



# IMPACT OF MGNREGA IN POVERTY ALLEVIATION

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**Abstract:** In India, poverty is one of the major problems which is being faced till date. Poverty has been defined as an income level that is inadequate to meet simple needs. India is the second most populated country in the world and nearly one-third of its population lives below the poverty line. Thus, Poverty has resulted in illiteracy, unemployment, low cost of living, malnutrition among children, and deterioration of health. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was started in 2006 to provide employment and livelihood protection to rural households. Under this scheme, every rural family is guaranteed at least 100 days of employment in a year. The MGNREGS has been essential in providing employment to the rural poor and supporting them to overcome poverty. The scheme has furnished employment to over 40 million households in the previous decade and has been successful in lifting greater than 15 million people out of poverty. It has also helped to reduce income inequalities and has been instrumental in enhancing the living conditions of the rural poor.

**Index Terms - Poverty Alleviation, Unemployment, Inequality**

## I. INTRODUCTION

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), introduced in 2005, stands as a groundbreaking initiative in the realm of poverty alleviation in India. Envisioned as a social safety net, MGNREGA represents a paradigm shift in addressing rural poverty by guaranteeing 100 days of wage employment per year to every rural household willing to engage in unskilled manual labor. This transformative legislation is not merely a policy; it is a testament to the commitment of the Indian government to uplift the most vulnerable sections of society [1].

At its core, MGNREGA seeks to break the cyclical nature of poverty by providing a reliable source of income to those living on the fringes of economic security. By assuring a minimum number of workdays, the program aims to shield rural households from the uncertainties of seasonal employment and economic volatility. This guarantee of livelihood is a crucial step towards not only alleviating immediate financial distress but also fostering resilience in the face of broader economic challenges [2].

One of the distinguishing features of MGNREGA is its emphasis on asset creation. Recognizing that sustainable poverty alleviation requires more than just income support, the program channels its efforts into building crucial rural infrastructure. From constructing roads and water conservation structures to developing agricultural facilities, MGNREGA's impact extends beyond the realm of employment, leaving a lasting legacy of improved living conditions for communities [3].



Social inclusion takes center stage in the MGNREGA narrative. By actively involving marginalized groups, including women and historically disadvantaged communities, the program addresses the deeply entrenched inequalities that perpetuate poverty. This inclusive approach not only empowers individuals but also contributes to the broader societal goal of fostering equality, dignity, and social justice [4].

As we delve into the nuanced layers of MGNREGA's impact on poverty alleviation, it becomes apparent that this initiative is more than a mere policy measure; it is a catalyst for change. Its influence extends beyond the tangible outcomes of income generation and asset creation, weaving a narrative of empowerment and resilience in the fabric of rural India. This introduction sets the stage for a comprehensive exploration of MGNREGA's multifaceted impact, delving into the complexities and nuances of a program that has redefined the contours of poverty alleviation in the Indian context [6].

India is a country of villages and its development is parallel with the development of the people living in the rural areas. Rural Poverty and Unemployment in India have grown rapidly during the last few decades. of 121 crore Indians, 83.3 crore population reside in rural areas and the rural population in Telangana accounts for 21,585,313. Of these 1/3<sup>rd</sup> of the rural population lives Below Poverty Line (BPL).

In order to reduce poverty in rural areas to some extent many programs and plans have been initiated by the Government of India since Independence. Among them Five-year plans played a vital role in reducing poverty, especially fifth five-year plan during the leadership of Smt. Indira Gandhi focused on the slogan "GaribiHatao" which means to eradicate poverty and to attain self-reliance. Direct poverty alleviation programs are important and have continued on an expanded scale in the Ninth Plan. But these programs would be oriented towards strengthening the productive potential of the economy and providing more opportunities for involving the poor in the economic process [7].

## II. RURAL POVERTY ALLEVIATION STRATEGIES IN INDIA

The main determinants of poverty are

- a) lack of income and purchasing power of rural poor which has resulted in lack of productive employment and considerably under employment
- b) a continuous inflation i.e., rise in the price of essential goods, especially food grains which account for 70-80 per cent of the consumption basket; and
- c) Inadequacy of social infrastructure, affecting the quality of life of the people and their employability.

