indeed one of the largest public employment programmes. Employment days per household at the national level hovered around 50 days in FY 2024-25, which is still considered to be below the 100-day statutory provision (Ministry of Rural Development, 2025a). This indicates that Bihar's performance should be evaluated relative to the statute of 100 days as well as the national trend of less than full

employment provision. The national findings also underscored the significance of women's participation and the creation of integrable resources/ assets.

8. Effects on Rural-Urban Migration

A detailed analysis of the connection between MGNREGA and rural-urban migration in Bihar is needed. Migration is a strategy of the household. Also, rural households migrate for various reasons. These reasons include the search for a better income, the seasonal nature of agriculture, the need to escape from the debts, the presence of social networks, and the absence of non-farm activities in the locality. MGNREGA can only play a role in reducing migration when the reason is the lack of local work, but not when the reason is the search for better opportunities, higher and skill-based jobs, and better earnings in the new areas.

Distress and seasonal migration in Bihar is where the impact of MGNREGA is likely the most. If there is work from MGNREGA during the lean season in some months, households may migrate less, spend less time away from the village, and send less family members away. MGNREGA also may help migrants who return to the village to spend short periods without work and without the migration of the family members. During the COVID 19 Pandemic, MGNREGA and other similar public employment schemes assumed extreme importance, especially because many migrants returned to the villages and required immediate support.

However, the average number of days of work in Bihar under MGNREGA is indicative of the reason why MGNREGA does not support negative migration to its full extent. In the latest completed years, MGNREGA provided roughly 43 to 49 days of work per household in Bihar, which is a reasonable but limited source of income (Ministry of Rural Development, 2026a). A family that relies primarily on rural MGNREGA is likely not to escape negative migration to the full extent. Also, migration is likely to provide the family member a higher income that is subsequently remitted back to the family member in the form of cash to finance the family member's private consumption and reduce the family member's private debt.

Number of migrations will be affected by the fact that the level of non-farm employment in Bihar remains low. Employment data show that the majority of workers are engaged in agriculture, with a much lower share in manufacturing (Government of Bihar, 2025; NITI Aayog, 2025). Alternative source of employment is offered by construction and the services sector; however, most of this employment is informal and is usually sited far away from rural areas. Bihar has to diversify and develop more non-farm employment in order for MGNREGA, by itself, not to fail to absorb the work force and not to provide a full substitute for migration.

Table 4: Bihar Labour-Market Indicators Relevant to MGNREGA and Migration

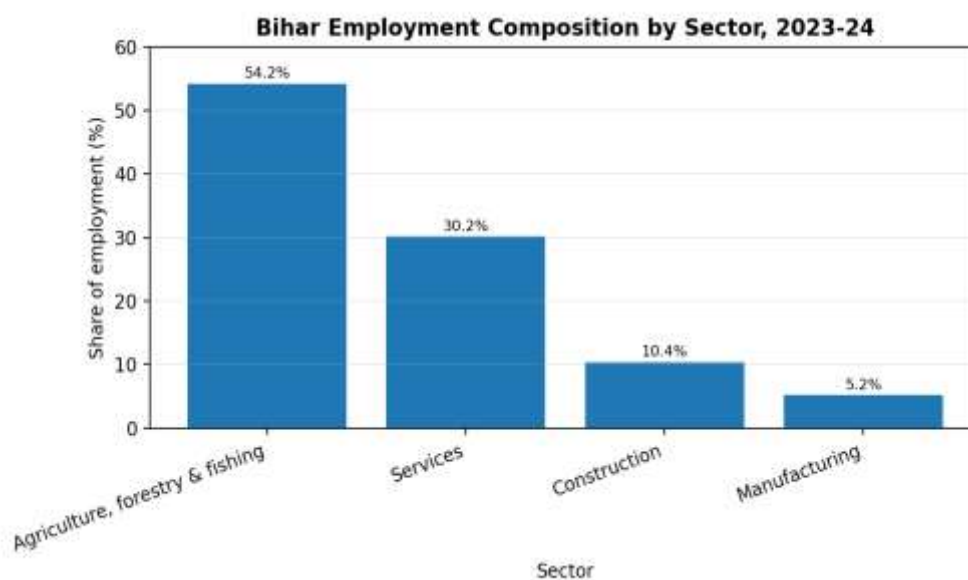
Indicator	Latest value used	Interpretation for MGNREGA and migration
Bihar overall LFPR, age 15+	55.0% in 2023-24	Lower than the national average, indicating underutilised labour potential
Rural male LFPR	79.2% in 2023-24	High participation but mostly in informal and seasonal work
Urban male LFPR	71.9% in 2023-24	Reflects urban employment pull but also limited formal absorption
Rural female LFPR	33.5% in 2023-24	Improved female participation; MGNREGA can support local work opportunities
Urban female LFPR	18.0% in 2023-24	Lower participation in urban areas strengthens the importance of accessible local work
Agriculture shares in employment	54.2% in 2023-24	High dependence on agriculture increases seasonal underemployment

