

# Contribution of MGNREGS in eradication of rural poverty- An Assessment

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## ABSTRACT

Poverty reduction and rural development are the most difficult and biggest challenges in the country. Since independence a number of poverty alleviation and rural development programmes have been implemented during the plan period aiming to reduce poverty. These development programmes can be grouped in two categories (i) wage employment schemes (ii) Scheme self-employment schemes. In these programmes viz: MFALDA, SFDA, Food For Work programme, National Rural Employment programme and Employment Assurance scheme (EAS). During 1989-90 a massive programme of JawaharRozgarYojana was launched by merging NREP and RLEGP. Later a unique new wage employment programme known as SampoornaGrameenaRozgarYojana (SGRY) was introduced by merging JGSY and EAS. The Swarnjayanthi Gram SwarozgarYojana (SGSY) is a major ongoing programme for the self-employment of the poor.

In spite of implementation several self and wage employment programmes for reduction of poverty expected results are not achieved. In this backdrop a unique programme with a view to cover all section of the people and regions was launched called Mahajanna Gandhi National Rural Employment Guarantee Programme (MGNREGS) in the year 2006. It is a world's biggest employment guarantee programme. It aims at enhancing livelihood security of people in rural area by guaranteeing at least 100 days of wage employment in a financial year to every household whose adult members voluntary to do unskilled manual work. Its aim is to reduce rural poverty through the creation of sustainable rural infrastructure which is expected to foster rural economic growth. In this paper it examines the impact of self and wage employment programmes in alleviation of poverty and implementation of MGNREGS. It also examines how MGNREGS has contributed in reduction of poverty.

**Keywords:** Poverty, Unemployment, Self-Employment Programmes, Wage Employment Programmes, Rural Infrastructure, MGNREGS.

Reduction of poverty has been an important issue before the nation since independence. People living in the rural areas are facing three major problems. These are upper backwardness, widespread unemployment and massive poverty; Governments after governments have been promising to alleviate poverty through five year plans. Ever since the inception of planning era “growth with equity and social justice” has been the underlying key objective of development paradigm in India. In the process of the developmental struggle the growth enhancing strategy based on “trickle down” mechanism was accorded top priority for alleviation of poverty.

The term poverty implies lack of development or under development. There is no universally acceptable definition of poverty in spite of there are several commotions and definitions in vogue. Poverty implies a condition of the characterized by deprivation of some sort of the other and perceived as undesirable by the persons concerned or others. It is a multidimensional concept and phenomenon. Generally there is a consensus among scholars about poverty being concerned and defined as a person’s lack of access to objectively determined reasonably adequate quantities of goods and services to satisfy his/her material and non material basic needs.

### **Anti poverty programmes**

Poverty alleviation would need a multi-pronged approach. But, the key element is the provision of remunerative full employment. By remunerative we mean a kind of employment, whether wage employment or self employment which is in a position to provide above poverty line income to the employed. It was strongly believed in the first Three Five Year Plans (1951-1966) that poverty could be effectively tackled through general growth process and automatically trickle down to poor masses. The benefits Agriculture development was placed on top priority in the First Five Year Plan and shifted to industry in the next plan. During this period, emphasis was also given on land reforms, community development and cooperative movements as a result of it progress has been made but not to the desired extent. It was during the Fourth Five Year Plan that the focus shifted from growth to the direct attack on poverty with a focus on reduction of poverty. The rural poverty alleviation schemes which are now being implemented by the Ministry of Rural Areas and Employment broadly can be grouped in two categories viz. (i) wage employment schemes; (ii) self employment schemes.

In order to create more employment opportunities for unemployed and under employed persons and improving rural infrastructure and community durable assets, several employment generation programmes were launched since 1970s. These programmes are crash scheme for Rural Employment (CSRE) in 1971, pilot Intensive Rural Employment Programme (PIREP) in 1972, Marginal Farmers and Agricultural Labour (MFALDA) in 1969, Small Farmers Development

Agency (SFDA) in 1971, Food for Work Programme (FWP) in 1977, National Rural Employment Programme (NREP) in 1980 and Rural Landless Employment Guarantee Programme (RLEGP) in 1983 were implemented. Further, Employment Assurance Scheme (EAS) a wage employment programme was launched in 1993 with a view to create economic infrastructure and community assets.

