

# MGNREGA: A Tool for Generation of Employment & Poverty Alleviation

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## Abstract

Many employment generation programmes are being introduced by the Government of India to fulfil the gap of employment generation in rural India. Mahatma Gandhi national rural employment guarantee act is the first ever act in the history of India to provide guaranteed work and wage. This paper studies the effect of MGNREGA on the generation of employment, type of work done under this statute and up to what extent this programme is successful in poverty alleviation in rural India. Many researchers have found that this programme has a huge impact on the employment structure of rural India. The present paper studied and outlines the role of MGNREGA in enhancing the livelihood of poor rural people through twin incorporation of work with skill. Also, there is the need of overcoming the procedure of payment.

**Keywords** - Development, Employment, MGNREGA, Poverty alleviation, Rural growth.

## I. INTRODUCTION

It is being said that root of INDIA is in its rural community. The very core objective of this act is to give every rural poor people an opportunity to work in a guaranteed manner. There are countless poverty reduction programmes run by Indian Government, though unfortunately, the current scenario is still the same. Some were somewhat productive in tending to the issue of poverty while others experienced significant imperfections in their usage. In the year 2005, the Indian Government came up with the first ever Rural Guarantee Act called Mahatma Gandhi National Rural Employment Guarantee Act. Mahatma Gandhi National Rural Employment Guarantee Act is the first statute in the history of India empowering rural India with the power of work. This statute is milestone enactment in the Indian history after freedom. However, the right to work has been made a legal obligation and right for Unemployment remittances if there should arise an occurrence of non-portion of job guaranteed through this Act.

Talking further, the features of this act made this profoundly successful in most recent 10 years from its foundation and gave solidness to the careless structure of provincial India. This statute is regarded

and recognised comprehensively by administration of India and acknowledged on worldwide stage too. This program is considered to be "the largest and most ambitious social security and public works program in the world". In its World Development Report 2014, the World Bank termed it a "stellar example of rural development". In addition, the 43rd Indian labour conference demands that program like MGNREGA should be implemented in the entire nation in a broad approach. The MGNREGA is surely a point of interest in the financial history of independent India which presents a widespread enforceable lawful ideal to the most fundamental type of work with a specific end goal to evacuate unemployment and monetary hardship of the rural poor. It is without a doubt a strong stride towards legitimate authorization of the privilege to work. The Act puts a legitimate commitment to the state and gives a bartering energy to the rural poor by making accountability.

The law was initially called the National Rural Employment Guarantee Act (NREGA) but was renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) on 2 October 2009. The Act was legalised and notified in 200 districts in the first phase with effect from February 2nd, 2006 and then extended to an additional 130 districts in the financial year 2007-2008. The foundation of MGNREGA is to decrease the Poverty and useful in the eradication of hunger. Where this statute is securing the fundamental right of villagers to work and to make them more stable, additionally ensuring the financial foundation through giving guaranteed employment, it also seeks to enhance work market result. The increase in a number of employee wage rates this law also empowers social prosperity and give them firm establishment to live, despite having different lack this law achieve the core desire of work assurance, social protection and mental strengthening. The labour component of the NREGA is supposed to account for at least 60 per cent of total expenditure.

The frequency of poverty in India involves key sympathy toward strategy investigators and scholarly scientists both as a result of its scope and intensity. Improvement interest ought to try to "ensure an adequate standard of living for the

masses, as such, to dispose of the horrifying poverty of the general people". Although the citizen of INDIA has already confronted many debates and speeches about poverty but still no fruitful result we are able to see. However, the Indian government has always been considerate enough to initiate many program/schemes to support their deficiency and exposure. MGNREGA programme is the establishment in the above sequence only.

*"MGNREGA will attract extensive participation if it is made relevant to local development."*

## II. REVIEW OF LITERATURE

Kumar (2014) in his paper examined that Programme has a major impact on rural area. MGNREGA is playing pivotal role in rural employment generation and enhancing the rural livelihood. It is one of major wage employment initiative which provides at least hundred days of employment in the rural area. The panchayat raj institution played a leading role in planning and implementation of the programme. MGNREGA help generating wage employment in the rural area.

Prasad (2012) recognised that the process outcomes include strengthening grass - root processes of democracy and infusing transparency and accountability in governance. It has enabled rural people with sufficient purchasing power and they are able to at least to supports their basic necessity i.e. food. The Act has limited the rural poor to their areas and stopped migration to the cities. It is not only giving rural livelihoods but also involving them in other non-agricultural work. This has helped in handling disguised workers. Employment in other non-agricultural work will also improve the rural infrastructure i.e. rural asset building. It will ultimately lead to sustainable development.

Xavier (2014) finds that the MGNREGA expands wage and consumption of the family units thought about over the pre MGNREGA period and the plan essentially improves the social and financial basic leadership energy to women in the men commanded rural culture. Hence the scheme ensures improved standard of living of the vulnerable poor, more specifically among women. It additionally finds that poor work site resource, hot climate condition and reduction of spare time put them much hardship during the working hours of MGNREGA.