Rural Development has been receiving increasing attention by the Governments across the World. Indeed, Poverty is a global issue. Reduction of poverty in India is, therefore, very important for the attainment of sustainable and millennium goals. Agricultural wage earners, small scale and marginal farmers and casual workers are engaged in non-agricultural activities, constitute the bulk of the rural poor.

Rural Poverty is a multi-dimensional social problem caused by the following factors:

- a) Climatic factors: Floods, droughts, earthquakes, absence of timely rain etc.
- b) Demographic factors: Rapid growth of population, size of the family.
- c) Personal factors: Lack of motivation, idleness.
- d) Social factors: Education, caste system, social customs, traditions.

One of the major challenges before the country is to alleviate rural poverty. Vast majority of rural areas still do not have basic civic amenities, like sanitation facilities, access to safe drinking water, health facilities, inadequate infrastructure, low employment opportunities. Central and State Governments have enhanced the allocations for providing education, health and other provisions in order to promote capacity building and well-being of the poor.



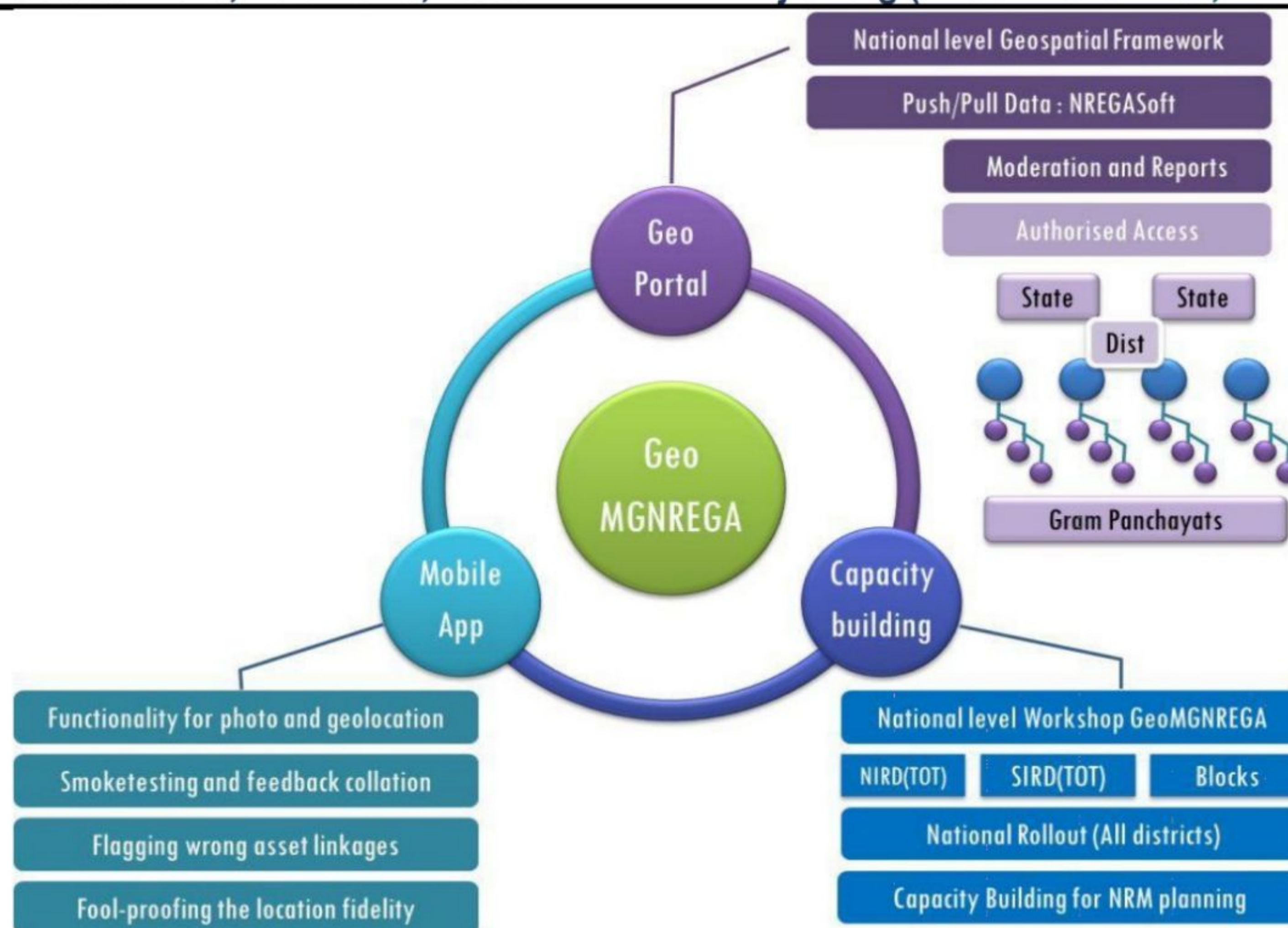


Figure 1: Rural Development MGNREGA Flow chart

Figure 1 Rural development applications are continuously focussing on water and land conservation through systematic planning, implementation of development plans in rural sector. Applications of geospatial solutions and their implementation in rural development sector provide customized near real time natural resources databases, tools for the analytics and drawing the water and land resources plans [9].

There are several initiatives / projects, which are taken up by State and Central Government departments at micro and macro level to enrich the assets required in rural sector for the sustainable development through growth of agriculture like Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) (collected information on 3.5 crore assets), Accelerated Irrigation Benefit Programme (AIBP), Integrated Watershed Management, Programme (IWMP) (collected information on 1.5 Lakh points), and On Farm Water Management (OFWM), National Health Resource Repository (NHRR) Project, Rural connectivity, which uses the latest remote sensing and GIS technologies in operational modes [11].

