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Problem of Poverty and Poverty Alleviation: Impact of MGNREG Programme in India

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Abstract

Poverty is not a recent phenomenon in India. Despite the five and half decades of planned economic growth, a large section of the total population in India is still poverty-ridden and subject to extreme destitution. Thus, a substantial segment of the society is deprived of the minimum standards of living and some of the bare necessities of life. The question of inequality in the distribution of income is also closely connected with the issue of poverty. Though the government of India has taken several development programmes to fight against this menace during the plan period, our country still suffers from this perennial problem. In this paper, the concept of poverty, poverty estimation in India, the trend of poverty rate in rural and urban India, the poverty alleviation programmes, particularly the Mahatma Gandhi National Rural Employment Guarantee (MGNREG) Programme, undertaken by the government and an evaluation of such programmes has been discussed.

Keywords: Poverty, Unemployment, Government of India, Development

1. Introduction

A low level of per capita income is a common characteristic in almost all less-developed countries and this has resulted in large-scale poverty as a serious social evil. Adam Smith remarked that, "No society can surely be flourishing and happy, of which by far the greater part of the numbers are poor and miserable…." Poverty is not a recent phenomenon in India. Despite the five and half decades of planned economic growth, a large section of the total population in India is still poverty-ridden and subject to extreme destitution. Thus, a substantial segment of the society is deprived of the minimum standards of living and some of the bare necessities of life. The question of inequality in the distribution of income is

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also closely connected with the issue of poverty. According to Prof. Pramit Choudhury, the problem of distribution in the Indian context cannot be separated from that of production. It was assumed that the general economic growth process would benefit those at the lower end of the economic hierarchy through an almost axiomatic 'trickle down' effect. It implies that if there is increase in the national income or output then it equally benefits both the rich and poor section of the population. But this assumption, that growth in gross domestic product over time would automatically benefit different section of the people, especially the low income group and would result in a gradual eradication of the problem of poverty, has proved to be an erroneous notion.

Thus, this area of my study was particularly chosen to analyze different aspects of poverty with its changing dimensions. Further, the efficacy of poverty alleviation programme particularly in respect of recent MGNREG programme has created additional query regarding this study.

1.1. Objectives of this study

The particular objectives of this study are as follows:

1. To analyze the concept of poverty based on both income and capability approaches;
2. To indicate the trend of poverty rate in both rural and urban areas during the plan periods;
3. To analyze the correlation between the unemployment rate and poverty rate;
4. To analyze the nature of poverty alleviation programmes undertaken by the government during the plan periods with particular reference to the Mahatma Gandhi National Rural Employment Guarantee Programme;
5. To make an evaluation of these programmes.

1.2. Data source and Methodology

This study is based particularly on secondary data sources like NSSO Reports, World Development Reports, Human Development Report, Planning Commission (India) Reports, Economic Survey (Government of India), and the studies undertaken by the research scholars in this area. The collected data has been presented in the form of tables, charts and diagrams to have better understanding of the trend of poverty in India.

1.3. Literature review

Though there are several studies on different aspects related to poverty in India, it was only possible to go through a few of those studies due to time constraint. Some relevant books/ articles have been consulted to have the knowledge regarding the concepts of poverty and the poverty trend in India. The concept of poverty & its different dimensions have been discussed by Economists like Amartya Sen (1987), A.P. Thirlwall (2003), Debraj Ray (1998), Meiner & Rauch (2010), etc. The growing intensity of poverty in the developing countries of the world as well as in India has been discussed by Economists like Angus Deaton & Jean Dreze (2010-11), S. Mahendra Dev (2012). The poverty alleviation programmes in particular reference to NREG have been discussed by Arnab Basu, Nancy H. Chau & Ravi Kanbur

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(2012). Further, different dimensions of poverty & the concepts of Human Poverty & the multi-dimensional poverty have been discussed in the Human Development Report (2006-2011) published by UNDP. An interesting aspect of Indian poverty has recently been unfolded by the researchers like Abhijit V. Banerjee & Esther Duflo (2011). However the statistical information regarding the incidence of poverty in India as well as in other countries is shown in the World Development Report (2011) & the Economic Survey (2010-11) of the Government of India & the NSSO Reports (several rounds).

2. Concept of absolute and relative Poverty

In the case of absolute poverty or absolute deprivation, a minimum physical quantity of cereals, pulses, milk, butter, etc., are determined, which are supposed to be necessary for maintaining a subsistence level of living (Ray, 1998). Then the price quotations convert these physical quantities into monetary terms. (i.e., the physical quantities are multiplied by the per unit prices of the respective goods). Aggregating all these price quotations, a figure expressing per capita expenditure (PCE) per month is determined.

In the case of relative poverty, income distribution of the people in different fractile groups is estimated. A comparison between levels of living of the top 5-10 per cent (richer section) with the bottom 5-10 per cent (the poorer section) of the population reflects this relative deprivation. Thus, it indicates the relative position of different segments of the population in the income hierarchy. Relative deprivation is also found in affluent societies or developed countries of the world. However, the less-developed countries like India are more concerned with absolute poverty.