During 1989-90 a massive programme of Jawahar Rozgar Yojana was launched by merging NREP and RLEGP aimed to take to wage employment programme to each and every village in the country and to empower village level institutions. Later, it was renamed as Jawahar Gram Samridhi Yojana (JGSY) from April 1999, laying a renewed emphasis on the provision of demand driven infrastructure to meet the requirements of the market-driven economy and create sustained employment for the rural poor. In spite of implementing this programme in order to generate employment adequate number of man-day was not generated. In this backdrop, it was felt that there is need to merge multiple wage programmes into a single programme by covering food security, additional wage employment, village infrastructure and community durable assets. Accordingly, a unique new wage employment programme known as Sampoorna Grameena Rozgar Yojana (SGRY) was introduced in 2001 by merging JGSY and EAS.

## **Self-employment Programmes**

The Swanjayanti Gram Swarozgar Yojana (SGSY) is a major on-going programme for the self-employment of the poor. The programme was started from 1-4-1999 after restructuring and merging the erstwhile Integrated Rural Development Programme (IRDP) which was initially started in 1976 in 20 selected districts of the country with an aim to provide subsidized credit to the rural poor for taking up self employment micro enterprise. The programme was reviewed in 1978-79 to integrate the methodology and approach of the three major ongoing special programmes of SFDA, Command Area Development Programme (CADP) and Drought Prone Area Programme (DPAP). The underlying contents of these three major programmes were integrated into a new programme of IRDP and taken up in 2300 blocks of the country in 1978-79 and it was extended to all the blocks in the country with effect from 2<sup>nd</sup> October 1980. Since then IRDP continues to be a major instrument of poverty alleviation in the rural areas. Training of Rural Youth for self Employment (TRYSEM) is another self employment scheme which aims to impart technical skill to the rural youth from the families below the poverty line to enable them to take up self employment activities. To enable the rural artisans to enhance the quality of their products increase their production, productivity efficiency and income to reduce their drudgery a special scheme for supply of Improved Tool-Kits (SITRA) was introduced as sub-scheme of IRDP in 1992. Development of women and children in Rural Areas (DWCRA) was introduced in 1982 as a component of IRDP for providing assistance to take up income

generating activities with a group approach. The DWCRA programme encourages the habit and thrift and saving among the targeted women. It also provides its beneficiaries access to various basic services such as education, health, nutrition, childcare, sanitation and so on. However, the aim objective of this programme is to provide the women greater access to institutional credit particularly, the banks for meeting their productive as well as consumption needs.

Ganga Kalyan Yojana (GKY) and Million Wells Scheme (MWS) started in the year 1999 with the objective of providing irrigation through exploitation of ground water (Bore wells and Tube wells) to individuals and groups belonging to poor, small and marginal farmers. However, all the above six programmes namely IRDP, TRYSEM, DWCRA, SITRA, GKY, and MWS merged into a single programme in 1999 and called Swarnjayanti Gram Swarozgar Yojana (SGSY). The basic objective of the SGSY is to bring the assisted poor families (Swarozgars) above the poverty line by providing them income-generating assets through a mix of bank credit and governmental subsidy.

Sampoorna Grameen Rozgar Yojana (SGRY) was launched in September 2001, by merging Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS). The objective of the Scheme is to provide additional wage employment along with food security, creation of durable assets, social and economic assets and infrastructure development in rural areas.

### **Wage and Self-employment programmes-Impact on rural poverty**

Due to the implementation of several wage and self-employment programmes there was declining trend in rural poverty. Rural development has been confined to a direct attack on poverty through special employment programmes. As there is a reduction of total poverty in the country there is also reduction in rural poverty in all states of the country. As per (Table 1) that all India level rural poverty is reduced from 56.44% in 1973-74 to 53.07% in 1977-78 and 39.09% in 1987-88 and further declined to 37.27% in 1993-94 and 27.09% in 1999-2000. However, there has been slight increase to 28.03 in 2004-05. Similarly in almost all states there exists a declining trend.

