

## MGNREGA's CONTRIBUTION TO JOB CREATION AND POVERTY ERADICATION IN RURAL AREAS

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### ABSTRACT

*Rural poverty is rising in a variety of ways, causing individualities to live in poverty. People in rural areas have inferior life prospects, as substantiated by casing, education, nutrition, and health. The initiative aims to lower the consumption poverty headcount ratio by 10%, raise the real wage rate of unskilled employees to 20%, and create 70 million new job possibilities. The National Rural Employment Guarantee Act (NREGA) aims to improve livelihood security by giving at least 100 days of guaranteed wage employment every financial year to each family whose adult member volunteer to perform unskilled manual work. Later it was renamed as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The MGNREGA scheme's major feature is to offer basic workplace amenities like as drinking water, shade, a first-aid box, and a crèche. This scheme focuses on inclusive growth, natural resource rejuvenation, generating productive assets, protecting the environment, empowering rural women, and reducing rural-urban migration, with the multiple objectives of sustaining income and consumption through wage work, and creating durable assets. This research focuses on the MGNREGA's effectiveness in decreasing poverty by identifying the advantages and obstacles associated with its implementation. The study indicates that the MGNREGA scheme has decreased poverty in the study area by offering improved work opportunities.*

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**Keywords:** *Employment, Poverty, Rural Area, MGNREGA, ILO.*

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### Introduction

According to the International Labour Organization (ILO), the right to social security is a fundamental human right, and it is one of the world's major challenges (ILO, 2010). Only one out of every five people in the globe has adequate social security coverage, while half of the world's population has no such protection (GESS official website). These figures show not just a lack of social security, but also a disparity in the distribution of social security coverage throughout the world. Social security is essential for strengthening the poor's capability to escape poverty and preventing individuals from becoming impoverished. When proper social security coverage is absent, it becomes more difficult to break free from the poverty cycle, and the risk of sliding deeper into poverty increases. Furthermore, social security may help countries achieve economic progress and social stability (GESS official website).

Every economic organization and nation's labour force is considered as its backbone. According to the 2011 census, 71 percent of India's population lives in rural areas, with the majority of them employed in agriculture and similar fields. Rural labour markets are mostly unstructured and informal, and the majority of people rely on agriculture and small-scale enterprises for work (Vettriselvan.R and Balakrishnan.A, 2011). The country's rural population's severe economic and educational backwardness has drew the attention of central and state governments. India took several socioeconomic efforts to improve the lives of rural people while under British colonial rule. Various commissions' and legislative measures' efforts have proved futile.

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The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been a major source of income for rural households in recent years. The scheme offers rural people with 100 days of guaranteed work in order to enhance their socioeconomic status by providing the basic salary. MGNREGA has the ability to enhance the lives of millions of people living in rural areas. Work done under this programme might help reverse previous neglect of rural infrastructure and play a key role in reviving the rural economy. By breaking the cycle of rural poverty, providing work would have a positive influence on health, education, and other social welfare factors. MGNREGA is the most recent in a series of mostly unremarkable rural poverty-relief programs. If more women are given the chance to work, there may be indirect advantages as well, as greater levels of female labour force participation are linked to lower infant mortality rates and better primary school enrolment rates. Rural job opportunities would also curb migration to the urban area. MGNREGA also provide greater bargaining power to traditionally disadvantaged groups and contribute to more mobilization of the rural poor.

### **Statement of the Problem**

Poverty is a major issue in the modern world that affects all developing and undeveloped countries. The problem of poverty is thought to be solvable if the government makes a determined effort. viable chance can be offered to the deprived and the destitute by means of lending asset creating facilities.

Aside from alleviation measures, it promotes "value added" and technological upgrades within the cooperative organizational framework for traditional sectors. These must be managed professionally, with government assistance. The Mahatma Gandhi National Rural Employment Generation Scheme (Vettriselvan.R and Balakrishnan.A, 2014) attempts to alleviate poverty among marginalised populations like rural people. The current study is concerned to sustain underutilization of centrally sponsored programme in the State to remove the poverty by providing additional employment to the local people.

### **Methodology**

The present study is a descriptive research work based on secondary sources. Data was gathered from numerous academic organisations, management experts, and researchers via the internet, articles, newspapers, reports, magazines, journals, reviews, and publications records.

### **Review of Literature**

Poverty levels have shifted in recent decades. Twenty years ago, 93 percent of the world's impoverished resided in low-income nations, but now, 72 percent resided in middle-income countries (Sumner, 2011). In 2010, India was ranked 119th on the Human Development Index. (2010, HDI). India has surpassed China to become the world's fourth largest economy, based on purchasing power parity (PPP) (World Bank website, 2010).

Poverty has risen in rural India (UNDP, 2011), accompanied by rising unemployment (Negi, 2010). The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was passed in 2006 in an attempt to tackle rural poverty.