2.1. Poverty as Capability Failure

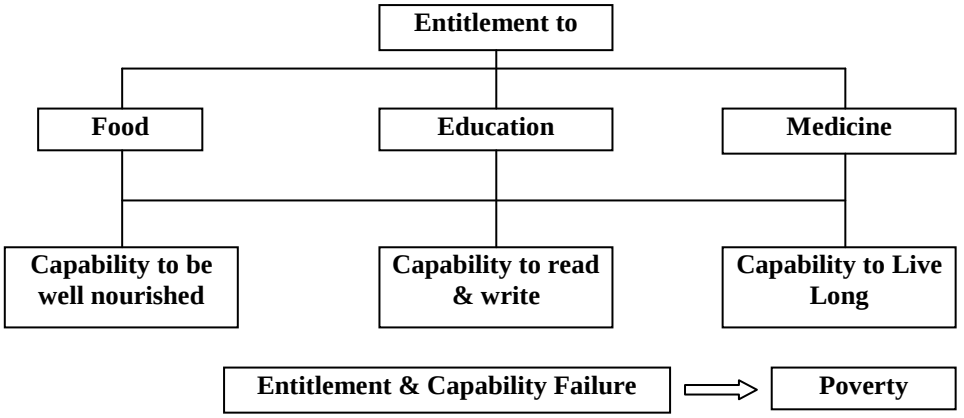
Amartya Sen has explained the concept of poverty in terms of 'Capability Failure' (Sen, 1987; Meier & Rauch, 2010). His explanation indicated that:

i. A person's entitlement to sufficient food gives him the capability to be well nourished.
ii. A person's entitlement to basic education gives him the capability to read and write.
iii. A person's entitlement to basic medical care gives him the capability to live long.

According to Amartya Sen, if a person, using his own intellect and labour power (sound health), is able to convert the characteristics of a commodity into its functioning then it would imply the capability of a Person (e.g., A daily newspaper is of no use to an illiterate person). He believes that despite the sufficient supply of food in any society, such entitlement and capability failure can lead to 'hunger' and 'famine'. A situation of capability failure arises due to factors like*:*

i. A fall in employment opportunities,
ii. A fall in wage rate,
iii. An increase in the prices of foodgrains,
iv. A decline in social security measures,
v. Inadequate access to basic education and health care facilities, etc.

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2.2. Human Poverty and Multidimensional Poverty

Some development economists are of the opinion that, the concept of poverty is not only concerned with the deprivation of any individual in terms of income earnings, but also manifests itself in the form of denial of a long and healthy life, dignity, freedom of choice, self-respect and a decent standard of living. Thus, Human poverty can be defined as a denial of choice and opportunities for living a healthy life (Thirlwall, 2003; Deaton & Dreze, 2010-11).

While measuring the human poverty, the Human Development Report (Prepared by the UNDP) focuses on the deprivation of the following three elements of human life:

a) Deprivation relating to survival: shows the vulnerability to death before the age of 40.
b) Deprivation relating to knowledge: It is measured by the incidence of adult illiteracy in a society.
c) Deprivation relating to a decent standard of living: This aspect of human life is measured by two variables:

i. The percentage of population without adequate access to improved water resources,
ii. The percentage of children (under 5 years of age) who are under–weight.

The Multi-dimensional Poverty identifies multiple deprivations at the individual level in education, health and standard of living. The Human Development Report (2011) showed that about 53.7 per cent of Indian people suffer from such multi-dimensional poverty. The Human Development Report (HDR) prepared the Human Poverty Index (HPI) on the basis of these variables. In 2005, the HDR prepared such HPI for 103 developing countries of the world and INDIA'S rank was as low as 58th. Thus, it clearly reflects the unsatisfactory performance in alleviating human poverty in India.

2.3. Concept of Poverty Line and its estimation

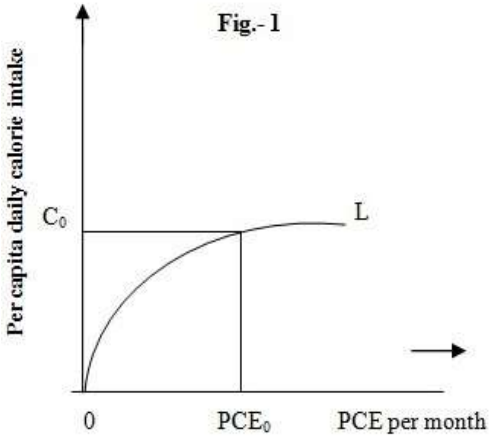
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Poverty line can be defined as the cut off level of consumption expenditure per month which is needed to maintain a minimum acceptable standard of living in a country. However, the experts, who have examined the question of poverty quantitatively, find it difficult to agree on the amount of income that will ensure a minimum consumption standard at any particular point of time (Kapila, 2010-11). Now, those persons whose PCE remains below that cut off level, are considered to be below the poverty line. In this case, the magnitude of poverty is generally expressed in terms of the absolute number of poor persons in a society.

Since the Sixth Five Year Plan, the planning commission had been estimating the incidence of poverty in India at the national and State levels (both in rural and urban areas) on the basis of the recommendations of the task force (1977) on projections of minimum needs. This task force defined the poverty line as the mid- point of monthly per capita expenditure class having a daily calories intake of 2400 calories per person in rural areas and 2100 calories per person in urban areas. Because of the greater physical work done by the rural worker greater calorie intake is necessary. On the basis, the cut-off point of PCE per month turned out to be Rs.49 for rural areas and Rs.57 for urban areas (at 1973-74 prices). However, these figures have been escalated with the increase in price level over time.

It is assumed that there remains a positive correlation between PCE and per capita daily calorie intake as shown in Fig-1[by the upward sloping curve OL]. Thus, for a given minimum value of per capita daily calorie intake (say C_0), we can indicate the corresponding value of PCE per month (PCE_0).