Ahangar (2014) examined that rural women are traditionally homebound; the employment guarantee act played a significant role in curbing gender discrimination and empowering rural women. The scheme is attractive especially for women because it stipulates that one-third of the total workers should be women. Women are found to take this opportunity to freedom from their routine and

tiresome family activities. Thus empowerment of women has emerged as an unintended consequence of MGNREGA. Also depicts that 90 per cent of the surveyed respondent believe that their social status is improved after joining in this programme, especially for widows. They got more self-respect than the earlier period. People are able to mingle with others, share their feelings, and increase their participation in Gram Sabha. All this happened only after joining in this programme.

## III. OBJECTIVES

The main aim of this study is to assess the generation of employment and how far the poverty is alleviated and the definite objectives are as per following:

- To analyse the role of MGNREGA for Generation of employment in Rural India.
- To know the viability of MGNREGA for Rural Growth.
- How MGNREGA able to alleviate the status of poor rural people.

## IV. RESEARCH METHODOLOGY

The information gathered for the review incorporates secondary information. The different sources used to gather secondary information incorporate reports of MGNREGA, research papers, journals and the website of MGNREGA.

## V. STUDY AND DISCUSSIONS

The day this act has come into force the picture of rural unemployment started getting unambiguous. Initially, there were a lot of uncertainties regarding pros and cons of the applicability of this statute. Although the concept of fixed wages to every person enrolled is the strongest point among the entire. Also, MGNREGA mandate 1/3rd as the minimum women enrollment. Unemployment has many in-depth effects other than loss of income, loss of work inspiration, skills and self-reliance, disturbance of family relations, trouble in social life, migration and stress of gender inequalities. The statute contains many of its advantages which specifically or in a roundabout way influenced the life of rural population by giving them dependability and confirmation of work, also helped in controlling migration in extraordinary extent. Less relocation from villages provides stability to the women and the children of their family and opportunity to work by building strong social environment.

As the operations of MGNREGA was left to the Gram Panchayats. Payments of funds were not comprehensive and planned, proving that the scheme is not high on the priority list of government.

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is mostly, financed by the Central Government contributing 90% of the expenses, whereas, the State government has to contribute only 10%. Mahatma Gandhi NREGA is one the recognised example of such scheme which is a demand-driven statute.

**A. Government Objectives of Mgnrega**

**1) Overall Development of the Rural Economy**

The prime objective of this statute is to develop the base structure of the rural economy and the only possible way to develop rural economy is by generating employment. This act helps to empower people at the grassroots level, which is done by the Government effectively through this programme.

**2) Creation of Durable and Useful Assets in Villages**

Here village panchayat has the responsibility to identify the infrastructure gap, estimate resources and employment generation by creating the missing infrastructure. This is then forwarded to District panchayat followed by Block panchayat. By the implementation of this programme, there is the creation of many durable useful assets resulting in the generation of employment.

**3) Reduction of Concerned Migration**

The major challenge in front of Indian Government is the instability of Indian economy and government were aware of the fact that the most portion of the population of the country resides in the rural area. In addition, they were also conscious about the relocations from the rural to urban and from one part of the rural to another part of rural areas.

1. 15% Indian population are beneficiary of this programme. The world's top five largest social wellbeing net projects are all from the middle-income countries.

**Table 1: Total Rural Urban Indian Population Distribution**

Total Indian Population	Urban Population (32.8%)	Rural Population (67.2%)
1,342,976,962	440,496,444	902,480,518

Source: Ministry of Home Affairs, Government of India. Data Retrieved from [www.censusindia.gov.in](http://www.censusindia.gov.in)

**Table 1** Represents the division of total population in the rural and urban area of the country.

2. This programme leads to decrease in migration in rural India. Number of person holding job cards, allotted work and worked under MGNREGA is being shown in the table below:

**Table 2: Total Job Card Holder Under Mgnrega And Person Worked Under Mgnrega**

Year	Rural Population employed under MGNREGA (Job Card Holder)	Total persons allotted work Under MGNREGA	Percentage = people worked Total job card holders	Total persons worked Under MGNREGA

**B. Issues and Challenges**

**1) Demand for Work and Unemployment Allowance**

There is conscious stopping of work by the state government during certain seasons. Rationing of demand greatly challenges the poverty alleviation potential of the Scheme. Non-provision of dated receipts and work within 15 days and non-payment of unemployment allowance are other major process constraints.

**2) Misappropriations in the Scheme**

Somehow the government failed to conduct the proper implementation of this statute. There were many pitfalls and various leakages in this programme. MGNREGA has received serious criticism on account of alleged misappropriations under the Scheme. While there is no denying that in several cases these are true.