The Indian government recognised the right to social security by launching the MGNREGA, one of the world's largest rights-based social protection programmes (Hirway, 2005). In short, the MGNREGA provides 100 days of yearly employment to all rural households whose adult members willing to undertake unskilled manual labour for a statutory minimum wage (GOI-Legislative Dept., 2005). The MGNREGA's goal is to transform poverty conditions not just by giving jobs and money, but also by creating long-term assets through the completed work. These initiatives are aimed to tackling the causes of chronic poverty and have the potential to change the rural economy (GOI-MORD, 2008).

### **Objectives of the Study**

- To understand the magnitude of poverty among rural people, particularly those who are socially excluded;
- To examine the extent of employment provided by the MGNREGA to rural people;
- To examine the distribution of MGNREGA-provided employment opportunities for the socially excluded and other poor;
- To recommend appropriate measures for a more equitable distribution of job opportunities in rural areas for socially marginalised communities.

### **Poverty in India**

Close to 300 million people, however, continue to live in chronic poverty on less than one dollar a day. According to the Suresh Tendulkar Committee's latest poverty estimates, 37 percent of people live in poverty. Since the 1970s, the no. of poor in India has been shrunk from encompassing around 50% of the population, to approximately one fourth of the population at present (World Bank, 2011). With a population of over 1.2 billion people (Census of India, 2011), the number of impoverished people in India continues to rise. India is classified as a country with extremely high vulnerability, as defined by the percentage of the population living on less than \$2 per day in Purchasing Power Parity (PPP) and the percentage of people employed in the informal economy (ILO, 2010).

The informal sector employs 93 percent of India's entire workforce, or around 370 million people (GESS official website). Workers are prone to exploitation since they are unrecognised and unprotected by the law, and there are no unions. Furthermore, almost 70% of the workforce is uneducated or illiterate (CSE draft). In India, the quinquennial rounds of national sample survey (NSS) of consumption expenditure have proved helpful in estimating the head count ratio.

Report on the Task Force on Projections of Minimum Needs & Effective Consumption Demands (Government of India, 1979) looked into age, sex, and activity specific nutritional requirements and came up with a per capita norm of 2400 calories for rural and 2100 calories for urban, with a monthly per capita expenditure (MPCE) of Rs.49.09 in rural and Rs.56.64 in urban as the poverty line for 1973-74. The Expert Group on Estimation of Proportion and Number of Poor (Government of India, 1993) recommended using separate poverty thresholds for each state and revising them based on state-specific pricing changes. Until recently, the Planning Commission's official poverty figures were based on this. The present exercise is divided into three parts. First, it critically examines some current literature. Second, it examines the changes in poverty levels that will occur across states and union territories. It also aims to bring up the likely consequences of these developments on state poverty reduction initiatives. Third, it gives estimates of the proportion of impoverished people, the depth of poverty, and the severity of poverty at several levels of disaggregation, such as states, NSS regions, social groupings, and occupational categories.

### **MGNREGA**

In October 2009, the NREGA-2006 was renamed the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). The Mahatma Gandhi National Rural Employment Guarantee Scheme's major goal is to provide livelihood security through creating assets, safeguarding the environment, empowering rural women, minimising migration, and promoting social equality. MGNREGA is a part of a long history of wage-employment programmes. The MGNREGA's most important aspect is that it enriches the law to build a rights-based framework. Its major mechanisms for defining a rights-based approach are: (i) documents like as employment cards, which employees use to express their rights; (ii) exercise of choice by employees; (iii) time constraints on the government to fulfil assurances; (iv) social audits; and (v) compensation and penalties.

#### **Promotional Activities implemented by MGNREGA**

- Works on flood management and protection, as well as drainage in flooded regions, are underway.
- Traditional water sources are being renovated, including the desilting of tanks.
- Beneficiaries of land reforms or the Rural Housing Scheme, particularly Indira Awas Yojana, are in better health.
- Canals for irrigation, including micro and minor irrigation.
- Drought mitigation measures include afforestation and tree planting.
- Water conservation and water harvesting are two important aspects of water management.
- emphasise the importance of rural road connection
- Other projects notified by the Central Government after due consultations, that encourage job creation and land development.

**Table 1: Major players of MGNREGA**

Village panchayat	<ul style="list-style-type: none"> <li>• Prepare village plan</li> <li>• Identify, design and implement 50% works</li> <li>• Set up local institutions to facilitate implementation</li> <li>• Evaluate and monitor implementation</li> </ul>
Block panchayat	<ul style="list-style-type: none"> <li>• Coordinate block level plans</li> <li>• Based on the community plan, identify possible projects.</li> <li>• Design and implement works (not mandatory)</li> <li>• monitoring</li> </ul>
District panchayat	<ul style="list-style-type: none"> <li>• prepare district annual plan</li> <li>• district level coordination of activities</li> </ul>
State government	<ul style="list-style-type: none"> <li>• evolve regulations</li> <li>• set up employment guarantee council</li> <li>• facilitating resource flow</li> </ul>
Central government	<ul style="list-style-type: none"> <li>• rural development ministry nodal agency</li> <li>• ensure fund flow</li> <li>• set up employment guarantee council for advisory</li> <li>• independent monitoring and evaluation</li> </ul>

The primary players in the MGNREGA are listed in the table above. Village panchayats, block panchayats, district panchayats, state governments, and the national government are among the five players who play diverse responsibilities in bringing the programme to the people.

