
MGNREGA: A Rural Lifeline of India.

* Dr. Jitendra Ahirrao

Introduction:

The Government of India has initiated, sustained, and refined many programs since independence to help the rural poor in order to minimize unemployment and poverty in rural areas. The Government launched a number of programmes and schemes from time to time but they did not achieve the desired quantum and became ineffective. India has had a number of poverty alleviation programs since the independence. These include the '*National Rural Employment Programme*' and the '*Rural Landless Employment Guarantee Program*'. The National Rural Employment Programme evolved in 1980 from the earlier '*Food for Work Programme*' to use unemployed and underemployed workers to build productive community assets. The Rural Landless Employment Guarantee Programme was instituted in 1983 to address the plight of the hard-core rural poor by expanding employment opportunities and building the rural infrastructure as a means of encouraging rapid economic growth. To improve the effectiveness of the *Landless Employment National Rural Employment Programme*, in 1989 it was combined with the '*Rural Guarantee Programme*' and renamed it as '*Jawahar Rozgar Yojana*'. The Ministry of Rural Development, Government of India has been implementing various programmes in the rural areas for which it releases central funds for policy formulation, overall guidance, monitoring and evaluation. Although concerted efforts have been initiated by the Government of India through several plans and measures to alleviate poverty in rural India, there still remains much more to be done to bring prosperity in the lives of the people in rural areas.

Objective of the study

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.

Relevance of poverty alleviation programmes

The fruits of economic growth have not benefited everyone uniformly. Some are left behind

* Associate Professor, Department of Commerce & Research Centre in Commerce and Management.Smt. Dankunwar Mahila College, Jalna - 431203 (Maharashtra) (India)

and some others are not touched by the benefits of economic growth. There are various reasons for this uneven development in the society. Modern economy is technology driven and not labor-intensive. In short, the modern economy is not generating much employment and sometimes it displaces and replaces labor with machines and technology. The period of 1999-2000 to 2005-2006 saw rapid economic growth in the country but it has not impacted on the poverty and unemployment. The large agriculture workforce in rural areas is not sustainable with dwindling cultivable land and use of modern methods of cultivation. As a result, the rural labor is pushed into cities in search of work but they do not have any employable skills. Urbanization is mainly due to acute poverty in rural areas rather than due to the economic opportunities in urban areas. Such peoples need government intervention to ensure that they are not left behind in the development process. The government needs to develop safety nets for such groups and try to mainstream them in the development process. They need welfare measures in the form of poverty alleviation programmes to ensure that they survive.

Wage employment programmes:

The main purpose of the wage employment programmes is to provide a livelihood security to the rural people during the lean agricultural season, drought and floods. The programmes not only provided employment to the rural people but also improved infrastructure and created public assets. A positive fall out of this programme is that it created higher demand for rural labor, thereby pushing up the wage of the laborer. Wage employment programmes were first started during the Sixth and Seventh Plan in the form of National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programmes (RLEGP). These two programmes were later merged in 1989 into more well known *Jawahar Rozgar Yojana* (JRY). The performance of JRY programme declined over a period of time. As a result, fewer jobs were generated. The JRY was revised and re-launched in April 1999 and was renamed as *Jawahar Gram Samridhi Yojana* (JGSY). A special wage employment programme in the name of Employment Assurance Scheme (EAS) was launched on October 2, 1993 for the drought prone, desert, tribal and hill area blocks in the country. It was further expanded to all the blocks in 1997-1998. The EAS is also meant for providing employment during lean season. The Food for Work Programme was started as part of EAS in 8 drought prone States in 2000-2001. Here part of the wage was provided in the form of food grains. Though food grains were supplied free of cost to these States. Considering the fragmented efforts of different wage employment programmes in the country, all these programmes were merged into one programme called *Sampoorna Gramin Rozgar Yojana* (SGRY) in 2001. The three-fold objective of this programme is generation of employment for the rural poor, creation of community assets and infrastructure, and ensuring food and nutrition security for the rural poor.

