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## The Influence of Mahatma Gandhi National Rural Employment Guarantee Act on Inclusive Growth of Rural Area in Madhya Pradesh

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### Abstract:

*Mahatma Gandhi National Rural Employment Guarantee Act is one of the most social welfare schemes for inclusive growth in rural areas. This act is launched on 25<sup>th</sup> of August 2005 and after that renamed on 2nd October 2009. The Mahatma Gandhi National Rural Employment Guarantee Act aims to enhance people's livelihood security in rural areas by guaranteeing at least 100 days of wage employment in a financial year to a rural household whose adult member volunteer to do unskilled manual work. This scheme has not only economically empowered the poor, backward and deprived sections of the society but also included them in the mainstream of development. The study mainly focuses on the essential accomplishments of inclusive growth through MGNREGA in Madhya Pradesh. In this paper, statistical tools have been used for secondary data like Mean, Standard Deviation, Coefficient of Variation and Compound Annual Growth Rate. The analysis reveals that this scheme has the crucial role of inclusive growth in rural areas through social inclusion. Results represent that significant role of MGNREGA in the inclusive development of Madhya Pradesh.*

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**Keywords:**Rural Development, Poverty, Inclusive Growth, MGNREGA, Madhya Pradesh

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### Introduction:

According to Multidimensional Poverty Index (MPI) report 2018, In India there are 271 million people who have come out from the poverty line during the year 2005-06 to 2015-16. Still India exhibits the worst support pattern at the sub-national level. Despite of the enormous gains made in reducing multidimensional poverty, there have been 373 million Indians continue to experience acute deprivation. Apart from this, 8.8 per cent of the population are vulnerable to multidimensional poverty. This makes the biggest challenges for achieving the Inclusive growth for India. The former President Pranab Mukherjee said that "Inclusive growth covering the poorest of poor is the government top priority." Government of India presented the vision for "Faster, Sustainable and More Inclusive Growth" with greater emphasis on inclusive growth in the 12th five-year plan. To reduce poverty and to achieve inclusive growth in rural India, several schemes are implemented by Ministry of Rural Development such that : Mahatma Gandhi National Rural Employment Guarantee Act, Prime Ministers Employment Generation Programme, Mudra Bank Scheme, Pt. DeenDayalUpadhyayaGrameenKaushalYojana (DDU-GKY), DeenDayalAntyodayaYojana-National Urban Livelihoods Mission (DAY-NULM), SarvaSikshaAbhiyan (SSA), National

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Rural Health Mission, Bharat Nirman, Swachh Bharat Mission, Mission Ayush man, PradhanMantri Jan DhanYojana. One of the schemes, as mentioned above is the Mahatma Gandhi National Rural Employment Guarantee Scheme which plays a vital role in achieving inclusive growth. The Mahatma Gandhi National Rural Employment Guarantee Act aims to enhance people's livelihood security in rural areas by guaranteeing at least hundred days of wage employment in a financial year to a rural household whose adult member volunteer to do unskilled manual work. The present paper mainly deals with the MGNREGA Act 2005 and how it is helpful on Inclusive growth of the rural area in Madhya Pradesh by providing hundred days guaranteed wage employment. To fulfil our purpose, Data were collected through secondary resources supplied by the IMIS report on MGNREGA in Madhya Pradesh, Planning Commission, and other sources. The Data has been analyzed to know the influence of MGNREGA on the rural people's employment and inclusiveness.