Services share in employment	30.2% in 2023-24	Services are important but many opportunities are urban/informal
Construction shares in employment	10.4% in 2023-24	Construction is a major migrant-employment destination
Manufacturing share in employment	5.2% in 2023-24	Low manufacturing absorption limits local non-farm employment

Source: Compiled from official PLFS 2023-24, Bihar Economic Survey 2024-25, and NITI Aayog Bihar profile (Government of Bihar, 2025; Ministry of Statistics and Programme Implementation, 2024; NITI Aayog, 2025).

Interpretation: The table shows that the labour market in Bihar remains agriculturally dependent, with manufacturing accounting for a small share. There is some growth in rural female participation, but this is limited by the lack of local employment opportunities and unpaid care work. These features of the rural labour market illustrate the usefulness of MGNREGA, which provides employment in an area where many do not have a viable non-farm employment option (Government of Bihar, 2025; NITI Aayog, 2025).

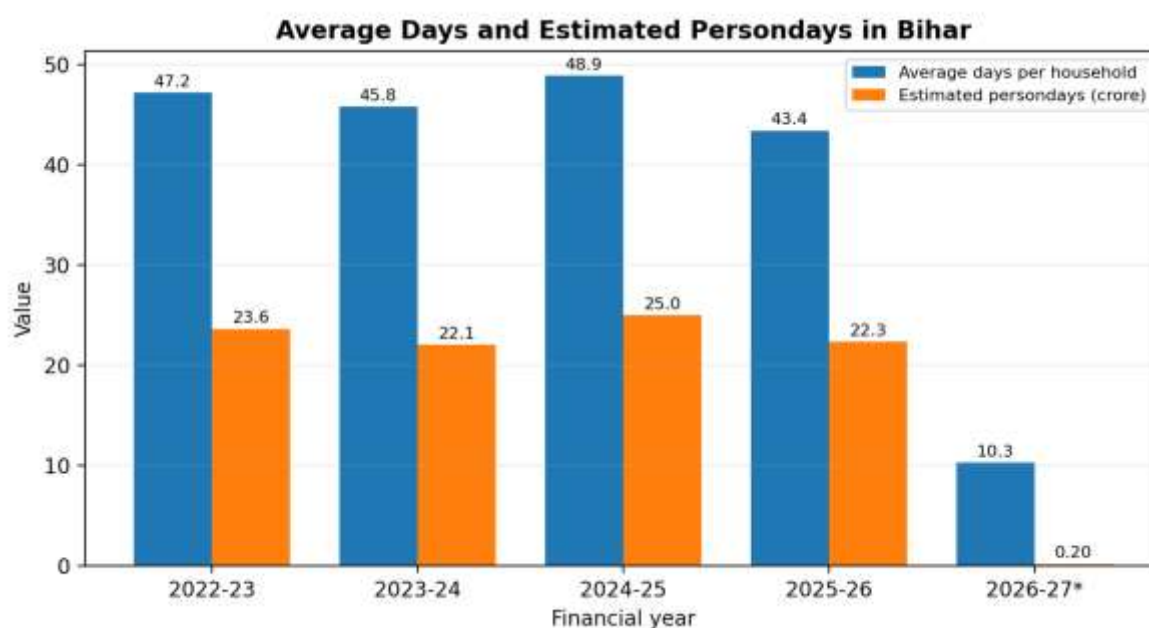
Figure 4: Bihar Employment Composition by Sector, 2023-24



Source: Bihar Economic Survey 2024-25 and PLFS-based official summaries (Government of Bihar, 2025; Ministry of Statistics and Programme Implementation, 2024).

Interpretation: The bar chart shows that agriculture has the largest share of employment in Bihar. This concentration suggests that employment in rural areas is strongly shaped by seasonality, rainfall, flooding, land size, and cropping cycles. The smaller manufacturing share shows limited local industrial absorption, which helps explain continued migration outside Bihar for manufacturing, construction, and service-sector work.