#### **MGNREGA and Employment Generation**

With the goal of reducing poverty, the MGNREGA has created a large number of job opportunities in rural areas. The MGNREGA can target development using the high demand for casual work in rural areas. It has reduced poverty by providing rural populations with more work options.

**Table 2: Employment Generated in India during 2017– 2018 to 2021 – 2022 National Review**

No. of Districts	716
No. of Block	7,168
Total No. of GPs	2,69,400
• Job card issued	
Total No. of Job Cards issued [In Cr]	15.65
Total No. of workers [In Cr]	29.93
Total No. of Active Job Cards [In Cr]	9.87
Total No. of Active workers [In Cr]	15.19
• SC worker against active workers [%]	20.21
• ST worker against active workers [%]	16.11

<b>Progress</b>	<b>FY 2021-22</b>	<b>FY 2020-21</b>	<b>FY 2019-20</b>	<b>FY 2018-19</b>	<b>FY 2017-18</b>
Approved Labour Budget[In Cr]	295.13	385.67	277.63	256.56	231.3102
Person days Generated so far [In Cr]	267.36	389.14	265.35	267.96	233.744
% Of Total LB	90.59	100.9	95.57	104.44	101.05
% As per Proportionate LB	97.24	0	0	0	0
SC person days % as of total person days	19.6	19.86	20.38	20.77	21.56
ST person days % as of total person days	18.04	17.91	18.51	17.42	17.49
Women person days out of Total (%)	54.26	53.19	54.78	54.59	53.53
Average days of employment provided per Household	41.47	51.52	48.4	50.8	45.69
Average Wage rate per day per person (Rs.)	209.41	200.72	182.09	179.13	169.44

Total No of HHs completed 100 Days of Wage Employment	21,41,131	71,99,074	40,60,463	52,59,502	29,55,152
Total Households Worked [In Cr]	6.45	7.55	5.48	5.27	5.1159
Total Individuals Worked [In Cr]	9.25	11.19	7.88	7.77	7.5916
Differently abled persons worked	5,09,430	6,07,463	4,62,917	4,61,880	4,72,216

Source: www.nrega.nic.in

Total Job cards issued [in lakh]	1565.03	1536.7	1407.21	1334.61	1282.74
Registered workers [in lakh]	3155.23	3154.82	3158.96	3159.44	3160.16

During the 2006-07 fiscal year, the scheme was implemented in 200 districts, in this 2.10 crore households were employed and 90.5 crore person days of employment were generated. In 2007- 08, 3.39 million households were employed and 143.59 million person days of employment were generated to covering 330 districts.

In the current financial year, it has provided employment to 6.45 Cr households and generated 267.36 Cr person days of employment in 2021. In total, the MGNREGA was generated 3721.33 Cr person days of employment from its inception. The Act has set in motion a wonderful process for poor people's upliftment. The Act is a weapon of empowerment for the most vulnerable members of village communities, who are victims of social exclusion and political marginalization, by providing employment and asset development for them. The downtrodden people of scheduled caste and scheduled tribe people still they are living in below poverty line are provided employment.

#### Major Findings

- There is steady growth in total job cards issued to the rural people who are all registered for employment from the scheme.
- Data shows that the employment offered to households and the number of days worked are very flexible.
- There is a modest reduction in the number of persons registering for MGNREGA jobs, which might be attributable to the expansion of the rural labour market.
- As a result of the MGNREGA scheme, demand for casual labour has risen.
- The present wage payment mechanism under the plan is for just one type of wage, i.e. there is no provision for wage payment by category.

#### Suggestions

- Under the MGNREGA, the registration and maintenance of Job Cards for villages must be strengthened in order to reduce the risks of people becoming victims of exploitation.
- People's understanding of the MGNREGA should be raised in order for them to use their rights and increase their capacity to prevent being exploited.
- Separate budget head for salary payments under MGNREGA for SC and ST.
- MGNREGA serve as a social security net for the rural poor consist scheduled caste in the landless labours category, the 100-day guarantee of working days each year must be fulfilled to all participants under the Act.
- To reduce the extent of poverty the government should implement this kind of scheme especially for the suppressed landless people of the society in order to bring them above the poverty line.

#### Conclusion

MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) is an unique welfare programme aimed at improving rural livelihoods. MGNREGA is critical in reducing rural poverty because it enhances social respect, purchasing power, and decreases the bargaining of moneylenders and landlords. On the other side, it improves social and economic infrastructure by offering job opportunities and asset development. In a lean season, the labour opportunities given by MGNREGA without discrimination help to prevent migration, which in turn serves to alleviate rural poverty. MGNREGA has

steadily enhanced the level of rural existence by providing efficient salary distribution and genuine work opportunities. Furthermore, the Act is working to improve the livelihoods of rural poor people, and people have a positive impression of MGNREGA's performance. As a result, this initiative had a good influence on women's and SC/ST engagement. It may be inferred that the program's goal of giving work to the most disadvantaged members of society has been met.

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