## Review of Literature

This paper analyzed that the person-days generated in Rajasthan from 2011-12 and 2017-2018 and in which used the statistical tools and find the coefficient of variation in person-days is highest in SC category followed by women gives a clear cut picture of inclusive growth under MGNREGA scheme. This scheme is virtually benefiting the poor and needy persons. It is enhancing the economic security, promoting gender equity and equitable opportunities to disadvantaged groups. The growth rate of the same indicates positive employment status 6% that increase the participation of disadvantaged groups and highlight the pro-poor growth concept. It shows the changing pattern of employment in rural areas, leading to inclusive growth (**Karan and Rekh, 2019**). This paper has discussed on the significant achievement of MGNREGA whereas, augmented wage-earning and livelihoods security of the labour, financial inclusion and disbursement through banks and post office, inclusive growth, women's empowerment, the effect of MGNREGA on agricultural productivity, Renewal of natural resources and sustainable development. MGNREGA schemes have succeeded to increase the participation of marginalized groups in the programme, which are SCs, STs and OBCs. This paper has a backbone to the marginalized groups to generate employment opportunities (**Kumar, 2015**). This study found the evidence that rural women are feeling empowered and equal to man. MGNREGA work did not discriminate between the men and women in terms of their wages. This fact was the most significant confidence boost up for women. During the survey, most of the women on the worksite of MGNREGA reported an improvement in their life and livelihood standards. They could fulfil their life's essential needs from their own wages and without the support of their men become of MGNREGA (**Khan and Saxena, 2016**). This paper analysis India's current position in achieving inclusive growth and sustainable development vis-à-vis 17 selected developed and developing countries. A comparative study of India's inclusive growth position is done with that of the countries chosen by comparing scores and ranking of these countries vis-à-vis India's position across key policy and outcome indicators of inclusive growth. The paper also presents specific guidelines that have a position impact on both



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growth and inequality, and that can be the focus of policy action to achieve inclusive growth across different sectors in India (Aggarwal, Sarika, & Khan, 2019).

### **Objective of the Study:**

- To show the performance of the MGNREGA Scheme in Madhya Pradesh.
- To study the role of MGNREGA to promote the Inclusive Growth of rural area in Madhya Pradesh.

### **Methodology:**

This paper is basically focused on secondary data. Many sources of the data are published and unpublished sources like journals, magazines, books, reports etc. and official records of Ministry of Rural Development and Panchayati Raj, Government of India, Government of Madhya Pradesh, websites. After that use the statistical tools for analysis of data.

### **Inclusive Growth and MGNREGA:**

The concept of Inclusive growth was first discussed in the year 2007 in a conference of the Asian Development Bank, 'Forum on Inclusive Growth and Poverty Reduction'. This concept was added as a subtitle 'Towards faster and Inclusive Growth' in 11th Five Year Plan (2007-12) in our country. Also certain importance was given to this in the draft of the 12th Five Year Plan, in which there are goals such as reducing poverty, improving health and education facilities and providing livelihood opportunities. Therefore the Plan has focused on achieving 8 percent of growth rate with rapid, inclusive and sustainable development and if we see at Global level, the World Economic Forum first started the initiative to base the inclusive growth, which was published as 'Inclusive Growth and Development Report' on January 16 2017. In this report, the Inclusive Development Index-2017 has also been published by studying 109 economies (countries). The index includes 30 developed and 79 developing economies. This index uses 12 indicators for performance measurement of the national economy under three significant parameters- I. Growth and Development II. Inclusion III. Intergenerational Equity and sustainability. According to the Inclusive Development Index-2018, Norway ranks first among developed countries while India is ranked at 62nd in the list of developing countries. Keeping in view the concept of inclusive development, the government has introduced several schemes that will help bring the poor, weaker sections of the society into the mainstream and benefit them from rapid economic growth. One such project is Mahatma Gandhi National Rural Employment Guarantee Act, which has improved the quality life of the people and has played a definite role at preventing migration from villages. The main objective of the scheme is to increase the income of poor villagers by employing them in villages and strengthening the rural economy by building permanent assets in the village, hence this scheme provides significant contribution on rural employment.