Fig.- 1



Now, for any person, if the actual PCE per month is less than that PCE_0, then he/she would fall below poverty line.

Task force's (1979) estimated poverty line has been revised by the planning commission on the basis of the recommendation of an 'Expert Group' (1989) chaired by Prof. D.T. Lakdawala. This Expert

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Group looks into the methodology for estimation of poverty at the national and state levels and also looks into the question of redefining the poverty line, if necessary. They submitted their report in 1993.The Expert Group came to the conclusion that the rural poverty line should be updated by using the 'Consumer Price Index for Agricultural Labourers' (CPIAL) and Urban poverty line should be updated by using an average of 'Consumer Price Index for Non-manual Employees' (CPINME).

Another Expert Committee, headed by the economist Tendulkar, submitted their report on poverty estimate in 2009 showing the report of poverty line for rural and urban areas.

In Table-1 we show the poverty line based on 1973-74 price level and same based on 1993-94. In each case, per capita cut off amount is higher for the urban area compared to that fixed for the rural area.

Recently, based on the 66th National Sample Survey Organization (NSSO) report of 2009-10, the poverty line has been fixed at Rs.1984 (per capita per month) for urban areas and Rs.1054 (per capita per month) for rural areas of India.

Table-1: Poverty Line with base 1973-74*/1993-94 (Rs. per capita per month)**

Year	Rural (Rs.)	Urban (Rs.)
1973-74*	49.09	56.96
1993-94**	205.84	281.33
1999-00**	327.56	454.11
2004-05**	356.30	538.60
2004-05***	446.68	578.80

*Source: 'Employment & Poverty in India' – K. Sundaram,Economic & Political weekly, July-Aug '07.[***Tendulkar Committee Report, 2009]*

Poverty Estimation in India

The Planning Commission of India has made estimations about the incidence of poverty since the early 1970s. On the basis of the statistical information provided by the NSSO, the planning commission has estimated the percentage of people living below the poverty line in both rural and urban areas (Table-2). In 2009, the Tendulkar Committee gave a revised estimate of poverty for year 2004-05 based on the

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NSSO data. This report indicated that the incidence of poverty was much higher in India as opposed to the official estimate.

According to this report, about 37% of Indian people lived below the poverty line during 2004-05. This percentage was high as about 42% in rural area.

Table-2 [Fig-2(a)] clearly indicates that although during 1973-74 to 1987-88, the absolute number of poor people in India declined from about 321 million to 307 million in 1993-94.This number again increased to 370 million in 2004-05. During the said period, however, there has been a continuous increase in the number of urban poor from about 60 million to 81 million.

The number of rural poor, though declined from about from 261 million to 232 million during 1973-74 to 1987-88, yet this number again increased to 247 million in 1993-94, and further to 289 million in 2004-05.It is also observed that there has been a continuous fall in the percentage of people living below the poverty line during 1973-94.In 1973-74, about 55% of the Indian people remained below the poverty line. However, this figure came down to about 36.0% in 1993-94 but again increased to about 37% in 2004-05 [Table 2 & Fig-2(b)].

The poverty ratio (i.e., the percentage of poor people to total population) has always remained high in rural areas compared to that in urban areas of India. Inadequate income and employment opportunities in India agriculture might be the possible reason behind this disparity. This poverty estimation is called the Head Count Ratio (HCR) where HCR=No of People/Total Number of Population.

Table-2: Planning Commission's estimates about the incidence of poverty in India (% of people below the poverty line)

Year	Absolute number of people below poverty line (million)			Percentage of people below poverty line (%)		
	Rural	**Urban**	**Total**	**Rural**	**Urban**	**Total**
1973-74	261	60	321	56.4	49.0	54.9
1977-78	264	65	329	53.1	45.2	51.3
1983	252	71	323	45.7	40.8	44.5
1987-88	232	75	307	39.1	38.2	38.9
1993-94	247	77	324	37.3	32.5	36.0
2004-05	232	83	315	28.3	25.7	27.5

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2004-05*	289	81	370	41.8	25.7	37.2

*Source: Economic Survey (the Government of India), 2006-07, 2008-09. [*Tendulkar Committee Report, 2009]*

In 2004-05, about 42% of the rural people and about 26% of the urban people remained below the poverty line. Thus, on an average 37% of the Indian people remained below the poverty line. However, there are inter-State variations regarding this poverty ratio. For instance, about 47% in Orissa and 41% in Bihar remained below the poverty line in 2004-05 (Table-3 & Fig-3). These figures were much higher than the all-India average.

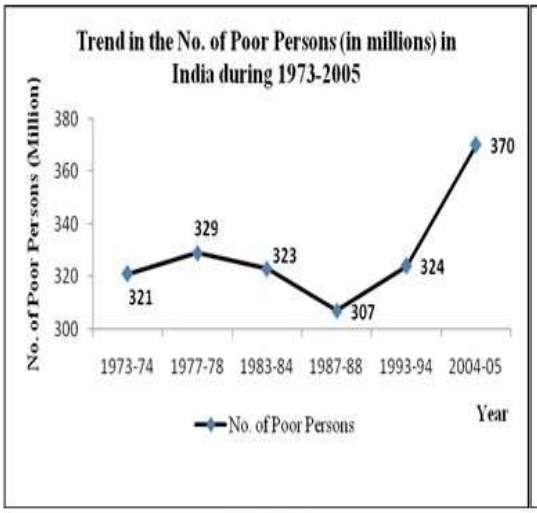


Fig - 2(a)