**Table 1. Percentage of People Below the Poverty Line : Rural Areas**

Sr. No.	States	1973-1974	1977-1978	1983-1984	1987-1988	1993-1994	1999-2000	2004-2005
1.	Andhra Pradesh	48.41	38.11	26.53	20.92	15.92	11.05	11.02
2.	Arunachal Pradesh	52.68	59.82	42.60	39.35	45.01	40.04	22.30

3.	Assam	52.68	59.82	24.60	39.35	45.01	40.04	22.30
4.	Bihar	62.99	63.25	64.37	52.63	58.21	44.30	42.10
5.	Goa	46.85	37.64	14.82	17.64	5.34	1.35	5.40
6.	Gujarat	46.35	41.76	29.20	28.67	22.18	13.17	19.10
7.	Haryana	34.23	27.73	20.56	16.22	28.02	8.27	13.60
8.	Himachal Pradesh	27.42	33.49	17.00	16.28	30.34	7.94	10.07
9.	Jammu and Kashmir	45.51	42.86	26.04	25.70	30.34	3.97	4.06
10.	Karnataka	55.14	48.18	36.33	32.82	29.88	17.38	20.08
11.	Kerala	59.19	51.48	39.00	29.10	25.76	9.38	13.0
12.	Madhya Pradesh	62.66	62.52	48.90	41.92	40.64	37.06	36.09
13.	Maha-rashtra	57.71	62.97	45.23	46.78	37.93	23.72	29.60
14.	Manipur	52.67	59.82	42.60	39.35	45.01	40.04	22.30
15.	Meghalaya	52.67	59.82	42.60	39.35	45.01	40.04	22.30
16.	Mizoram	52.67	59.82	42.60	39.35	45.01	40.04	22.30
17.	Nagaland	52.67	59.82	42.60	39.35	45.01	40.04	22.30
18.	Orissa	67.28	72.38	67.53	57.64	49.72	48.01	46.80
19.	Punjab	28.21	16.37	13.20	12.60	11.95	6.35	9.10
20.	Rajasthan	44.76	35.89	33.50	33.21	26.46	13.74	18.70
21.	Sikkim	52.67	59.82	42.60	39.35	45.01	40.04	22.30
22.	Tamil Nadu	57.23	57.68	53.99	45.80	32.48	20.55	22.80
23.	Tripura	52.67	59.82	42.60	39.35	45.01	40.04	22.30
24.	U t t a r Pradesh	56.53	47.60	46.45	41.10	42.28	31.22	33.40
25.	W e s t Bengal	73.16	68.34	63.05	48.30	40.80	31.85	28.60
	All India	56.44	53.07	45.65	39.09	37.27	27.09	28.30

Source: Planning Commission, Government of India.

As a result of implementation of wage and self employment programmes though there has been declining trend and got benefits in the form of employment and income to the poor but, it has not covered entire rural population in the country. As per the NSSO 61<sup>st</sup> round (2004-05) data still more than one-fourth of rural population lives below poverty line. A number of studies have highlighted factors for could not able to achieve desired results in reduction of rural poverty. These studies suggested efforts should be made to ensure that programmes should be designed to fights poverty more effectively in order to provide employment to all in order to provide employment to all people in rural areas instead of confined to target group of people. It is also suggested there is need to involve of local communities in the process of designing the works to be taken up to create more

durable and productive type of community assets which ultimately affects in reduction of poverty.

Keeping in view of this the historic Act National Rural Employment Guarantee Act, passed by the Parliament of India in its monsoon session in 2005 with a view to create employment opportunities and to ensure minimum level of livelihood security in the rural areas.