**3) Impact on Agricultural Labour**

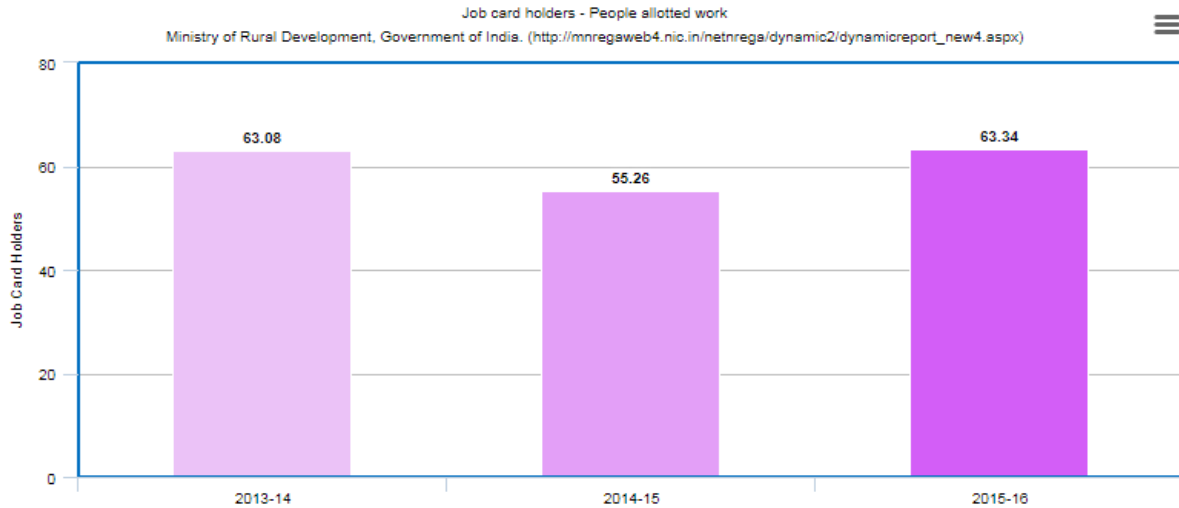
Data from some studies demonstrate that there has been a change in the composition of the MGNREGA labour force where more agriculture labour is participating in the Scheme. As in rural India, there is the majority of structural unemployment which arises due to agricultural work, and in time where were unemployed, they get themselves involve in other unskilled work. Here MGNREGA plays a chief role by generating employment.

**VI. FINDINGS**

From various secondary sources we found that:

2013-14	12,20,08,872	7,69,67,110	63.08%	6,91,87,274
2014-15	12,16,31,397	6,72,19,474	55.26%	5,78,12,553
2015-16	12,37,44,084	7,83,73,918	63.34%	6,76,85,065

Source: Ministry of Rural Development, Government of India. Data Retrieved from <http://www.nrega.nic.in/netnrega/home.aspx>



**Table 2** Indicating the year-wise data of the number of persons having job card under MGNREGA and a total number of person allotted with work under MGNREGA. Below graph represents the same in graphical form.

- The ability of MGNREGA to alleviate the status of Poor rural people. A greater of the research recommends that MGNREGA has led to raising in agriculture wage rates. A study assesses that MGNREGA enhanced the daily agricultural wage rates. The wage outcome is equal for both men and women and is in favour of unskilled labour. Thus, MGNREGA may also be in a roundabout way profiting poor families through the increase in wages of the private sector.

**Table 3: Year-Wise Financial Progress under MGNREGA**

FINANCIAL PROGRESS	FY 2017-2018	FY 2016-2017	FY 2015-2016	FY 2014-2015	FY 2013-2014
Total Exp[In Cr]	25,063.89	57,924.97	44,002.59	36,025.04	38,552.62
Percentage Utilization (%)	78.95%	102.02%	101.43%	95.84%	91.56%
Liability (Wages) [In Cr]	1,285.33	1,465.61	340.44	473.37	470.88
Average Cost Per Day Per Person (In Rs.)	197.54	226.98	202.46	206.13	183.47

Source: Ministry of Rural Development, Government of India. Detailed Dashboard. Data Retrieved from <http://www.nrega.nic.in/netnrega/home.aspx>

**Table 3** Presenting year-wise data of financial progress in MGNREGA. Total expenditure, percentage utilisation of that expenditure, wage liability and cost per day per person in an average. Here we can say that per day per person average is increasing from year 2013-14 to the year 2016-17 but in the year 2017-18, this amount decreases as compared to other previous years.

## VII. CONCLUSION

Without doubt, MGNREGA is the flagship programme and produced benefits when it comes to the development of rural India. The whole employment structure has been changed by MGNREGA. Although, the programme has many parts which need developments. Above paper describe various pitfalls faced by this programme. When it comes to the generation of employment MGNREGA has more job card holders but the allotment of work is not satisfactory. The shortcoming in this part of MGNREGA is no providence of work when required by the card holders, in respect of which Government has to pay wages for that.

Somehow data showed that MGNREGA is very much successful in a gripping rural economy. MGNREGA Stopped huge amount of relocations, availability of work and above all increment in the wage structure in rural India. Fixed wage allotment under MGNREGA leads to change in the wage structure in private sector works done by the rural population.

In spite of many pitfalls in the conduction of the act MGNREGA somehow able to alleviate the status of poor rural people. The foremost thing is the 100days job guarantee rule of the statute, non-Providence of work within 15days will lead to paying without work. Equal participation by rural poor female assures the equality in the workplace. One side where MGNREGA decreased unemployment, on the other side it lacks when it comes to skilled work. The government can think of emerging skill with the work allotted under MGNREGA with an objective of incorporation of skills with development.

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