The wage employment programmes suffered from various problems leading to poor implementation of schemes. It is sponsored programme with rigid guidelines, which may not fit into local conditions. By the time it reached the poor, it passed through the central government, State government, *panchayat* and the beneficiary. It is totally a government managed programme at every level and the poor is the silent or passive beneficiary of the scheme. Some of the poverty alleviation programmes discussed above may not be performing well in terms of utilizing the allocated funds and increasing the income of the poor, these programmes have contributed to the social arena of poverty. The goal of poverty alleviation programme should aim merely increasing the income level of rural poor, but mainstreaming marginalized in the development process of the country. The country cannot claim economic growth when a section of the people is marginalized to the periphery of the society. Therefore, the current poverty alleviation programmes in the country should broaden their focus and goal in addition to increasing income to achieve the target of removing poverty from the country.

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 to 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.

The MGNREGA was notified in 200 districts in the first phase with effect from February 2nd 2006 and then extended to additional 130 districts in the financial year 2007-2008 (*113 districts were notified with effect from April 1st 2007, and 17 districts in UP were notified with effect from May 15th 2007*). The remaining districts have been notified under the MGNREGA with effect from April 1, 2008. At to the end of 2013-14 the MGNREGA covers - 34 States and Union Territories, 644 Districts, 6,576 Blocks, 2,47,643 lakhs Gram Panchayats and 7,78,134 villages. Thus MGNREGA covers the entire country with the exception of districts that have a hundred percent urban population. The highest number of districts are from Uttar Pradesh (*71 districts*), followed by Madhya Pradesh (*50 districts*) Bihar (*38 Districts*), Maharashtra and Rajasthan (*33 Districts*). Each State Government is expected to design a suitable employment guarantee scheme for the state, keeping in mind the MGNREGA and the Central Guidelines issued by the Government of India on the one hand and the specific needs of the State on the other hand.

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.

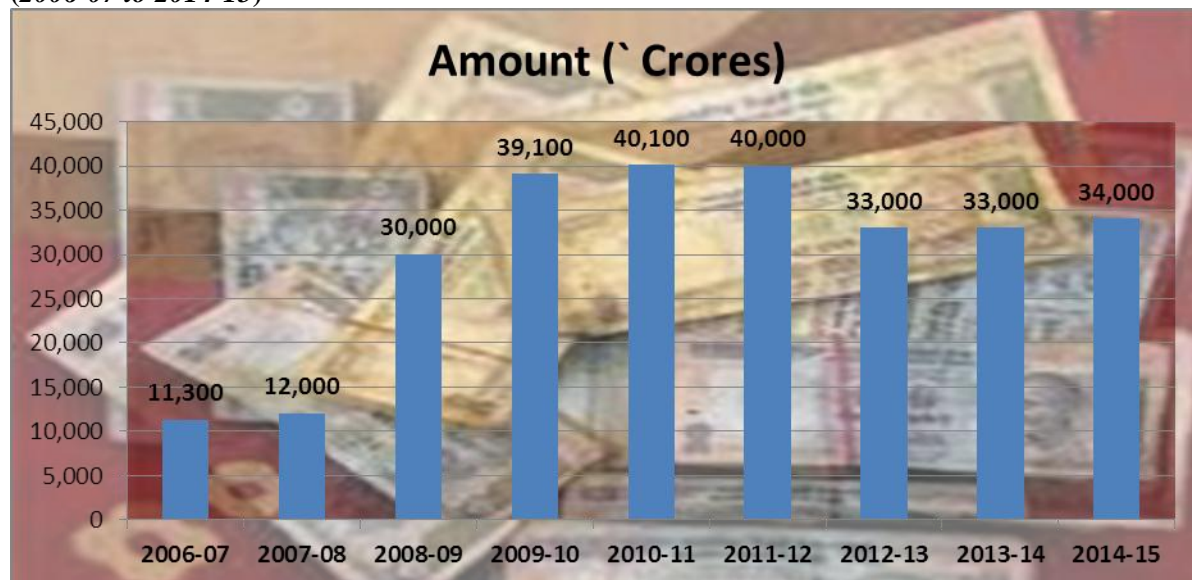
Table No. 01:
Financial Outlay of Government of India for MGNREGA

(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.

MGNREGA – Physical Progress:

Job Cards:

The MGNREGA makes it mandatory for job-seekers to have a job card, for which the rural people have to apply to the Panchayat. The Panchayat are required to provide applicants with job cards within 15 days. Having a Job Card is the first step to demand employment and claim wages or unemployment allowance if job is not provided within the stipulated time frame. Job Card is the most important instrument that can ensure that the workers are not being cheated on their entitlements.