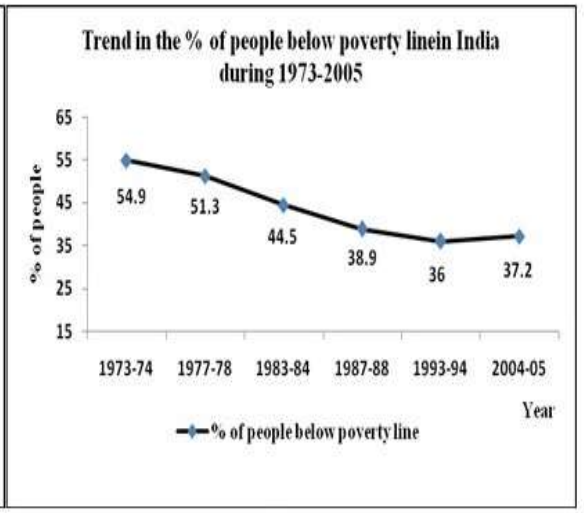


Fig - 2(b)

The Eleventh Plan (2007-12) has set a target of reducing the poverty ratio to 18% by 2012. Some research works have indicated that there is no clear cut evidence of convergence in the incidence of poverty across the states in India (Kapila, 2010-11).

Table-3: Percentage of Population below the Poverty Line across Different States of India in 2004-05

State	HCR	HCR (Rural)	HCR (Urban)	State	HCR	HCR (Rural)	HCR (Urban)

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J & K	4.6	7.9	5.4	**W. Bengal**	28.6	14.8	24.7
Punjab	9.1	7.1	8.4	**Karnataka**	20.8	32.6	25
Himachal Pradesh	10.7	3.4	10	**Maharashtra**	29.6	32.2	30.7
Goa	5.4	21.3	13.8	**UP**	33.4	30.6	32.8
Haryana	13.6	15.1	14	**MP**	36.9	42.1	38.3
Delhi	6.9	15.2	14.7	**Uttarakhand**	40.8	36.5	39.6
Kerala	13.2	20.2	15	**Jharkhand**	46.3	20.2	40.3
Andhra Pradesh	11.2	28	15.8	**Chhattisgarh**	40.8	41.2	40.9
Gujarat	19.1	13	16.8	**Bihar**	42.1	34.6	41.4
Assam	22.3	3.3	19.7	**Orissa**	46.8	44.3	46.4
Rajasthan	18.7	32.9	22.1	**All India**	28.3	25.7	27.5
Tamil Nadu	22.8	22.2	22.5				

Source: NSSO (61st Round), 2004-05; Chaudhuri & Gupta, Economic & Political Weekly, Feb 28-March 6, 2009.

It has been observed, based upon the NSSO Reports for 1999-2000 (NSS0 55th Round) and 2004-05 (NSSO 61st Round), that per capita consumption expenditure of 78.3% and 42.5% of the rural and urban population was less than Rs.20 per day in 1999-2000. For the country as a whole, the per capita consumption expenditure of 68.1% of the population was less than Rs.20 per day.

Per capita consumption expenditure of 71.9% and 32.3% of the rural and urban population was less than Rs. 20 per day in 2004-05.As a whole the per capita consumption expenditure of 60.5% of the population was less than Rs.20 per day in 2004-05.

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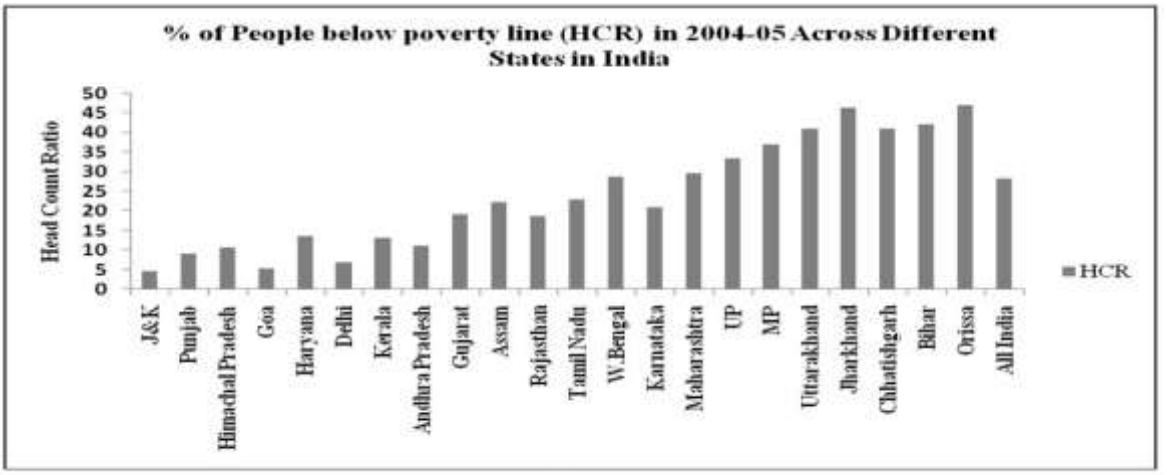


Fig - 3

The Human Development Report (2011) shows that if a PPP (Purchasing Power Parity) $ 1.25 a day is considered as the cut off line, then about 41.6 per cent of Indian people would remain below this poverty line.