## **MGNREGS**

The National Rural Employment Guarantee Scheme (NREGS) which is renamed recently as Mahatma Gandhi NREGS is the most significant poverty alleviation employment and income generation programme started in India on 2<sup>nd</sup> February 2006. This flagship programme of the Government of India touches the lives of the rural poor and promotes inclusive growth. It is a landmark in the history of rural development poverty and for strengthening gross root processes reduction policies of democracy by infusing transparency and accountability and strategies. The primary objective of the programme is augmenting wage employment. Its auxiliary objective is strengthening natural resource management through works that address causes of chronic poverty like drought, deforestation and soil erosion and to encourage for sustainable development.

MNGREGS was implemented in the initial phase in 200 poorest districts of the country on February 2, 2006, and was extended to 130 more districts from April 1, 2007 onwards. It has been extended to all the rural districts of India from April 1, 2008. The “right to life” is a fundamental right of all citizens under the Article 21 of the Indian constitution. The scheme is a step towards the right to work as envisaged in the fundamental rights to live with dignity. As per the right to work in the “Directive Principles” of the constitution, the state shall direct its policy towards securing that the citizen men and women equally, have the right to an adequate means of livelihood (Article 39A). The state shall make effective provision for securing the right to work (Article 41).

## **Salient Features of NREGS**

- It is an ACT whereby any adult member of a household residing in rural areas, who is willing to do unskilled manual work at the minimum wage is entitled to secure 100 day of employment within 15 days of his/her demand. If not, the applicant is entitled to and unemployment allowance, at least one fourth of the minimum wages for the first 30 days and one half thereafter.
- Work should be located within five-kilometer distance. If it is outside the limit of five kilometers, the worker is entitled to get allowance for traveling and living there.

## **Entitlements**

Workers under the Act are entitled to the following amenities, facilities and allowances:

- Medical treatment and hospitalization costs in case of injury at work along with a daily allowance of not less than half of the statutory minimum wages. In case of death or disability of a worker, an exgratia shall be made.
- Facilities such as drinking water, shade, medical aid and Creche of more than five children below age 6 years are present, are to be provided by the implementing agency.
- Wages are to be paid weekly or not later than a fortnight directly to the person concerned. In case of any delay in the payment of wages, workers will be entitled to the payment of compensation as per the Payments of Wages Act. Five% wage may be deducted as contribution to welfare schemes offered under the scheme.
- No gender discrimination of any kind. At least 30% of labourers should be women.

## **Transparency and Accountability**

The act lays down detailed clauses for ensuring transparency of implementation and accountability of implementers.

- Each Gram Panchayat will prepare an Annual Report on the implementation of the programme, which will be made available for public scrutiny. All accounts and records relating to the programme will be available in convenient form for public scrutiny.
- The details of each project, including accounts are to be displayed prominently on a board close to the site or in the Gram Panchayat of face after completion of the work.
- Gram Sabha will monitor the work of the Gram Panchayat by the way of Social Audit. Heavy penalties have been laid down for non-compliance with any rules under the Act.

## **Planning and Funding**

- Central Employment Guarantee Council will be constituted at the national level to implement the Act. At the State level, there will be the State Council, which advises the State Government in all matters relating to the scheme its implementation. At the district level, the Collector of CEO will be responsible for the implementation of the scheme.

- At the village level, the Gram Panchayat is the main implementing agency as per the recommendations of the Gram Sabha.
- Special meeting of Gram Sabha is to be held to invite application for registration. Each person wanting employment is expected to get registered with the Gram Panchayat and get a “job card and employment will be provided to those only.
- As far as funds are concerned, the Maharashtra model of setting up of a separate fund will be followed. The National Employment Guarantee fund at the Centre and state level will be created.

### **Permissible works**

- Works relating to minor irrigation, water conservation, drought proofing, desilting of tanks, flood control, land development and rural roads.
- Any other work, which may be notified by the Central Government in consultation with the State Government.