Rural health sanitation improvement programmes are also playing major role in sustainable development. Several projects are being executed for supporting Ministry of Rural Development and are useful for governance.

One of the major strategies for poverty alleviation in rural India is the promotion of economic opportunities. This can be achieved by increasing access to financial services, such as microfinance, and encouraging the development of small and medium enterprises. Furthermore, the government should focus on creating job opportunities in rural areas, such as promotion of agribusiness and agro-tourism. Additionally, improving access to education, health facilities in rural areas is mandatory to reduce poverty [10].

Another plan of action for poverty alleviation in rural areas is the promotion of sustainable agriculture. This can be achieved by providing farmers with access to modern agricultural technologies, credit, and other inputs. Additionally, the government should focus on improving the quality of agricultural produce and encourage crop diversification.

Finally, it is important to address the social and cultural aspects of poverty. This can be achieved by providing access to basic services such as water, sanitation, and electricity, as well as by promoting social inclusion and gender equality. Additionally, the government should focus on protecting the rights of marginalized groups, such as women and Dalits, and providing them with access to opportunities and resources. By implementing these strategies, India can reduce poverty in rural areas and ensure that all citizens could benefit from the country's growth and development [7].



Furthermore, the Government of India had established an independent Ministry for Rural Development to deal with the matters relating to Poverty Eradication and Employment generation. Various Self-employment and wage employment programs were implemented by the Government like Integrated Rural Development Program (IRDP), Jawahar Gram Samridhi Yojana (JGSY), Million Wells Scheme (MWS), Training Rural Youth for Self-Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), National Social Assistance Program (NSAP), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) etc. The major strategy of the Government behind the implantation of these programs includes:

- a) Ensuring social protection and generation of employment for the vulnerable section of the rural poor
- b) Bring about productive assets
- c) Facilitating social equity
- d) Women empowerment
- e) Cutting of rural-urban migration
- f) Building self-sustaining villages