Figure 5: Average Days and Estimated Persondays in Bihar



Source: Derived from Ministry of Rural Development (2026a), official Bihar MGNREGA MIS indicators shown in Table 2. Portal row displayed as on 27 April 2026 and accessed on 11 May 2026; FY 2026-27 is current-year partial MIS data.

Interpretation: The clustered bar chart shows that estimated persondays rise when average days per household increase, even when household coverage remains broadly stable. FY 2026-27 is an early current-year figure and should not be compared with completed years as a final annual outcome. In Bihar, migration pressure is likely to decline more when households receive more workdays, rather than when they are only registered or briefly employed.

9. Discussion

Combined evidence using data and literature illustrates how MGNREGA's role in the rural labour market of Bihar is both significant and restricted. The scheme covers sizable hampers and continues to provide wage employment in the rural areas that helps in tackling rural labour distress. MGNREGA provides an option to rural labourers in the formal sector, besides the private sector employer, which is expected to improve bargaining position of rural labourers in the rural areas. The scheme is expected to be substantively significant for women and the marginalized families of the rural areas, as it provides employment in the rural areas preventing the necessity to migrate in search of employment. Low level of employment makes the scheme unable to provide a comprehensive livelihood solution. In Bihar, the average number of work days has remained less than the legal employment ceiling of 100 and that adds to the distress which is the main element of the migration rationale. Distress is reduced, but the scheme fails to alter the migration rationale. Many households continue to migrate in search of employment.

The timing of MGNREGA also impacts migration. The scheme fails to prevent rural migration if the migration occurs before the scheme is implemented. Migration can be reduced if MGNREGA work is provided in the agricultural off-seasons. In the districts with high levels of out-migration, work demand has to be provided more quickly, and there has to be an awareness of the scheme so that rural labourers can demand employment before they migrate. Another pressing concern is whether payments are made in a timely manner. The impact of MGNREGA work hinges on timely and dependable remuneration. Late payments undermine the labour-market impact of the scheme because many workers resort to private employment or migrating in search of immediate wages. While the transparency of the digital system, be it Aadhaar payments or e-fund management, is laudable, they cannot be exclusionary to workers. The quality of implementation determines whether workers feel as though the employment guarantee is, in fact, a right, or are left in the uncertain realm of an administrative process.

The need for convergence is clear. MGNREGA works should to a larger extent be providing productive work over temporary wage employment. Activities such as water conservation, flood control, farm ponds, land development, opening rural roads, constructing cattle sheds, and plantation works reduce vulnerability over the long term. The indirect effect of reduced ecological risk and improved productivity on the farms and therefore on the community may be larger than the direct impact of improved wage employment. This is especially true for the flood affected and highly climate variable migratory districts of Bihar.

10. Mechanism Linking MGNREGA, Employment and Migration in Bihar

MGNREGA operates on multiple, interconnected rural labour market dimensions. The first dimension is direct employment. When an entire household is employed under the scheme, they start earning wage income while remaining in the village or near the panchayat. Direct employment under the scheme makes a significant contribution compared with the household's annual income. This income may be small relative to annual household income, but direct employment under the scheme offers a temporary safety net in the rural agricultural employment market during the agricultural offseason, when employment opportunities are highly seasonal. In the rural Bihar context, a significant share of the workforce remains subsumed under agriculture and informal construction, thus even public employment for short periods can assist households to meet the multiple fronts of consumption and income-deferring expenditures, such as food and health, and prioritize the education expenses of the children.

The second dimension is the reservation wage effect. The reservation wage is the minimum wage at which a worker is willing to accept employment. MGNREGA alters the wage at the reservation value because it places the wage (and, in effect, the demand for work) into the public domain. Although private employers may be willing to pay a wage, in the market for rural agricultural employment where the agricultural offseason employment opportunities are extremely circumscribed, and MGNREGA is expected to provide public employment, it works in place of private demand. This does not mean that all private employers cease to provide work for private employers that offer better opportunities; it enhances the rural bargaining position. In the context of the rural labour market, the public scheme is sufficient to provide a minimum wage, and consequently a minimum requirement.

