



MGNREGA:A TOOL TO RURAL POVERTY ALLEVIATION

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ABSTRACT:

Labor is the key factor for the growth of any economy and is of particular importance in developing economies as these economies primarily depend on human force for development. Therefore, the growth by way of gainful employment of the labor is essential for the sustainable development. India is no exception to this phenomenon. The Indian government has taken up various measures to overcome the problem of poverty. Poverty alleviation programmes comprising of wage employment programmes, rural housing schemes and a public distribution system have been initiated from time to time. The MGNREGA is completely different from the earlier government employment schemes since it treats employment as a right and the programme is initiated to be demand-driven. The right-based



framework of the programme makes the government legally bound to extend employment to those who demand it. It is also being recognized that the MGNREGA has the potential to transform rural economy at many levels. The performance of the scheme has shown a consistent improvement almost in every aspect. The number of households who have been provided employment under MGNREGA has increased rapidly which shows a wide coverage of the scheme. The other important points to be noticed are the increasing participation of women, the increasing person day's employment per

household and the average wage per person day. All these indicate that substantial income is being provided to the households under the Scheme.

MGNREGA indeed unique, programme for poverty alleviation through employment generation has elicited world-wide attention. The United Nation rural poverty report, however notes some of India's rural poverty mitigation measures. Taking note of the landmark MGNREGA, it is noted that the programme provided 100 days employment to millions of poor rural households.

KEYWORDS: India, MGNREGA, Rural, Employment, Guarantee.

INTRODUCTION:

The Indian government has taken up various measures to overcome the problem of poverty. Poverty alleviation programmes comprising of wage employment programmes, rural housing schemes and a public distribution system have been initiated from time to time. Some were partially successful in addressing the issue of poverty whereas others suffered from major flaws in their implementation.

National Rural Employment Programme (NREP) 1980-89; Rural Landless Employment Guarantee Programme (RLEGP) 1983-89; Jawahar Rozgar Yojana (JRY) 1989-99; Employment Assurance Scheme (EAS) 1993-99; Jawahar Gram Samridhi Yojana (JGSY) 1999- 2002; Sampoorna Grameen Rozgar Yojana (SGRY) since September 2001; National Food for Work Programme (NFFWP) since November 14, 2004 (SGRY and NFFWP now

merged with NREGS 2005) were national level rural employment generation schemes. However these programmes could not provide social security to the rural poor.¹ The Central Government launched NREGA on February 2, 2006. The Act guarantees the right to work to by providing 100 days of guaranteed wage employment in a financial year to every rural household whose adult members are willing to do unskilled manual work. NREGA is the first ever law internationally, that guarantees wage employment on an unprecedented scale. Its auxiliary objective is to strengthen natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and so encourage sustainable development.

The outcomes include strengthening grassroots processes of democracy and infusing transparency and accountability in governance. NREGA covers the entire country with the exception of districts that have 100 percent urban population. NREGA provides a statutory guarantee of wage employment and is demand driven which ensures that employment is provided where and when it is most needed. The legal mandate of providing employment in a time bound manner is underpinned by the provision of an Unemployment Allowance. The right to work brings security in people's lives. Today, labourers cannot count on employment being

OBJECTIVE OF THE PAPER:

The present paper is prepared with the objective of to study the impact of MGNREGA on poverty alleviation during the year 2006-07 to 2014-15.

RESEARCH METHODOLOGY:

The paper is mainly based on secondary sources of data which is mainly collected from Reports of Ministry of Rural Development Government of India, research books, articles and various websites. The secondary data is more helpful to trace the progress of the MGNREGA; as field visits or primary data collection from districts or states was not possible in this study. The study period is considered from 2006-07 to 2014-15. Simple statistical tools have been used for data analysis and interpretation.

Poverty Alleviation:(Programmes and Strategy):

Poverty eradication is one of the major objectives of planned development. The main determinants of poverty are - lack of income and purchasing power attributable to lack of productive employment and considerable underemployment; a continuous increase in the price food grains which account for 70-80 per cent of the consumption basket; and inadequacy of social infrastructure, affecting the quality of life of the people and their employability. The Government recognizes that high growth of incomes is by itself not enough to improve the quality of life of the poor. Unless all the citizens of the country, and most particularly the rural poor, have certain basic minimum services, their living conditions cannot improve. Poverty can effectively be eradicated only when the poor start contributing to the growth by their active involvement in the growth process. Implementation of the programmes should be increasingly based on approaches and methods which involve the poor themselves in the process of poverty eradication and economic growth. This is possible through a process of social mobilization, encouraging participatory approaches and institutions and empowerment of the poor. India's anti-poverty strategy comprises of a wide range of poverty alleviation and employment generation programmes, many of which have been in operation for several years and have been strengthened to generate more employment in rural areas.