### **MGNREGS – Reduction of rural poverty**

The major objective of MGNREGS is to enhance employment opportunities and increase wage rates to provide livelihood security for the poor, vulnerable and marginalized leading to reduction of poverty in rural areas. Under the MGNREGS nearly 5.50 crore families or nearly one in four rural households, were provided over 250 core person-days of work. It has provided around ₹ 1,10,700 crore 66% of the Total expenditure of around ₹ 1,66,000 crore as worker wayges from 2006 upto 2011-12 financial year. Several studies indicated that there is a positive impact of this programme on household income, monthly per capita expenditure, food security and health of the beneficiaries. NREGS contributed a lot in reduction of poverty. The details regarding impact of NREGS are given in following tables.

From the Table-2, it is seen that there has been steadily increasing in providing employment to households since its launching of the programme ie 2006-07 to upto 2011-12. During the year 2006-07, 2.1 crore households were provided employment in the 200 districts where the programme implemented in first phase, later during the year 2007-08 3.4 crore households were benefited in 330 districts. In 2008-09 from where in all rural districts in the country were covered 4.5 crore households were, provided employment. Subsequently in the rest of two financial years also around 5.5 crore households were provided employment. Thus, after implementation of MGNREGS one-fourth of rural households were provided employment by increasing the number of households year after year.



**Table 2. No of Households Provided Employment Through MGNREGS**

S.No.	Year	No. of Households Provided Employment (in crore)
1.	2006-07	2.1
2.	2007-08	3.4
3.	2008-09	4.5
4.	2009-10	5.5
5.	2010-11	5.5
6.	2011-12	5.6

Source: Mahatma Gandhi National Rural Employment Guarantee Act (Official Website), <http://www.mgnrega.nic.in>

It may be noted from Table 3 with regards to person days (in crore) after implementation of MGNREGS. It is seen that total 1200 crore person days of employment were generated upto the end of 2011-12 financial year. Of the total employment generated 54% is enjoyed by SC/ST persons. Women have

**Table 3. Person Days of Employment Generation through MGNREGS**

(In Crore)

S.No.	Year	All Person Days	SC's	ST's	Women	Average Person Days per employed household
1.	2006-07	90.5	23 (25%)	33 (36%)	36 (40%)	43 Days
2.	2007-08	143.59	39.4 (27%)	42 (29%)	61 (43%)	42 Days
3.	2008-09	216.3	63.4 (29%)	55 (25%)	103.6 (48%)	48 Days
4.	2009-10	283.6	86.5 (30%)	58.7 (21%)	136.4 (48%)	54 Days
5.	2010-11	257.2	78.8 (31%)	53.6 (21%)	122.7 (48%)	47 Days
6.	2011-12	218.8	46.2 (22%)	37.7 (18%)	101.1 (48%)	43 Days
	Total For All Years	1209.99	337.3 (27.87%)	280 (23.15%)	560.8 (46.34%)	

Note: Total Figures in brackets are percentages to total

Source: Mahatma Gandhi National Rural Employment Guarantee Act (Official Website), <http://www.mgnrega.nic.in>

accounted for 47% of the total person days generated. It may be noted from this table that on an average person-days per employed household is 43 days since the implementation of the programme. Thus, this programme made a positive impact in participation SC/ST and Women. It can be concluded that the objective of the programme providing to employment to vulnerable section of the people has been achieved.

Table 4 shows about financial details for this scheme. Budget outlay during 2006-07 year in ₹ 11,300 crore where as by 2011-12 it has been increased to more than three fold i.e. ₹ 40,100 crore since its inception of the programme ₹ 1,66,516 crore expenditure incurred of which ₹ 110706 crore expenditure towards wages. Which means of the total expenditure 66% expenditure was on wages. As a result of it income of the poorest in the rural households has been increased. Household income is one of the indicator for measurement of poverty. As the income increased among the 5 crore households in the rural areas due the disbursement of wages it can be stated that due to this programme poverty in rural areas has been reduced.