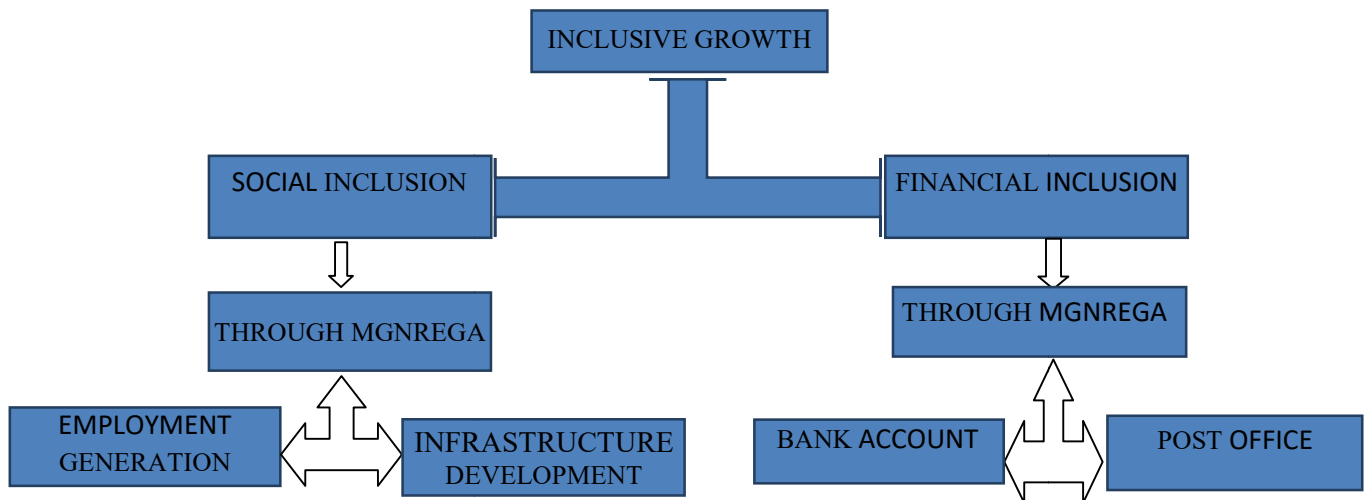


Mahatma Gandhi National Rural Employment Guarantee Act (2005), provides at least hundred days of guaranteed employment in every household to increase the livelihood security of household in rural areas of the country, with adult members volunteer performing unskilled manual work.

**Salient features of MGNREGA are:**

- Right based framework.
- Time bound guarantee of employment.
- Labour intensive work.
- Women empowerment.
- Transparency and accountability.
- Adequate funding by central government.

**Model of Inclusive Growth and MGNREGA**



**MGNREGA in Madhya Pradesh:**

Madhya Pradesh is one of the poorest states, with 37 per cent of the population living below the poverty line as against the average population of 26 per cent in India. When the workers need work, MGNREGA has provided an opportunity to engage the rural workforce with adequate work opportunities within the village. The scheme has been projected as one of the most successful schemes being implemented by the state government. Madhya Pradesh is ranked third nationally than other states. There was an expenditure of 14,388 crore rupees on rural development in Madhya Pradesh in the financial year 2017-18 out of which 2000crore rupees has been disbursed on Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA). The performance of the MGNREGA scheme in the state at present scenario is given below.



**Table: 1 MGNREGA Job cards details**

**State: Madhya Pradesh (up to 02 April, 2020)**

Total No. Of Job cards issued (In lakhs)	70.35
Total No. Of workers ( In lakhs )	159.74
Total No. of Active Job cards (In lakhs)	51.84
Total No. of Active Workers (In lakhs)	93.78
SC workers against Active workers (%)	15.8
ST workers against Active workers (%)	34.51

Source: [www.mgnrega.nic.in](http://www.mgnrega.nic.in)

**Table: 2 Progress of MGNREGA in Madhya Pradesh**

Progress (up to 02 April 2020)	FY	FY 2019-	FY 2018-	FY	FY
	2020-21	20	19	2017-18	2016-17
Person days Generated so far (In lakhs)	0	1931.71	2019.42	1622.46	1130.08
SC person days % as of total person days	0	14.53	16.28	16.74	16.08
ST person days % as of total person days	0	33.24	34.32	31.59	35.63
Women person days out of total %	0	38.11	36.54	37.37	41.3
Average days of employment provided per household	0	53.3	51.79	46.61	40.34
Average wage rate per day per person (Rs.)	0	167.45	168.52	165.46	155.84
Total No. of HHs completed 100 days of wage employment	0	90,656	76,749	1,34,691	1,40,912
Total households worked	0	36.25	39.19	34.81	28.01
Total individuals worked	0	61.77	66.74	60.98	52.03
Differently abled persons worked	0	54,902	59,705	57,967	48,725