POVERTY ERADICATION IN INDIA

Poverty is a social-economic phenomenon in which a section of society is unable to fulfill even its basic necessities of life. The minimum needs are food, clothing, housing, education and other basic minimum human needs. Humanity faces pains and miseries if it does not attain a subsistence level of such needs. It is generally agreed that only these would fail to reach a certain minimum consumption standard should be regarded as poor. Poverty is about contradiction of opportunities and fulfillment of human potential. Poverty

and inequality are closely related and inequality appears to have been on the rise worldwide in recent decades at both national and international levels. More than 80 percent of the world's population lives in countries where income differentials are widening. The poorest 40 percent of the world's population account for only 5 percent of global income. On the other hand, the richest 20 percent account for 75 percent of world income, according to the United Nations Development Programme. Poverty is the principal cause of hunger and under nourishment. According to most recent estimates of the Food & Agriculture Organization of the United Nations, the number of hungry people worldwide has reached 963 million or roughly 15 percent of the estimated world population (FAO, 2009).

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):

Recognizing the serious problem of unemployment and poverty in rural India, the *National Rural Employment Guarantee Act* (NREGA) was enacted on 7th September 2005. Evolving the design of the wage employment programmes to fight rural poverty more effectively; the Government of India formulated the National Rural Employment Guarantee Act in 2005. From the year 2009-10 the NREGA was renamed as '**Mahatma Gandhi National Rural Employment Guarantee Act**' (MGNREGA), provides for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members do unskilled manual work. The Act is also a significant vehicle for strengthening decentralization and deepening process of democracy by giving a pivotal role to the Panchayati Institutions.

MGNREGA makes the Government legally accountable for providing employment to those who ask for it and thereby goes beyond providing a social safety net towards guaranteeing the Right to Employment. A very significant feature of this Act is that if a worker who has applied for work under MGNREGA is not provided employment within 15 days from the date on which work is requested, an unemployment allowance shall be payable by the State Government at the rate prescribed in the Act. MGNREGA is a unique weapon to activate and empower the Panchayati institutions. It is a revolutionary step for India's rural poor. It aims to identify the development activities. It has prevented distress migration and helped in empowerment of rural women. Moreover; it is an integral part of rural development plan.

MGNREGA – FINANCIAL PROGRESS:

The pioneering programme saw its budget outlay increase from 11,300 crore to 40,100. The scheme experienced a negative increment in the budget allocation from Rs. 40,100 crores in 2010-11 to Rs. 34,000 crore in 2013-14. The following Table No. 01 shows the financial outlays of Government of India for MGNREGA from 2006-07 to 2014-15.

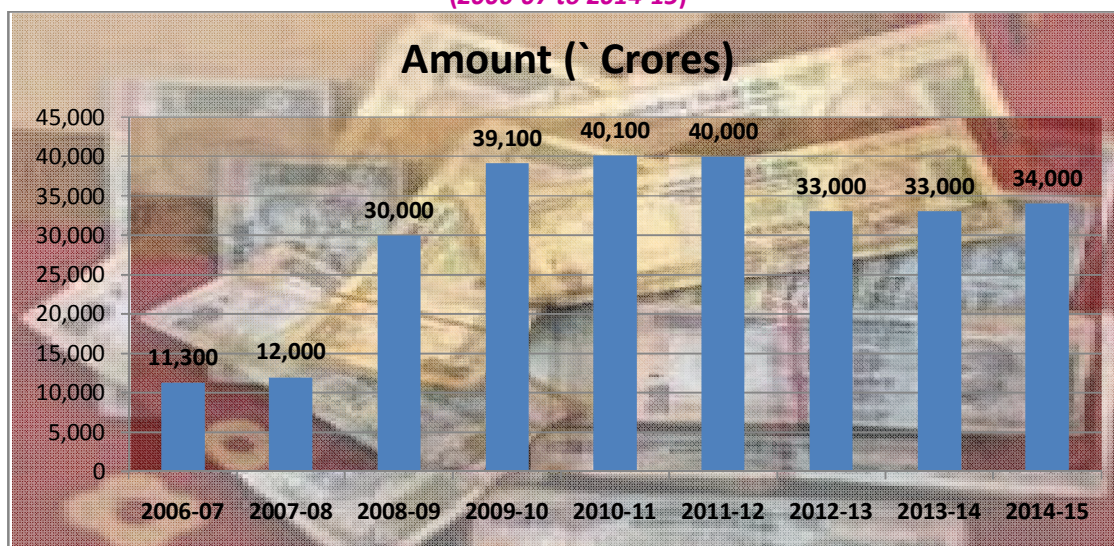
Table No. 01:
Financial Outlay of Government of India for MGNREGA.
(2006-07 to 2014-15)