Further, it also may be noted from this table number of works completed has been increased from year to year and gone upto 66 lakh works to the year 2011-12 from

**Table 4. Details of Financial Allocation and Works Completed under the MGNREGS**

S.No.	Year	Budget outlay (in crore)	Expenditure (in crore)	Expenditure On unskilled Wages (in crore)	Works completed (in lakh)
1.	2006-07	₹ 11300	₹ 8824	₹ 5842 (66%)	3.9
2.	2007-08	₹ 12000	₹ 15857	₹ 10739 (68%)	8.2
3.	2008-09	₹ 30000	₹ 27250	₹ 18200 (67%)	12.1
4.	2009-10	₹ 39100	₹ 37905	₹ 25579 (67%)	22.6
5.	2010-11	₹ 40000	₹ 37303	₹ 25686 (65%)	14.3
6.	2011-12	₹ 40100	₹ 37303	₹ 24660 (66%)	6.1
	Total	₹ 1,72,500	₹ 1,66,516	₹ 1,10,706	66

Note : Figures in brackets are percentages to total.

Source: Mahatma Gandhi National Rural Employment Guarantee Act (Official Website), <http://www.mgnrega.nic.in>

3.9 lakh works in 2006-07. Right from launching of the programme, several works such as village roads, water conservation, irrigation canals and land development were completed. Thus, one of the objective of the scheme creation of rural assets has been fulfilled.

Table 5 clearly depicts that in wages after the implementation of MGNREGS. In almost all states across the country minimum wages have increased after

**Table 5. Increase in MGNREGA Notified Wages**

State	MGNREGA Wage FY 2006-07	MGNREGA Wage FY 2007-08	MGNREGA Wage FY 2009-10	MGNREGA Wage FY 2010-11 and 12
Andhra Pradesh	80	80	100	121
Arunchal Pradesh	55-57	65-67	80	118
Assam	66	76.35	100	130
Bihar	68	77	100	120
Chhattisgarh	62.63	62.63	100	122
Gujarat	50	50	100	124
Haryana	99.21	135	141.02	179
Himachal Pradesh	75	75	100	120-150
Jammu and Kashmir	70	70	100	121
Jharkhand	76.68	76.68	99	120
Karnataka	69	74	100	125
Kerala	125	125	125	150
Madhya Pradesh	63	85	100	122
Maharashtra	47	66-72	100	127
Manipur	72.4	81.4	81.4	126
Meghalaya	70	70	100	117
Mizoram	91	91	110	129
Nagaland	66	100	100	118
Odisha	55	70	90	125
Punjab	93-105	93-100	100-105	153
Rajasthan	73	73	100	119
Sikkim	85	85	100	118
Tamil Nadu	80	80	100	119
Tripura	60	60	100	118
Uttar Pradesh	58	58	100	120
Uttarakhand	73	73	100	120
West Bengal	69.4	69.4	100	130

Source: Mahatma Gandhi National Rural Employment Guarantee Act (official website), <http://www.mgnrega.nic.in>.

launching of the programme. Even after launching from the year 2006-07 to 2010-11 also wages have increased with variations. In Punjab state rate was fixed at ₹ 93 in 2006-07 in 2010-11 it was fixed at ₹ 153. Similarly, Himachal Pradesh and Kerala states which fixed at ₹ 75 and ₹ 125 respectively in the initial year and fixed ₹ 150 in the year 2010-11. Thus, all the states have increased wage rates with variations. Increasing in wage rates leads to the livelihood security among the families employed under this scheme.

## Conclusion

MGNREGS as the largest and most ambitious social security programme made a positive impact in generation of employment and reduction of poverty. In spite of several antipoverty programmes implemented right from First Five Year Plan there are much differences between MGNREGS and earlier employment programme. It is only a programme under which employment is provided on demand (Right to Employment) at the statutory minimum wage. It has achieved tremendous results in providing stable income households apart from creation of assets in rural areas and avoids migration of workers from rural areas to town areas. It also provided livelihood security of the rural households as they are able to purchase food grains other essential commodities and to access education and health care. However, there have been issues with regard to its implementation. These issues has to be identified by proper monitoring and evaluation. For which one independent research wing has to be established for conducting concurrent evaluation and also by promoting beneficiary participation and strengthening social audit and timely effective implementation facilitates in reducing rural poverty.

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