Source: [www.mgnrega.nic.in](http://www.mgnrega.nic.in)

**Table: 3 Registered MGNREGA Labour classified report in Madhya Pradesh**

S.No.	Categories	Household Registered	Percentage
1.	SCs	11,68,113	17.12
2.	STs	22,72,063	33.29
3.	Others	33,85,055	49.59
4.	<b>Total Household</b>	<b>68,25,231</b>	
5.	FRA Beneficiary (out of 4 <sup>th</sup> row)	1,45,936	2.14
6.	IAY Beneficiary (out of 4 <sup>th</sup> row)	86,450	1.27
7.	No. of Minorities (out of 4 <sup>th</sup> row)	43,818	0.64
8.	LR Beneficiary (out of 4 <sup>th</sup> row)	41,670	0.61
9.	AABY Beneficiary (out of 4 <sup>th</sup> row)	16,531	0.24
10.	RSBY Beneficiary (out of 4 <sup>th</sup> row)	14,971	0.22
11.	Small Farmer (out of 4 <sup>th</sup> row)	4,85,619	7.12
12.	Marginal Farmer (out of 4 <sup>th</sup> row)	1,28,317	1.88

Source: Government of India, Ministry of Rural Development Report(M.P.), data on MGNREGA, up to 02 April 2020





**Table: 4 Categories Wise Household/Workers**

Categories	Registered Workers	Active Workers	Percentage
SCs	26,53,070	15,10,222	56.92
STs	53,52,128	33,15,044	61.94
Others	81,44,114	45,53,403	55.91
Women	71,42,756	39,25,636	58.07
Total	1,61,49,312	93,78,669	54.96

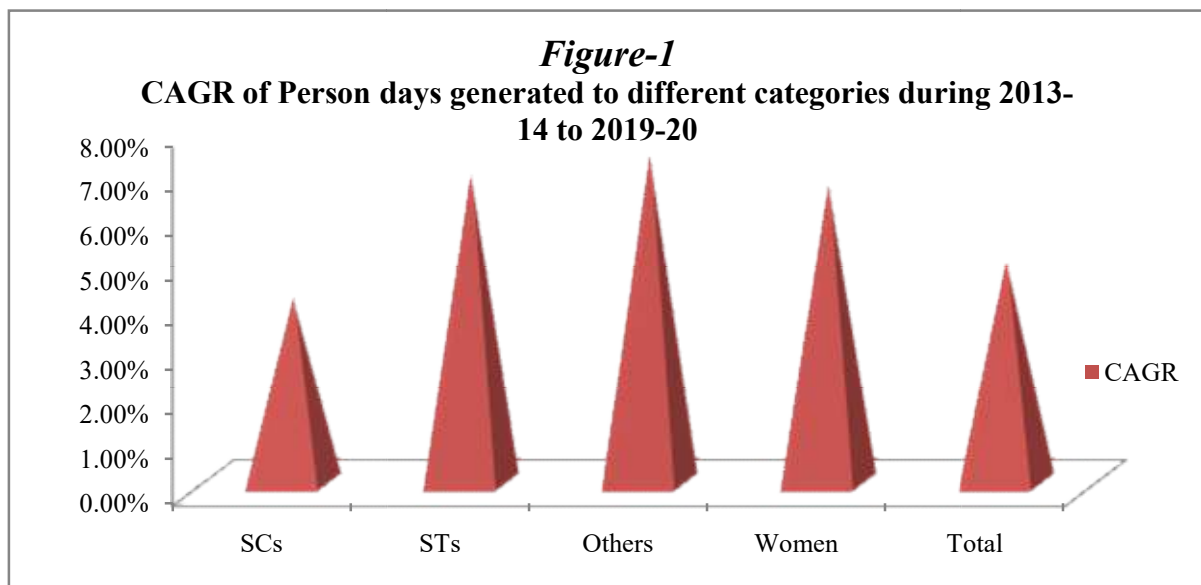
Source: Government of India, Ministry of Rural Development Report (M.P.), data on MGNREGA, up to 03/04/2020