The third channel is risk reduction. Households decide to migrate in the face of many uncertainties. Many households decide to migrate due to local income uncertainties, in addition to higher wages at the destination. MGNREGA reduces local income uncertainty by providing guaranteed employment during the lean season. If local employment opportunities are sufficient, households may choose to postpone migration, migrate with fewer family members, or avoid contracting migration altogether. MGNREGA enables women, the elderly, and those households with caregiving responsibilities to participate in the local labour market, which makes migration socially and/or practically difficult for all family members.

11. District-Level Analytical Framework for Bihar

Bihar's rural labour market is diverse. Different districts show variability in agricultural conditions, population density, flood prevalence, land holding, caste, proximity to urban areas, and migration patterns. Focus on individual districts is therefore important to assess MGNREGA's role in employment and migration. In districts with high landlessness and seasonal agriculture, demand for wage employment is higher. In districts with long established migration networks, households may still resort to migration even with MGNREGA work available, as migration to these networks has become part of the household's livelihood.

Bihar's districts can be grouped into three categories. The first category consists of districts that have high out migration with little employment available locally. In these districts, MGNREGA has the role of raising the number of employment days to be provided, improving the promptness with which work is opened, and boosting the knowledge of the right to demand work. The second category consists of flood and climate-vulnerable districts. In these districts, the scheme is to give priority to flood control and drainage works, improvements in water management, land restoration, and post-disaster support to livelihoods. The third category consists of districts that have better rural non-farm activities and urban linkages. In these districts, MGNREGA has the role of providing rural linkages that support livelihoods and employment for households that are outside the more regular non-farm activities.

The district-level framework should examine the timing of employment. A district may show high annual employment yet not demonstrate reduced stress migration if the employment is done in the months when agricultural labour demand is present. The strongest effect of reduced migration occurs when employment is provided in the lean season, prior to the migration choice of the household. This is because monthly work records on person-days, work demand, work distribution, and payment periods are much more useful than just annual data.

12. Implementation Issues Affecting Labour-Market Outcomes

MGNREGA's impact on the labour market hinges on proper implementation. One issue is work demand registration. The Act is demand-driven, but if rural workers don't apply for work, despite the need, the government may draw incorrect conclusions. This can be due to unawareness, lack of confidence, or local officials' influence. In such cases, officials may assume that employment is not needed. In Bihar specifically, improving work demand registration is crucial as decisions on in-migration may be dictated by the perceived availability of employment.

The second issue is the labour budget. The preparation of the labour budget is based on the demand for rural employment, the seasonal nature of rural unemployment, and the demand for work in migration-prone households, as well as the local needs for rural infrastructure. If the budget is over-cautious, employment generation is minimal, although households may need employment. If the labour budget does not respond to the agricultural season, the scheme is implemented outside of the peak season, with the highest demand for rural labour.

The third issue is wage payments. Workers from the poorer households are just as concerned about the timing of the payment as they are about the payment, and the timing of wages often has a greater impact on the utility of MGNREGA for a household. If wages are delayed, MGNREGA becomes far less useful, and the household is more likely to require payment for food, to pay back a loan, to provide for an illness, or to cover the costs of transport. MGNREGA starts to lose its utility, and participation in the program may be very low. If the private employment involves payment for work, visibility of payment, and immediate cash, the public program may lose more participants than it can acquire. Therefore, if MGNREGA is to have a significant impact on the reduction of migration, the wage payment aspect of the program becomes the most crucial.

The fourth issue relates to asset quality. Public works that create near useless assets provide temporary wage income but have very little impact in the long run. In Bihar, MGNREGA works should be aligned with the management of floods, the conservation of water, the connection of rural roads, the conservation of soil, assistance to the irrigation and the livelihood assets of the poor. These assets reduce vulnerability and help develop local production. To ensure that the assets are of good quality and durable, strong technical supervision in addition to community monitoring is necessary.

13. Policy Recommendations

Increase employment intensity in high-migration districts. Prioritize in-labour budgets, within districts and blocks, with the highest seasonal migration, flood susceptibility, and low non-farm employment in Bihar. The focus should be on the number of days provided, not just the number of households. Align works with the agricultural calendar. Work should be provided before the lean season and before migration decisions. Better seasonal planning can make MGNREGA a primary option instead of a post-migration solution to distress migration.