Thus several economists like Richard Palmer Jones, Kunal Sen, Utsa Pattanayek etc. are of the opinion that the actual poverty in India is often much higher than the official estimation (Mazumdar, 2012).

2.4. Causes of Poverty in India

Several studies in this area have identified the following causes of perennial poverty in India:

(a) Inequality in the distribution of income and wealth;
(b) Growing population pressure and increasing rate of unemployment or under-employment;
(c) Inflationary pressure and the reduction in purchasing power of the common people;
(d) Greater emphasis on market-based economy since 1991 and the consequent expansion of the private sector enterprises (which often employ capital-intensive technology to maximize their profits);
(e) Growing incidence of casualization in the labour market;
(f) Emergence of a vicious circle of poverty or a poverty trap (which emerges particularly due to low per capita income or low purchasing power creating low savings capacity, low investment, low productivity, low production and again ending up with low per capita income due to growing population pressure), etc.

In this paper, we shall particularly focus our attention to the relationship between unemployment rate and poverty ratio in any country. One of the principal reasons of poverty is unemployment. A considerable degree of unemployment and under-employment among both rural and urban workers are supposed to be

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the main reason causing poverty. In India, a large section of rural labour force is unemployed, i.e. they do not get full-time employment or, if they are engaged in such activity, their earnings are insufficient to fulfill their minimum needs.

However, some economists are of the opinion that lower unemployment rate is neither a necessary nor a sufficient condition for poverty reduction in any nation (Hansda & Ray, 2009). Table -4 shows that both poverty and unemployment rates remained higher in India during 1990s compared to China or Malaysia. However, the unemployment rate in India was lower in India than in Brazil, Indonesia, Korea, Pakistan, Philippines, and Sri Lanka even though the poverty ratio in India was far higher in India compared to these countries.

On the other hand, the unemployment rate in India was higher than in Bangladesh, but India's poverty ratio remained lower than Bangladesh. Perhaps low levels of income flowing from low productive self-employment or low real wages in the labour market can explain such coexistence of high poverty ratio and low unemployment rate in India.

Table-4: Poverty Ratio and Unemployment Rate in Some Countries

Country/year	**Poverty Ratio**	**Unemployment Rate**
Bangladesh (2000)	36.0	3.3
Brazil (2001)	8.17	9.4
China (1999)	17.8	3.1
India(1999)	26.1	4.4
Indonesia(1999)	14.7	6.4
Korea(1998)	2.0	7.0
Malaysia(1997)	2.0	2.5
Pakistan (1998)	13.4	5.9
Philippines (2000)	15.5	10.1
Sri Lanka (2000)	7.6	8.0

Source: Sanyal, M.K; Sanyal, M & Amin, Shahina (2009) (ed)-'Post-Reform Development in Asia', Orient Blackswan.Pg-89-90

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2.5. Poverty Alleviation Programmes in India during the Plan Periods

Poverty alleviation programmes during the plan period, undertaken by Government of India (GOI), can be classified into three broad categories:

a) Initiatives to accentuate the economic growth rate,
b) Strategic intervention for poverty alleviation,
c) Targeted programmes for poverty alleviation.

(a) Growth Oriented Approach:

During the first three five year plans (i.e. 1951-1969), the emphasis was on overall growth of the Gross Domestic product (GDP). It was believed that if the GDP grows at a faster pace, then different sections of people, particularly the poorer sections, would be benefited from that overall growth rate. This is known as the 'trickle down' approach. It assumes that higher growth rate in agricultural output, industrial output & service activities would mean higher employment & income opportunities in all those three sectors of an economy. So, the poor would automatically get such opportunities & their living standard would be improved. However, that agricultural growth rate could not be made impressive despite green revolution. The industrial growth was also not sustained in nature. The growth in the industrial sector could not also generate sufficient employment opportunities. Although the GDP increased in absolute terms but the growth rate of per capita GDP was very low due high growth rate of population.

(b) Strategic Intervention for Poverty Alleviation:

The strategic intervention of the government for poverty alleviation includes:

i. the programmes for the provision of minimum basic amenities to the poor through, say, the public distribution system(PDS), Mid-day Meal Programme for the school children, etc.
ii. the land reforms policy to ensure a more equitable distribution of landholdings,
iii. the policy measures that ensure greater access to institutional credit for the poor people,
iv. Government measures to curb income and wealth inequalities(say, through tax and subsidy policy),
v. Government measures to reduce Gender-Based inequalities [through the implementation of programmes like Support to Training and Employment programme (STEP) since 1987, Rashtriya Mahila Kosh (RMK) since 1993 to support the credit needs of poor woman, microfinance support to Self-Help Groups formed by the poor women, etc.]

These interventions are strategic in the sense that they aim at long-term and permanent solution to the problem of poverty rather than any short-term ad hoc measures.

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2.6. Targeted Programme for Poverty Alleviation: The MGNREG Programme:

The targeted programmes for poverty alleviation can be regarded as a strategy of direct assault on poverty through a series of short-term poverty alleviation programmes. The government of India has undertaken several such programmes during the plan periods, particularly since the Fifth Five Year Plan. In this paper, however, we shall focus our attention only on the Mahatma Gandhi National Rural Employment Guarantee (MGNREG) Programme for poverty alleviation.