### **III. MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGA)**

The Mahatma Gandhi National Rural Employment Guarantee Act, or MGNREGA, has come into force with effect from February, 2006 with a budget allocation of 11,300 crore in 200 districts initially and later on extended to all rural districts of India from 2008-09 Financial Year. The Act was renamed on 2<sup>nd</sup> October 2009, as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The Mahatma Gandhi National Rural Employment Guarantee Act, or MGNREGA, is a major legislation which aims to improve the lives of rural people in India. It provides a minimum of 100 days of wage employment in a financial year to rural households across the country, thus helping to reduce poverty and inequality. The MGNREGA has been a major success in terms of providing employment opportunities and ensuring the basic needs of rural households. It has provided employment to millions of people, particularly to women and people from the most vulnerable sections of the society and hence resulted in the empowerment of women and gradually reduced rural poverty. This act has equipped the households to improve their standard of living. It had a positive impact on the environment by encouraging the use of sustainable technologies and promoting the conservation of natural resources [1, 5]. In addition, the MGNREGA has contributed to the creation of local employment opportunities and has helped to reduce the distress migration of rural people. Overall, the MGNREGA is a salient act that has helped to improve the lives of rural poor and has made a significant contribution to India's economic development. Under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) agricultural and rural infrastructure sectors have received attention, including water harvesting and conservation, drought resistance, forestation and tree planting, irrigation canals, micro and minor irrigation works, and the provision of irrigation facilities to land owned by SC/ST households, to land of beneficiaries of land reforms, or that of the beneficiaries. The Act also establishes a minimum wage that must to be paid with gender equality. A set of standards for evaluating works and rate schedules have been implemented by the states. Unemployment compensation must be paid if the work is not completed by the specified deadline of 15 days. Gram Panchayats are required to open a single bank account for MGNREGA activities that is available for public inspection. The Act requires monthly account squaring in order to encourage openness and accountability. The MGNREGA recognizes social audits as essential to its execution in order to maintain public vigilance.

The objectives of Mahatma Gandhi National Rural Employment Guarantee Act are:

- a) Providing wage employment opportunities
- b) Creating sustainable rural livelihoods through regeneration of natural resources
- c) Strengthening rural governance through decentralization.
- d) Supplementing productivity and supporting creation of durable assets.

MGNREGA has become instrumental for inclusive growth in rural India and had its impact on social protection, livelihood security and democratic governance for which it has been considered as the largest anti-poverty program in the world



#### IV. STATUS OF MGNREGA

Over the years, the MGNREGA has seen a considerable increase in the allocation of funds and the number of households that benefit from it. In 2021-2022, the government allocated Rs. 98,000 crores to the MGNREGA. The scheme has been influential in providing a source of income to the rural population and in doing so, has helped to reduce poverty and improve living conditions. A number of studies have also found that it has a positive effect on the agricultural sector and has helped to reduce migration from rural areas to urban areas.

The Government of India has also taken several steps to improve the implementation of the scheme. This includes the introduction of the National Electronic Fund Management System (NeFMS), which allows the Government to transfer funds personally to the beneficiaries' bank accounts. This has helped to reduce the time taken for the payments to reach the beneficiaries and to reduce the corruption as well [6].

Despite its success, there are still some challenges that need to be addressed in order to make sure that the scheme is able to reach to its full potential. These include guaranteeing that the scheme reaches all eligible households, addressing existing gaps in the implementation of the scheme and improving the quality of works undertaken under the scheme. Furthermore, the government must also focus on providing adequate and timely payments to the beneficiaries. Overall, the present status of the MGNREGA is spurring on, with the innovative steps by the GoI to ensure its effective implementation [8].

Activist groups have taken up information dissemination and feedback collection as a means of rights advocacy in India. However, it is not easy given the difficulty in procuring and disseminating information at a large scale. Beneficiaries are often not able to help themselves as information systems are administration facing, because of poor literacy and the inability to access the Internet. Further, beneficiaries are not well informed of their rights and entitlements under different government schemes to know how and when to file grievances. We aim to solve these problems by designing and testing prototypes for information dissemination and feedback collection in various contexts. In our current prototype we describe an automated tool that sifts through the data on an MIS and conveys personalized information to the beneficiaries through voice calls [4]. This is a work in progress, and our first exercise on providing MIS-extracted information to people through phone calls led to 70% of the beneficiaries who noticed a discrepancy in the data to agree to file a grievance on their behalf. We are continuing to scale the work, make it more automated, and run qualitative interviews with all stakeholders to understand causality linkages with transparency led grievance filing, assisted by appropriate ICTs, to increase accountability.

