
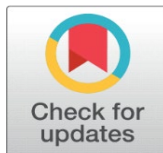
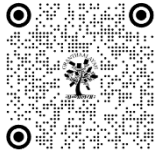


A STUDY ON IMPLEMENTATION OF MGNREGA SCHEME ON POVERTY ELEVATION IN RURAL POPULATION ACROSS THE STATES IN INDIA

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ABSTRACT

India is known for Agrarian economy and two third of the population residing in rural areas. Around 30% of the contribution to Indian GDP come s from Rural India and the national income contribution from rural area is 46%. Developing countries like India possess competitive advantage in producing agricultural products and thereby ranks top in Primary sector. Rural Indian labors, a higher proportion is involved in agriculture. A report by CMIE, 2021 states that the metrics shows a big improvement in the labor participation rate, and the concentration is by rural India. Rural India contributes a very concrete support in our country growth. In order to get balance in the increased population, higher proportion of the people need to put in work. For that the country must be in a position to offer employment opportunity to all, who demand for it. One such useful scheme is Mahatma Gandhi National Rural Employment Guarantee Act (MGNREA) which guarantees 100 days of wage employment in a financial year to a rural household whose adult member volunteers to do unskilled manual wok. If the government fails to provide employment for a registered rural adult, under this scheme government is liable to pay unemployment allowance.

Keywords: Implementation, Mgnrega Scheme, Rural, Population, States, India

1. INTRODUCTION

India is known for Agrarian economy and two third of the population residing in rural areas. Around 30% of the contribution to Indian GDP come s from Rural India and the national income contribution from rural area is 46%. Developing countries like India possess competitive advantage in producing agricultural products and thereby ranks top in Primary sector. Rural Indian labors, a higher proportion is involved in agriculture. A report by CMIE, 2021 states that the metrics shows a big improvement in the labor participation rate, and the concentration is by rural India. Rural India contributes a very concrete support in our country growth. In order to get balance in the increased population, higher proportion of the people need to put in work. For that the country must be in a position to offer employment opportunity to all, who demand for it. One such useful scheme is Mahatma Gandhi National Rural Employment Guarantee Act (MGNREA) which guarantees 100 days of wage employment in a financial year to a rural household whose adult member

volunteers to do unskilled manual work. If the government fails to provide employment for a registered rural adult, under this scheme government is liable to pay unemployment allowance.

India has crossed nearly 12 years with the implementation of the scheme successfully. It is the most important act of the legislation in our country. The idea of this act is to eradicate poverty. Women social status and improved access to income. Moving towards a rich respectful country much more enriched, people need to be involved in employment. It is the largest public welfare scheme. MGNREGA is backed up by the legislation of the parliament and it was passed on September 9th 2005. It is operational in the entire country from 1st April 2008. India has nearly 70000 villages with people of different demographics. It is a right base approach where a citizen of our country can demand for job and government is bound to give. Any adult of 18 years and above can approach MGNREGA scheme for employment. This program equally emphasis on wage and asset creation.

Social protection is one of the requisites for our country's growth. The idea is not only to eradicate poverty but also to deliver a transformative outcome from the resources we have. As because the delivering of the program is good on the floor, State government put its own expenditure. The wage transfer in the scheme is very close without second party intervention, thereby kills the leakages and corruption in the state.

This paper examines the physical and financial progress of the scheme among states and years in the rural divide. For a country's growth it is highly important that people earning pattern and spending pattern.