In December, 2004 the National Rural Employment Guarantee Bill was introduced in Parliament. According to this bill, every State Government has to provide at least 100 days of guaranteed wage employment to every rural household whose adult members volunteer to do unskilled manual work in each financial year. The NREG Act was passed in 2005. In February 2006, the government has introduced National Rural Employment Guarantee Scheme (NREGS) for poverty alleviation. It has been renamed as Mahatma Gandhi NREGS (MGNREGS).

This scheme also mandates 1/3 participation for women. The primary objective of the scheme is to augment wage employment. This scheme also emphasizes on strengthening natural resource management through works that address causes of chronic poverty like drought, deforestation, and soil erosion and thus encourage sustainable development (Basu, 2012). The MGNREGS was notified in 200 districts in the first phase with effect from 2nd February, 2006 and then this was extended to an additional 130 districts in the financial year 2007-8. The remaining districts with rural areas were brought under this scheme with effect from 1st April, 2008. Out of total outlay of Rs. 40,000 crore approved for 2011-12, Rs.21,471.92 crores has been released to the states/union territories and the total funds available with states, including the opening balance of about Rs. 18,185 crores (on 1st April, 2011), are Rs.41,615 crores. Out of these funds, an amount of about Rs. 21,125crore has been utilized up to January 2012.

2.7. An Evaluation of the MGNREGS

The Economic Survey of the Government of India (2011) has given an outline of the performance of the MGNREGS during 2006-11.

Table-5 shows that the number of households who have been provided employment under the programme, increased from about 2 crore in 2006-07 to about 5.5 crore in 2010-11. During the same period, person-days employment (1 person day = 8 hrs. of work/ day/ worker) has increased from about 90 crore to about 257 crore across the country. The share of women in this employment was about 48 per cent in 2010-11.Further, the share of SC/ST communities in this employment was about 52 per cent in 2010-11 At national level, the average wage paid under the MGNREGS has increased from Rs. 65 in the financial year 2006-7 to Rs.120 in 2011-12 (up to November 2011). This has led to substantial increase in purchasing power leading to strengthening of the livelihood resource base of the rural poor in India.

The MGNREGS has successfully raised the bargaining power of agricultural labour, resulting in higher agricultural wages, improved economic outcomes, and reduction in distress migration. However,

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with better planning of project design and capacity building of the panchayati raj institutions (PRIs), pitfalls in implementation could be plugged to a great extent and the assets so created could make a much larger contribution to increasing land productivity. Many initiatives are being taken for better and more effective implementation of the MGNREGS.

Some studies also indicate that this programme has led to an enhancement in women empowerment in terms of higher earning and decision-making capability in families in the states like Bihar, Jharkhand, Rajasthan, Himachal Pradesh etc. (Pankaj et. Al., 2010)

Table- 5: Performance of the Mahatma Gandhi NREGA (National Overview) from 2006-07 to 2010-11

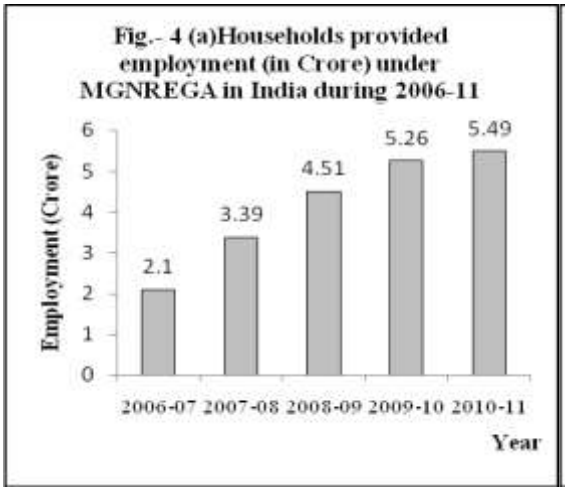
No. of Districts Covered/ Period	Households provided employment (in Crore)	Percentage (%) of women in total person-days generated	Person-days generated (in crore)	Average person-days of employment per household (No.)	Share (%) of SCs/STs in total person-days generated	Share (%) of wages in total expenditure	Average wage per person-day (Rs.)	Share (%) of water conservation works
200 Districts 2006-07	2.1	40	90.5	43	61	66	65	54
330 Districts 2007-08	3.39	43	143.59	42	56	68	75	49
All Districts 2008-09	4.51	48	216.32	48	54	67	84	46
All Districts 2009-10	5.26	48	283.59	54	51	70	90	51
All Districts 2010-11	5.49	48	257.15	47	52	68	100	48

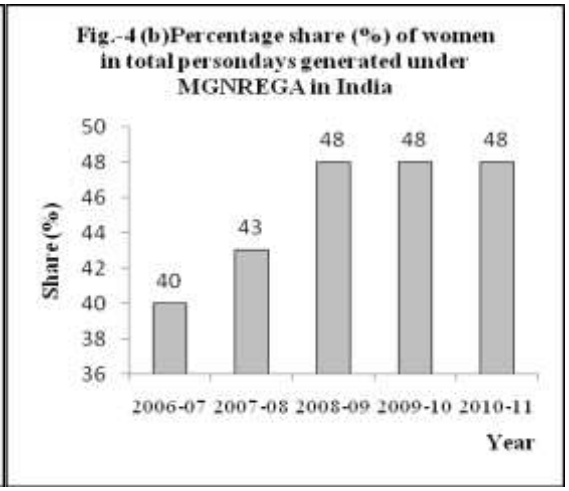
Source: Economic Survey (2011-12), Govt. of India