Table No. 02:

Cumulative No. of Households issued Job Cards under MGNREGA during the year 2006-07 to 2014-15.

Sr. No.	Year	Job-card Issued (No. of Households)	% Increase
1	2006-07	3,78,50,390	100.00
2	2007-08	6,47,40,595	171.04
3	2008-09	10,01,45,950	264.58
4	2009-10	11,25,50,610	297.35
5	2010-11	11,98,24,438	316.57
6	2011-12	12,50,75,528	330.45
7	2012-13	13,06,30,183	345.12
8	2013-14	12,81,62,218	338.60
9	2014-15	12,09,92,859	319.66

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

Government of India issued job-cards to the households under MGNREGA. The cumulative

figures of the job-cards issued by the Government are presented in Table No. 02. In the year 2006-07 the Government issued 3.79 crore of job cards. After that the figures increased up to 12.10 crores up to the year 2014-15. A percentage indeed shows the growth from 100 points to 319.66 points during the 9 years.

Demand for Employment:

One of the most important aspects of MGNREGA is that the villagers can rightfully demand the employment. The Act guarantees provision of at least 100 days of employment to each household that demands work and is willing to do manual labor. The percentage of households that have been provided with 100 days of employment is an important indicator for assessing the progress of MGNREGA. The Government is bound to provide employment in response to the demand or provide unemployment allowance in case it is unable to do so. In order to understand the effectiveness of the Act, it is essential to look at the response of the Government in providing employment against the demand raised by the workers. The following Table No. 03 shows the progress of household demands and employment provided under the MGNREGA during the year 2006-07 to 2013-14.

Table No. 03:

No. of Households demanded and provided employment under MGNREGA during the year 2006-07 to 2014-15.

Sr. No.	Year	No. of Households Demanded Employment	No. of Households Provided Employment	Target Achievement (%)
1	2006-07	2,11,88,894	2,10,16,099	99.18
2	2007-08	3,43,26,563	3,39,09,132	98.78
3	2008-09	4,55,18,907	4,51,15,358	99.11
4	2009-10	5,28,64,607	5,25,30,453	99.37
5	2010-11	5,57,63,244	5,49,54,225	98.55
6	2011-12	5,03,48,382	4,98,62,772	99.04
7	2012-13	5,04,11,455	4,85,61,267	96.33
8	2013-14	5,17,65,569	4,76,84,864	92.12
9	2014-15	4,58,99,635	3,94,76,552	86.01

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

It is concluded from the above Table No. 03 that; in the year 2006-07; 2.12 crores households demanded for employment while 2.10 crores households provided employment. During the year 2014-15 the performance of the scheme in demand and supply was recorded 86.01 per cent achievements. The table also shows the target achievement with comparing to number of households demanded for employment. It shows that the average target achievement was seen at 96.50 per cent during the period.

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. No.	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	4,205.60	6,219.98	14,367.95	6,109.10

		(27.43)	(29.27)	(43.3)		(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 (21.63)	3,627.81 (16.60)	13,493.44 (61.77)	21,848.00	11,388.51 (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.

Wage Rate:

The MGNREGA promises 100 days of work a year to each rural household at a pre-determined minimum wage rate. Employment opportunities and wage rates have made a significant impact in rural areas. Wages for rural households under the MGNREGA have increased from Rs. 69 to Rs. 174. The following table shows the wage rate during the period 2006-07 to 2013-14.

Table No. 05:

Average Wage rate under MGNREGA

Sr. No.	Year	Wage Rate In Rs.	% increase
1	2006-07	69	100.00
2	2007-08	74	107.25
3	2008-09	82	118.84
4	2009-10	82	118.84
5	2010-11	100	144.93
6	2011-12	125	181.16
7	2012-13	121	175.36
8	2013-14	133	192.75
9	2014-15	144	208.69

Source: <http://www.thehindu.com>

It is concluded from the above Table No. 05 that the average wage rate in the year 2006-07 was Rs. 69 per day is increased up to Rs. 144 per day in the year 2014-15. Compared to the wage rate per day in 2006-07, it has been increased by more than 2 times in the year 2014-15.

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 the nominal wages have risen sharply during the last eight years at the rate of 14-15 per cent 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 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. 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.

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- 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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