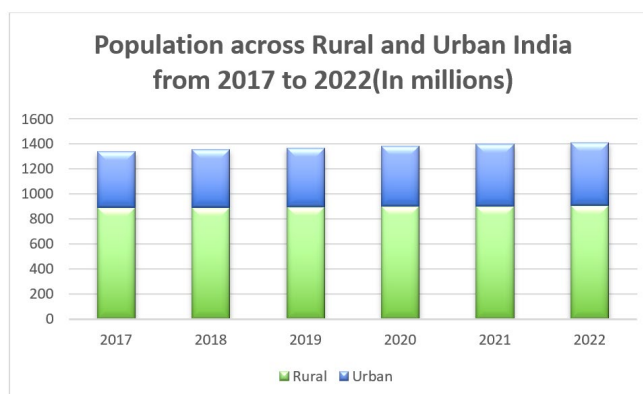


Figure 1 Rural and Urban India Population from 2017 to 2022

Source Generated by MS-Excel from Indiastat.com

The figure illustrates the population across rural and urban India from 2017 to 2022. It is observed that there is a surge in the population strength of rural in comparison with 2017 and it is expected to increase by next year, compare to the urban population.

2. LITERATURE REVIEW

One of the India flagship programs on social security is MGNREGA, which aims at eradicating poverty through job creation. In order to strengthen our natural resources and facilitating agriculture the scheme helps out a lot. A study by (Carswell & Neve., 2014) observed that in Tamil Nadu the scheme reaches out relatively effective in offering employment to women in specific, rural poor and Dalit population. The gross enrollment ratio in higher education is 27% in 2021, though there is an increase compare to the previous ration, on a whole it is less. There is a huge supply of labor for unorganized sector. MGNREGA though is a very impressive program aiming at providing wage employment to rural, it does not have a significant effect in reducing people below poverty lines (Ghose., 2015).

India lives in villages and most of the economic development programs benefit largely the urban population (Sharma & Didwania., 2013). MGNREA schemes will be one such scheme to accomplish its dream of rural India's development hopefully. MGNREGA is the largest law-assisted social welfare scheme in the world for employment generation and asset creation. The government spending on rural schemes helps in a big way to reduce poverty, but not significant enough. Around 6% of the Indian population is living in poverty line (World poverty clock. 2021). A study by (Natesan & Marathe., 2021) records the ineffective administration of the system. The written documents were not put up in action as

mentioned and there is a lacuna. To indicate few lack of procedural clarity in implementation, lack of trust in bureaucratic implementation process and delay of wage payments (Varshney et al., 2018). The key focus of MGNREGA, is to create livelihood security through employment (Chopra., 2015). MGNREGA responds to disaster and social crisis efficiently (Krishnamurthy., 2006). This scheme has gained the attention of the researcher because of its large-scale implementation (Salian&Leelavathi., 2014). The labor force participation is less due to the imbalance in the proportion of organized and unorganized sector (Prema., 2020) and job creation is daunting challenge.

MGNREGA is the unique strategy concerning rural education, the potential capabilities lie with the changes in the implementation process with respect to change in the rural economies, socio-demographic profile of the population (Shah et al., 2018). Researcher widely shared their findings with respect to the pros and cons, challenges in implementation, ideas and suggestion for policy formulation and future perspectives were discussed. This research tries to bring out the investment and expenditure pattern spend by each state in the country.

3. RESEARCH METHODOLOGY

In order to justify the proposed objectives, the study follows descriptive and quantitative analysis. Secondary data sources related to fund released under the scheme over a period of 10 years were collected from Indiatats.com. Other secondary data sources such as rural population details are used in the analysis for a further justification. IBM SPSS 25.0 version and MS Excel is used to analyze the collected data. Tools such as Descriptive Analysis, correlation, Chi-square and ANOVA is used to derive the results.

3.1. SAMPLING

Out of 28 States and 8 Union Territory's in India, the MGNREGA scheme is implemented in all the states and Union Territories. But the study has been limited to 22 states since 99% of the total funds are utilized for scheme implementation through these states.

3.2. DATA COLLECTION

Secondary data has been collected from various websites and IIM data base. The published data is available for state-wise funds released under MGNREGA scheme was available from 2011-2012 to 2021-2022 (up-to 5/8/2021) and the data on state-wise Expenditure incurred was available from 2014-2015 to 2017-2018, 2020-2021 and 2021-2022 (up-to 5/8/2021). The data used for this study is selected for the years 2014-2015 to 2017-2018 and 2020-2021 for both funds released and expenditure by the states under MGNREGA scheme.