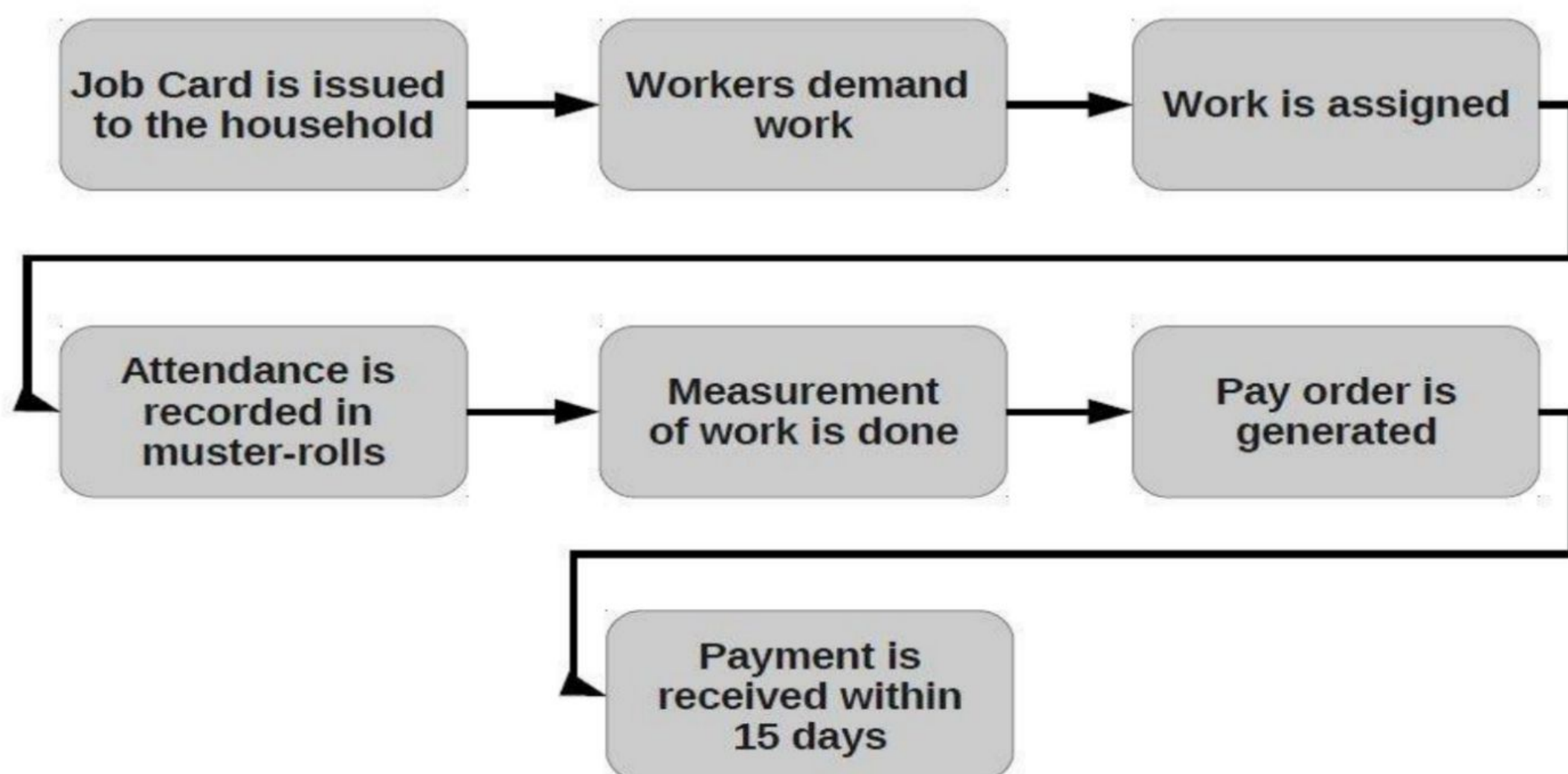


Figure 2. The different stages in NREGA workflow



## V. EMPLOYMENT OPPORTUNITIES THROUGH MGNREGA

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been a comprehensive step in India towards improving the employment opportunities for the rural population. The scheme has done well in providing employment to the rural population in India and has helped reduce the level of poverty in the rural areas. It has helped the people to earn enhanced wages, which in turn has resulted in a hike in the per capita income and improved the standard of living [3].

The scheme has also been instrumental in providing employment to many women who were previously not allowed to do work due to social and cultural restrictions. This has resulted in an increased participation of women in the labour force and has given them financial independence and dignity. Furthermore, the scheme has helped create employment opportunities for the rural youth who have been unable to find jobs in the urban areas and helped them to contribute in the development process.