Sr. No.	Year	Amount (` Crores)	% Increased
1	2006-07	11,300	100.00
2	2007-08	12,000	106.19
3	2008-09	30,000	265.49
4	2009-10	39,100	346.02
5	2010-11	40,100	354.87
6	2011-12	40,000	353.98
7	2012-13	33,000	292.04
8	2013-14	33,000	292.04
9	2014-15	34,000	300.88

Source: Annual Reports, Ministry of Rural Development, Government of India.

Graph No. 01:

**Financial Outlay of Government of India for MGNREGA.
(2006-07 to 2014-15)**



Source: Table No. 01.

Government of India provided funds to MGNREGA from the year 2006-07. In the year 2006-07 the Government provided Rs. 11,300 crores is continues increasing up to Rs.34,000 crore for the year 2014-15. The 2010-11 Budget had provided Rs. 40,100 crores for MGNREGA, making it the highest allocation for any single social welfare scheme since independence. The increasing growth records three times more during the 9 years.

EMPLOYMENT GENERATION:

Of the total person days generated, women constitute more than 47 per cent. The scheduled caste families have been provided with 26 per cent and the scheduled tribe families with 23 per cent person days of work. The following Table No. 04 shows the data about employment generation (man-days) under the MGNREGA.

Table No. 04:Category wise Employment Generation (Man-days) Under MGNREGA during the year 2006-07 to 2014-15.(Figures in Lakh)

Sr.	Year	S.C.	S.T.	Others	Total	Women
1	2006-07	2,295.23 (25.36)	3298.33 (36.44)	3,456.59 (38.20)	9,050.54	3,679.01 (40.63)
2	2007-08	3,942.34 (27.43)	4,205.60 (29.27)	6,219.98 (43.3)	14,367.95	6,109.10 (42.52)
3	2008-09	6,336.18 (29.29)	5,501.64 (25.43)	9,795.06 (45.28)	21,632.86	10,357.32 (47.88)
4	2009-10	8,644.83 (30.48)	5,874.39 (20.71)	13,840.35 (48.81)	28,359.57	13,640.51 (48.10)
5	2010-11	7,875.65 (30.63)	5,361.80 (20.85)	12,477.81 (48.52)	25,715.25	12,274.23 (47.73)
6	2011-12	4,660.57 (22.04)	3,838.49 (18.16)	12,643.00 (59.80)	21,142.06	10,186.80 (48.18)
7	2012-13	4,726.75	3,627.81	13,493.44	21,848.00	11,388.51

		(21.63)	(16.60)	(61.77)		(52.13)
8	2013-14	4,941.37 (22.60)	3,758.22 (17.19)	13,168.15 (60.21)	21,867.74	11,554.60 (52.84)
9	2014-15	3,355.04 (22.52)	2,538.30 (17.04)	9,004.44 (60.4474)	14,897.78	8,197.93 (55.03)

Source: <http://nrega.nic.in>.

The Table No. 04 shows that the programme was benefited to S.C., S.T., persons and women. In the year 2006-07; 9,050.54 lakh man days was generated was increased up to 14,897.78 lakh man days up to the year 2014-15. Out of total man days was generated under the programmes the share of women was 40.63 per cent in the year 2006-07 also gradually increased up to 55.03 per cent in the year 2014-15. The average share of women in total person days was 48 per cent during the study period. In the year 2014-15 the share of women was 55.03 per cent. It is the big achievement of scheme for rural women empowerment and poverty alleviation in India. The scheme also benefited to SC & STs.