3.3. OBJECTIVES

This study investigates the outlay of MGNREGA and its drive in accelerating the growth of rural India.

Main Objective:

- 1) To study the effective implementation of the MGNREGA Scheme and its impact on the reduction in the poverty in rural population.

Other Objectives:

- 1) To study the state wise rural population and implementation of MGNREGA scheme.
- 2) To establish the relation between state wise fund released and expenditure incurred through the MGNREGA scheme.

3.4. HYPOTHESIS

H0: Amount spent on MNREGA Scheme has no significant effect on the reduction of rural people below poverty line.

H1: Amount spent on MNREGA Scheme has a significant effect on the reduction of rural people below poverty line.

4. RESULTS AND DISCUSSION

4.1. GRAPHICAL REPRESENTATION

Data gathered from secondary sources are analyzed and the results are presented here.

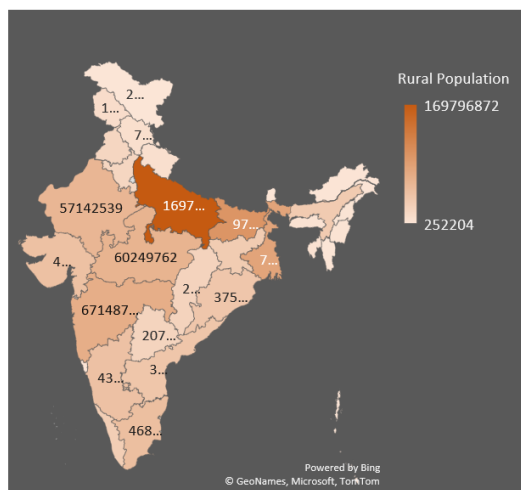


Figure 1 State wise Rural population as on 1.04.21.

Source: Map generated from excel using statistics of Indiatat.com

The above map shows the density of population existence in the rural India. Out of 33 states Uttar Pradesh, Bihar, West Bengal and Maharashtra are the densely populated states which have higher proportion of the rural population.

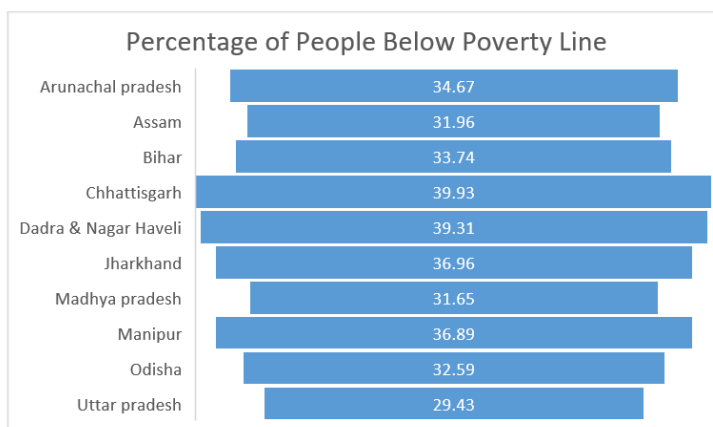


Figure 2 Leading states with the largest proportion of people living below the Poverty Line in India 2021.

Source Generated using MS-Excel from the Statista data

In 2021, the percentage of people living below the poverty line is close to 40 percent in Chhattisgarh followed by Dadra & Nagar Haveli of 39.31% and all other states have nearly 30% and above.

4.2. DESCRIPTIVE STATISTICS

Table 1 Mean, Standard Deviation, Skewness and Kurtosis.

Particulars	Mean	Std. Deviation	Skewness	Kurtosis
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Rural Population %	4.63	4.19	1.971	5.244
Population BPL %	19.79	10.62	0.568	-1.158
Fund Released	4.56	3.74	0.881	-0.557

Table-1 shows the descriptive statistics such as mean and standard deviation, skewness and kurtosis.