Overall, the MGNREGA had a positive consequence on the employment opportunities available to the rural population in India. It has provided employment opportunities to lakhs of people and has helped reduce the poverty levels in the rural areas. The scheme has also helped to improve the standard of living of the rural households and has given the rural youth a chance to contribute to the development of their communities.

## VI. CONCEPT OF MGNREGA FOR POVERTY ALLEVIATION IN TELANGANA

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is an Indian labour law and social security measure that aims to guarantee the 'right to work' and provide minimum wages for rural citizens in India. It aims to improve the livelihood security in rural areas by providing at least 100 days of wage employment annually to every rural household whose adult members volunteer to do unskilled blue-collar work. The Act was passed in 2005 and was fully implemented in 2009. The Act indicates the commitment of the Government of India to reduce poverty and offer a measure of economic security to the rural population, who are more susceptible to the vagaries of the market. MGNREGA provides employment opportunity to unskilled and semi-skilled rural workers in activities that help to improve the environment and protect natural resources. These activities include water conservation, land development, afforestation, renovation of traditional water bodies, etc [5]. The wage rate under MGNREGA is based on the Minimum Wage Act 1948, and the payment is done through direct bank transfer to the workers. The Act also provides for social security measures such as unemployment allowance, pension schemes, and accident insurance coverage. The MGNREGA scheme is an important step in the direction of poverty alleviation in India, and it is hoped that it will provide a measure of financial security to rural citizens and bring about a positive change in their lives.

MGNREGA was formerly launched on 2<sup>nd</sup> February, 2006 in Anantapur district of the erstwhile Andhra Pradesh with a perspective to increase the purchasing power of the rural population, decrease problems of migration and to make use of resources in rural India. Later on, the scheme was extended to the whole of erstwhile Andhra Pradesh and also the newly formed Telangana State. The wage rate in Telangana is Rs.257 per day. However, the wage rate may vary from state to state.

## VII. CONCLUSION

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) stands as a transformative force in the landscape of poverty alleviation in India. Since its inception in 2005, the program has left an indelible mark on the lives of millions, offering a beacon of hope to those struggling at the margins of society. The multifaceted impact of MGNREGA on poverty alleviation is evident in various dimensions, ranging from income generation to social empowerment.

One of the paramount achievements of MGNREGA is its unparalleled contribution to income generation among rural households. By guaranteeing 100 days of wage employment, the program acts as a crucial safety net during times of economic uncertainty. This financial infusion directly addresses the immediate needs of families below the poverty line, providing them with a lifeline to weather economic storms.



The creation of rural assets emerges as another hallmark of MGNREGA's impact on poverty. The program has been instrumental in fostering the development of critical infrastructure, including roads and water conservation structures. These assets not only enhance the quality of life in rural areas but also serve as lasting pillars of economic growth, fostering sustainable development that transcends short-term relief.

MGNREGA's commitment to social inclusion is a testament to its transformative potential. By actively engaging marginalized groups, including women and Scheduled Castes/Scheduled Tribes, the program addresses historical inequalities. The resultant empowerment of these communities contributes not only to poverty reduction but also to the broader goal of building a more equitable and just society.

Skill development emerges as a hidden gem within the MGNREGA framework. The program's emphasis on manual labor provides an avenue for acquiring practical skills, positioning beneficiaries for opportunities beyond the scope of the program. This ripple effect on employability contributes to the long-term economic upliftment of rural workers, creating a pathway out of poverty.

However, challenges persist, and the success of MGNREGA is contingent on addressing these hurdles. Implementation issues, such as delays in wage payments and instances of corruption, need urgent attention to ensure the program's effectiveness. Additionally, the seasonal nature of the work provided may limit its impact, necessitating innovative solutions to sustain employment opportunities throughout the year.

In conclusion, MGNREGA stands as a beacon of hope in the fight against poverty, weaving a narrative of empowerment, resilience, and progress in the fabric of rural India. Its impact on income generation, asset creation, social inclusion, and skill development underscores its pivotal role in transforming the lives of the impoverished. As we reflect on its achievements and challenges, it is imperative to fortify MGNREGA's foundations, ensuring that its promise of a brighter future continues to resonate across the vast landscapes of rural India. In doing so, MGNREGA not only alleviates poverty but also charts a course towards a more inclusive and prosperous nation.

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