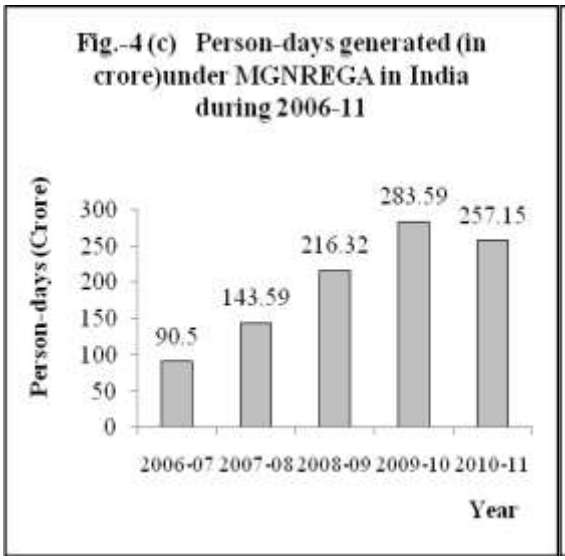
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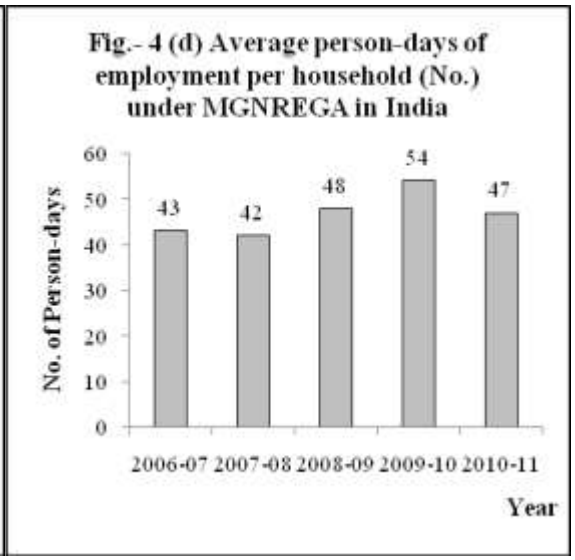
The performance of the MGNREGA since its inception has been showing an upward trend in terms of households provided employment, average wages per person-days, and percentage share of women in total person-days generated. Though the share of women has almost stagnated at 48 per cent, it is well above the stipulation of one-third in the Act. Person-days generated both in absolute terms and average person-days per household however show a slight fall in 2010-11 [see Fig.-4(a) - 4(h)] which may be due to the fact that demand came down owing to a good monsoon.

While the overall performance of the MGNREGA has been good, there is scope for improvements like focused planning, shifting to permanent asset and infrastructure building activities, skill upgradation for enhanced employability, reducing transaction costs, better monitoring, avoiding peak seasons in agriculture, and extension to urban areas.









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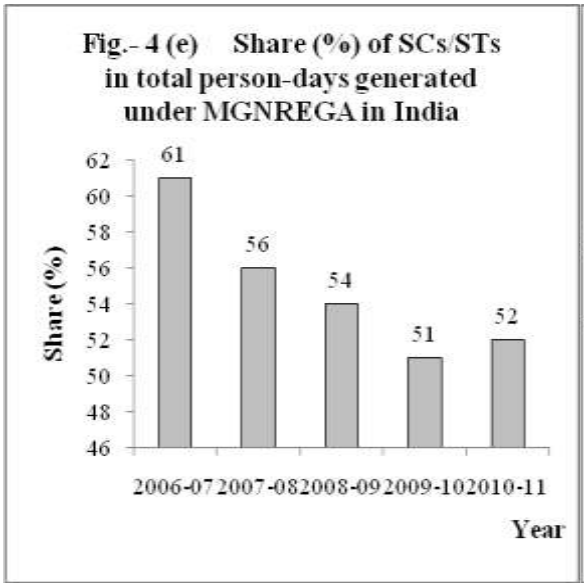


Fig.- 4 (e) Share (%) of SCs/STs in total person-days generated under MGNREGA in India

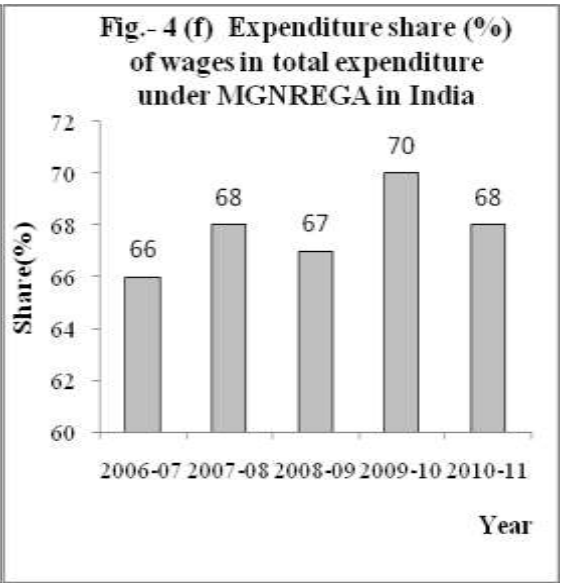


Fig.- 4 (f) Expenditure share (%) of wages in total expenditure under MGNREGA in India