The study of Mean reveals the following:

- 1) Out of 22 states taken for study 9 states have population below poverty line above mean of 19.79%. The major states like West Bengal, Karnataka, Uttar Pradesh, Madhya Pradesh, Odisha, Bihar, Jharkhand and Chhattisgarh are having population below poverty line below poverty line above mean. Even after bifurcation of big states into small states the problem of high people living Below Poverty level still continues.
- 2) The states like West Bengal, Karnataka, Gujarat, Tamil Nadu, Rajasthan, Uttar Pradesh, Madhya Pradesh, Maharashtra, and Bihar are having higher rural population above the mean of 4.63%.
- 3) The states like Bengal, Karnataka, Tamil Nadu, Rajasthan, Uttar Pradesh, Andhra Pradesh and Madhya Pradesh are getting higher funds released above the mean of 4.56%
- 4) The states like West Bengal, Karnataka, Uttar Pradesh and Madhya Pradesh even though they get higher share of funds released the rural population BPL is still at very high percentage.
- 5) The study of Standard Deviation reveals the following:
- 6) The Standard deviation for People BPL is widely spread since it is 10.62 compared to mean value of 19.79, the People BPL ranges from 7.05% in Kerala the least to very high of 39.93 in Chhattisgarh.
- 7) The standard deviation for Rural Population and Funds released are closer to their means.

The ideal value for Skewness is +1 to -1. The values for funds released and Population BPL are below +1 indicating the distribution is flat. The skewness for Rural Population is 1.97 which indicates that the distribution is not normal and too peaked.

The ideal value for kurtosis is +3 to -3. The Kurtosis value of 5.24 for Rural Population indicates that the distribution is not normal and too peaked. The values for funds released and Population BPL are below -1 and -0.5 indicating the distribution is too flat.

4.3. CORRELATION ANALYSIS

Table 2 Relationship between Rural Population, Population BPL and Amount spent on MGNREGA among the 22 states

Particulars	Amount spent on MGNREGA	Population BPL	Rural Population
Amount spent on MGNREGA	1		
Population BPL	0.113107	1	
Rural Population	0.57872	0.392231	1

- 1) From the values arrived from the Correlation i.e the relationship analysis there is less positive relation on the Amount spent on MGNREGA Scheme and the population of BPL.
- 2) The relationship between the Amount spent on MGNREGA Scheme and the Rural Population is Moderate Positive Relation.
- 3) The relationship between Rural Population and the population of BPL is also Less Positive relation.

The states are categorized based on the poverty line of the population as three groups such as BPL less than 12% (Low), less than 20% (Moderate) and more than 20% (High).

Table 2(a) Relationship between Rural Population, Population BPL and Amount spent on MGNREGA among the 9 states with Population BPL less than 12% (Low).

Particulars	Amount spent on MGNREGA	Population BPL	Rural Population
Amount spent on MGNREGA	1		

Population BPL	0.091331	1	
Rural Population	0.927283	-0.06788	1

- 1) From the values arrived from the Correlation i.e the relationship analysis there is less positive relation on the Amount spent on MGNREGA Scheme and the population of BPL.
- 2) The relationship between the Amount spent on MGNREGA Scheme and the Rural Population is High Positive Relation.
- 3) The relationship between Rural Population and the population of BPL is also Less Negative relation.

Table 2(b) Relationship between Rural Population, Population BPL and Amount spent on MGNREGA among the 6 states with Population BPL more than 12% but less than 20% (Moderate)

Particulars	Amount spent on MGNREGA	Population BPL	Rural Population
Amount spent on MGNREGA	1		
Population BPL	0.166521	1	
Rural Population	0.693896	0.056849	1

- 1) From the values arrived from the Correlation i.e the relationship analysis there is less positive relation on the Amount spent on MGNREGA Scheme and the population of BPL.
- 2) The relationship between the Amount spent on MGNREGA Scheme and the Rural Population is Moderate Positive Relation.
- 3) The relationship between Rural Population and the population of BPL is also Less Positive relation.