**Table: 5 Number of person days generated to different categories 2013-14 to 2019-20( In Lakhs)**

Year	SCs	STs	Others	Women	Total
2013-14	211.53	402.46	615.37	524.34	1229.36
2014-15	191.34	352.14	631.37	507.70	1174.85
2015-16	200.17	425.18	611.88	533.80	1237.24
2016-17	181.74	402.65	545.67	466.75	1130.07
2017-18	271.56	512.54	838.35	606.35	1622.46
2018-19	330.30	696.52	1002.59	741.59	2029.42
2019-20	280.63	642.17	1009.27	736.32	1932.08
<b>Mean</b>	238.18	490.52	750.64	588.12	1479.35
<b>S.D</b>	56.1794	126.4579	205.1843	117.7445	397.7279
<b>S.E</b>	24.5683	52.3081	96.5319	54.4842	179.8801
<b>C.V</b>	0.2359	0.2578	0.2733	0.2002	0.2789
<b>CAGR</b>	4.12%	6.9%	7.32%	6.67%	4.96%

Source: Government of India, Ministry of Rural Development Report (M.P.), data on MGNREGA, up to 03/04/2020

Note: **S.D**- Standard Deviation, **S.E**- Standard Error, **C.V**- Coefficient of Variation, **CAGR**- Compound Annual Growth Rate.





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### **Results and finding:**

- Table-1 and table-2 shows the overall performance of MGNREGA in Madhya Pradesh. Here Table-1 shows the Job cards details in Madhya Pradesh under MGNREGA schemes. It has issued 70.35 lakhs job cards up to April 2020. It has generated 1931.71 lakhs person-days in FY 2019-20. Currently, the average wage rate is Rs. 167.45 per day.
- Table-3 shows the classification of labour registered under this scheme. Total 68.25 lakhs of household are registered. Employment is being provided in different rural sectors which indicate that the people of rural area are getting the benefits of MGNREGA.
- Table-4 shows the percentage of highest active worker under Schedule Tribe Category followed by women which gives a clear cut picture of Social Inclusion.
- Table-5 shows the number of person-days generated to different categories in Madhya Pradesh from FY 2013-14 to FY 2019-20. The overall person-days generated are 10355.48 lakhs. In this FY 2018-19 maximum numbers of people get employed and the total number stands at 2029.42 lakhs. The minimum number of members gets employed in FY 2016-17, and the number stand at 1130.07 lakhs. During the FY 2013-14 total person-days generated is 1229.36 lakhs, and it's gone up to 1932.08lakhs person-days in FY 2019-20. The table shows calculated mean, S.D., low standard error indicate that the data points tend to be very close to the mean and S.D. and some shows high-value points are spread out over a large gap. Since the coefficient of variation in person-days is lowest in women followed by the S.C.s category, we would conclude that women have less variability than other categories in the person-days generation. This clearly represents gender equality and equal opportunity. In contrast, the table and figure shows that the compound annual growth rate in the scheduled tribes has been the highest and positive growth among the different categories.

### **Postscript:**

Mahatma Gandhi National Rural Employment Guarantee Act scheme is crucial in achieving the Inclusive Growth in Madhya Pradesh. According to IMIS report, the overall performance of MGNREGA in Madhya Pradesh has been better than other states. This state has the largest number of scheduled tribes which has increased their employment opportunities under the scheme. And those beneficiaries have been given employment in this scheme, which actually live below the poverty line. During the financial year, 2013-14 to 2019-20, women have less variability than other categories in the person-days generation clearly represents gender equality and equal opportunity. Whereas the compound annual growth rate in the scheduled tribes has been the highest and positive growth among the different categories clearly represents inclusive growth. It is Social Inclusion through employment opportunities to the different categories and improves the equality of opportunities. It is also helped at creating infrastructure development that can provide environmental services and sustainable livelihood; reduction in distress rural migration and



work participation by SCs, STs, women and disabled persons. The significant role of MGNREGA in Financial Inclusion is connected to financial services to the rural people through bank and post office. No doubt, this scheme has been inclusiveness of the needy person in rural India.

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