Impact of MGNREGA on Rural Poverty Alleviation:

There are a number of distinct ways in which MGNREGA is likely to impact poverty, the most direct and obvious way being by providing extra work opportunities and income to the poorest in the rural areas. MGNREGA seems to provide poor households the ability to withstand economic shocks and deal with inflation. The Labour Bureau data on rural wages indicate that thenominal wages have risen sharply during the last eight years at the rate of 14-15 percent per annum, while the real wages grew at 5-6 per cent. The MGNREGA wage has gone up from Rs.69 in 2006-07 to Rs.144 by 2014-15 registering an annual growth of 12 per cent per annum. Thus, MGNREGA effect on market wages has been significant. The study has acknowledged that MGNREGA is the major driving force for the hike in wages.

If we consider the official poverty line of Rs. 816 per capita per month for rural areas for 2011-12, a member would have to earn at least Rs 9,792 per annum to be considered as non-poor. If the household participates in MGNREGA for 100 days, it would earn Rs 12,500. It is obvious that if the household is moderate poor it can move out of the poverty for that year if it is provided 100 days of work. However, if the year happens to be an agriculturally bad year then the chances of such households crossing the poverty line even after fully participating in the scheme would diminish. The chances of getting more than 100 days of employment in the scheme and in particular, in periods of crisis depend upon the commitment of the state to poverty reduction. For the other poor, 100 days of work in MGNREGA would certainly reduce the intensity of poverty but they would remain in poverty. Thus, several conditions have to be fulfilled for MGNREGA to make a lasting impact on poverty. When poverty alleviation is the main objective of the rural development programmes and the core concern of the states, why should there be a ceiling on employment days? Of late, the upper limit on working days has been relaxed to 150 in drought hit and LWE areas. Another welcome sign is that more and more states are willing to provide more than 100 days. As per available data, during 2012-13 about 7.3 per cent of the participating households were provided more than 100 days of work and their share in total employment was almost one-fifth. States should be pro-poor in extending such benefits to the chronic poor even in periods of normalcy.

India recognized the challenge of poverty and made its removal the central aim of its economic planning. MGNREGA is the most significant scheme to uplift the overall quality of life of rural households. For removing rural poverty it is necessary to ensure full participation and involvement of the rural people in development programmes. While formulating programmes and projects their attitudes, opinions and interests should be taken into account. Planning is to be based on the fact that poverty is not a cause but a result. Elimination of poverty is not merely a question of economic uplift but a social and political issue related to the socio-political awareness of the people.

FINDINGS AND CONCLUSIONS:

The performance of the scheme has shown a consistent improvement almost in every aspect. The number of households who have been provided employment under MGNREGA has increased rapidly which shows a wide coverage of the scheme. The other important points to be noticed are the increasing participation of women, the increasing person day's employment per household and the average wage per person day. All these indicate that substantial income is being provided to the households under the Scheme. Mahatma Gandhi National Rural Employment Guarantee Act indeed unique, programme for poverty alleviation through employment generation has elicited world-wide attention. The United Nation rural poverty report, however notes some of India's rural poverty mitigation measures. Taking note of the landmark MGNREGA, it is noted that the programme provided 100 days employment to millions of poor rural households.

- The MGNREGA covering all 34 States and Union Territories, 614 Districts, 6,096 Blocks and 2.65 lakhs Gram Panchayats.
- Government of India had provided Rs. 2.73 Lakh crores for MGNREGA from its inception, making it the highest allocation for any single social welfare programme since independence of India.
- Under the programme 12.10 Crores Job Cards issued to rural people up to March, 2015.
- 96.50 per cent rural people who have applied for jobs have got employment under MGNREGA.
- The programme was mostly benefited to S.C., S.T., Physically disabled persons and women. Approximately 4 Crores rural people were engaged in MGNREGA. Out of them 55 per cent are women.
- The MGNREGA wage has gone up from Rs.69 in 2006-07 to Rs.144 by 2014-15 registering an annual growth of 12 per cent per annum.
- The developmental and welfare initiatives undertaken by the Government of India in the rural areas during the last six decades is further strengthened. During 2014-15, development and welfare activities in the rural areas were continued with better employment opportunities through MGNREGA.
- The MGNREGA provides an indispensable lifeline to the millions of poor in the rural areas of the country.
- The wage rate should be higher than the prevalent local market wage rates.
- The study shows that a large proportion (55%) of labourers employed under MGNREGA are women and guaranteed employment will give them some economic independence.
- The scope of the scheme is limited; which needs to be widened.

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