Table 2(c) Relationship between Rural Population, Population BPL and Amount spent on MGNREGA among the 7 states with Population BPL more than 20%

Particulars	Amount spent on MGNREGA	Population BPL	Rural Population
Amount spent on MGNREGA	1		
Population BPL	-0.47996	1	
Rural Population	0.759588	-0.63671	1

- 1) From the values arrived from the Correlation i.e the relationship analysis there is Moderate Negative relation on the Amount spent on MGNREGA Scheme and the population of BPL.
- 2) The relationship between the Amount spent on MGNREGA Scheme and the Rural Population is High Positive Relation.
- 3) The relationship between Rural Population and the population of BPL is also High Negative relation.

The correlation or relationship analysis reveals that the amount spent on MNREGA scheme has a significantly low positive impact on the reduction of people below poverty line. If the amount spend through MGNREGA scheme is increased and fully utilized there will be a greater possibility of upliftment of people from poverty.

The states are categorized based on the poverty line of the population as three groups such as BPL less than 12% (Low), less than 20% (Moderate) and less than 40% (High). Among the three clusters, it is observed that the implementation of the MGNREGA scheme and reduction in the poverty is ineffective. The states which are having higher percentage of poverty are not demanding funds under the scheme so that more projects can be implemented in rural areas for upliftment of the poor people.

4.4. REGRESSION ANALYSIS

Table 4 Relationship between Population BPL and Amount Spent on MGNREGA, Rural Population.

Particulars	Std Deviation	Variance	Adjusted R Square	Std. Error of the Estimate
Regression	.119 ^a	0.014	-0.090	11.08665

a. Predictors: (Constant), Fund Released, Spent

Particulars	Sum of Squares	df	Mean Square	F Value	P Value
ANOVA					
Regression	33.584	2	16.792	0.137	0.873^b
Residual	2335.36	19	122.914		
Total	2368.95	21			
a. Dependent Variable: Population BPL %					
b. Predictors: (Constant), Fund Released, Spent					

The Null Hypothesis is accepted since the Amount spent on MNREGA Scheme has no significant effect on the reduction of rural people below poverty line with P Value of 0.873 which is more than 0.05 the ideal value.

5. CONCLUSIONS

The above study on Amount spent on MNREGA Scheme, Rural Population and Population Below Poverty Line it can be concluded there is no relationship between the Amount spent on the scheme and the reduction rural population BPL though the scheme was meant with that purpose only. The states like Uttar Pradesh, Madhya Pradesh and Bihar with High rural population and Population BPL are not implementing the scheme properly and only when they spent the money properly they will be able to demand more share from the scheme. The states like Tamil Nadu, Andhra Pradesh and West Bengal are getting higher share from the scheme and implementing and reducing their population BPL in Rural Areas. The Union Government should have a separate Ministry to oversee the implementation of the scheme so that the underperforming states will improve their performance.

There is no data available on the number of people registered under this scheme who are not provided with employment and to whom the unemployment allowance is paid. In view of this the scheme should identify every eligible member in the rural area and compulsory enrolment should be done using digital India services or Aadhar details thereby the Government can provide employment to every adult member in the village for productive use for nation building. More capital projects should also be implemented through this scheme thereby the wealth of the nation can be built.

6. LIMITATIONS OF THE STUDY

- The data was not available for the period 2018-19 and 2019-2020 on state-wise amount spent on MGNREGA Scheme.
- The study period was limited for 5 years. i.e 2014-2015 to 2017-2018, and 2020-2021.
- The study was limited to state-wise amount released under the MGNREGA Scheme, state-wise amount spent on MNREGA Scheme, Rural Population and Population Below Poverty Line.

CONFLICT OF INTERESTS

None.

ACKNOWLEDGMENTS

None.

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