Ensures timeliness of payments. Delays in MGNREGA payments undermine the program, and administrative systems should emphasize payment tracking and correction of banking errors, grievance resolution, and worker, especially women, communication. Strengthening participation through local worksite selection and women mates/supervisors. MGNREGA should focus on the creation of water and flood control conservation, excavation of drainage and farm pond, and rural land and roadway improvement to slow down the creation of land-related productive and climate-resilient assets. Temporarily remove established deadlines. For missing work, the insertion of employment notification seals on payment requests. Inform the workers that MGNREGA works on demand. At the request of the administration at the panchayats, employ self-issue receipt members to enforce the employment applicant system, so that the right to work becomes enforceable.

14. Major Findings

Bihar's MGNREGA coverage is at the forefront in the first finding. In each of the years analyzed in this review, over 48 lakh households used the scheme. As such, it is the most prominent rural employment scheme in the state. The second finding is that employment is of short duration. The situation has improved, with employment in excess of the statutory limit of 100 days being made available in FY 2022-23. Nonetheless, it is inadequate for the MGNREGA to serve as a total income scheme.

The third finding is that MGNREGA desistance of distress migration is probable, though migration as a whole is not likely. MGNREGA diminishes the propensity of households to migrate during the lean, but urban and out-of-state migration may still provide better employment opportunities. The fourth finding is that MGNREGA and migration bring persistence to the structure of migration and labour market in Bihar relative to the other states in the region. The labour market is still predominantly a subsistence agricultural market, coupled with the marginalization of manufacturing employment. The fifth finding is that social latitudinality of MGNREGA dominates the bidirectional structure of the MGNREGA and migration supply systems. This has increased the negative impact of socio-spatial local planning, deprivation of employment predicaments, the quality of assets, and delayed payment of wages, all of which integrate control social accountability and the migration and MGNREGA labour market.

15. Limitations of the Study

Only secondary sources are used in this study. There are also no interviews conducted with workers, panchayat officials, migrants, contractors, or households. So, the experiences related to the demand of labour, delay in payment, or the decision to migrate are addressed in the study using the available literature and not the primary sources. This study has not provided a causal econometric model. There are a number of factors which determine migration including the wage, social networks, skills, household debt, agricultural risks and demand for labour in the destination country. Because of this, this study has used cautious language and has described MGNREGA as a modulating factor and not as a singular determinant.

Some of the MGNREGA parameters are available in the form of as-on-date MIS parameters. In the absence of any direct single table that consolidates the persondays of Bihar, estimated persondays were calculated using the official households-worked and average-days parameters. The MGNREGA MIS figures used in this paper were updated from the official State at a Glance page displayed as on 27 April 2026 and accessed on 11 May 2026 and should be read as dynamic administrative data that may be revised in later downloads (Ministry of Rural Development, 2026a). While trend analyses can use these estimates, it is important that these not be used to supplant the officially audited estimates. The latest comprehensive migration dataset is not available as frequently as the MGNREGA MIS. This causes a time lag between performance data for the scheme and migration data. To overcome this in the document, the PLFS migration data has been integrated with labour-force data and the latest official Bihar labour market reports.

16. Conclusion

MGNREGA directly impacts Bihar's rural labour market. Due to weak labour demand, it provides wage employment to rural households and acts as a support system through income from the fixed demand and weakened demand, and also protects the rural workforce. In the recent period analyzed in this paper, official MIS data show that Bihar provided MGNREGA work to 48.18-51.47 lakh households annually in the latest completed years, while FY 2026-27 shows 1.99 lakh households as current-year partial data. The average days of employment remained below the 100-day statutory ceiling (Ministry of Rural Development, 2026a). This corrected statement uses the latest official lakh-based Bihar MIS data used in Table 2.

The last-mile challenges of the program are attributable to the number of days of employment. Currently, it provides employment for fewer than 100 days, and therefore it cannot be viewed as a substitute income for rural households. The scheme provides relief to rural households through income subsistence, yet it does not positively impact the migration stream. This is the key migration-limiting factor, despite MGNREGA's operation. Where there are relative MGNREGA and rural-urban connections, there is some protection. MGNREGA lowers distress migrants since it provides near community employment during non-agricultural seasons. It provides protection against bonded labour, income for women, and older community members. Yet, it does not impact the positive migration stream from households as a

result of improved income subsistence. Bihar's rural employment strategy emphasizes the dominant role of MGNREGA. It involves timely and adequate wage payments, proper work planning, increased employment in districts with high migration, enhanced women's participation, and effective synergy with agriculture, water and livelihood development and skill development. With these, MGNREGA can build rural resilience, lower distress migration, and support a more equitable rural labour market.

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