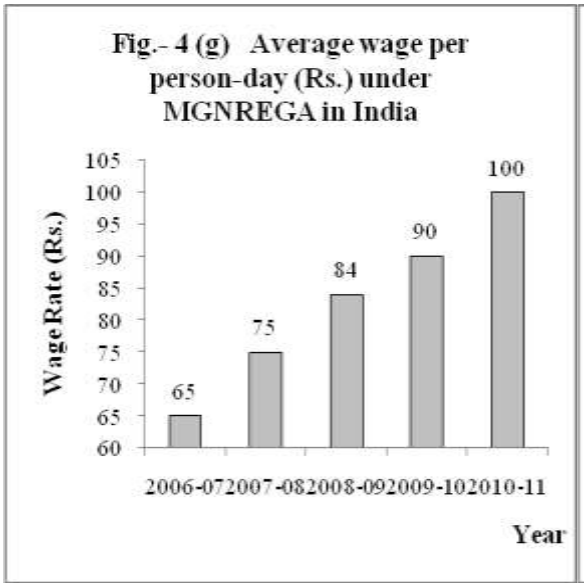


Fig.- 4 (g) Average wage per person-day (Rs.) under MGNREGA in India

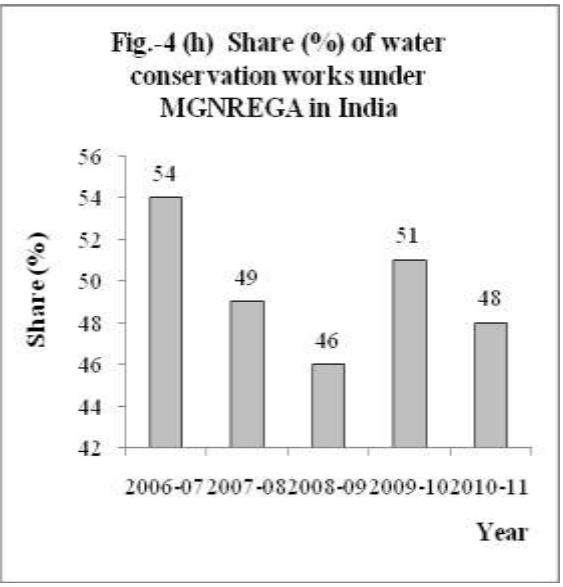


Fig.-4 (h) Share (%) of water conservation works under MGNREGA in India

Now, we can show the performance of the MGNREFA across different States of India (Table- 6).

Table-6 shows that MGNREGA could benefit relatively greater percentage of households in states like UP, Andhra Pradesh, Rajasthan, West Bengal, Bihar, Tamil Nadu, MP, etc. However, the households residing in the states such as Punjab, Haryana, Himachal Pradesh, Uttarakhand, etc. were least benefited from this programme. The Economic Survey Report (2010-11) of the government of India states that under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS),

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maximum employment during 2009-10 was provided in Rajasthan followed by Andhra Pradesh, Uttar Pradesh, Madhya Pradesh, Tamil Nadu and Bihar.

Table-6: Percentage of households provided Employment During 2010-11 in different States under MGNREGA

State	**Household (%) benefited**	**State**	**Household (%) benefited**
Andhra Pradesh	11.28	MP	8.02
Assam	3.27	Maharashtra	0.82
Bihar	8.62	Orissa	3.65
Chhattisgarh	4.52	Punjab	0.51
Gujarat	1.99	Rajasthan	10.66
Haryana	0.43	Tamil Nadu	9.04
HP	0.81	UP	11.70
Jharkhand	3.62	Uttarakhand	0.99
Karnataka	4.05	West Bengal	9.10
Kerala	2.14	All India	100.0

Source: Economic Survey (2011-12), Govt. of India

In terms of share in person days under the MGNERGS, the share of SCs was highest in Punjab followed by Tamil Nadu, Uttar Pradesh, Haryana, and Bihar, while the share of STs was highest in Madhya Pradesh followed by Jharkhand, Gujarat, and Chhattisgarh. The share of women was highest in Kerala followed by Tamil Nadu, Rajasthan, and Andhra Pradesh.

The MGNREGS, as it stands, explicitly eliminates two important criteria inherent in Employment Guarantee Schemes (EGS), particularly those that have been instituted in the state of Maharashtra: (i) public works programmes should not compete with agricultural labour hiring decisions and (ii) public works programmes should generate a productive asset that directly impacts agricultural productivity. However, with Indian agriculture largely characterized by seasonality—as lack/lean season when agricultural labour demand is low and a peak/harvest season when labour demand is high—it can be reasonably assumed that the public employment, guaranteed for at least 100 days, will be instituted during

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the lean season when the rural labour force is most vulnerable (Basu & Maertens, 2012). By removing the constraint that productive assets must be created to impact agricultural productivity, the NREGA allows for a certain leeway regarding the location of public works programmes. However, in many cases, it has been observed that MGNREGS has also initiated rural works activities during the peak season also. This has led to an increase in the labour costs in farming activities.

Now, the question is whether the MGNREGS can raise both private-sector wages and employment. The answer lies in how the labour supply schedule available to private employers in agriculture reacts to the opposing effects of the MGNREGS. This scheme can generate two opposing effects: (i) it can reduce the supply of workers to the private sector and (ii) it can lead to higher wages in the private sector (by ensuring an increased minimum wage rate even during the lean season in public works programme) and, hence, can make private sector employment more lucrative (this has been termed as the 'contestability effect' of MGNREGS). Intuitively, if the disposable income generated by public works programmes is low enough relative to the disposable income generated from private employment, then the contestability effect should dominate, leading to an increase in both private-sector wages and employment (Basu & Maertens, 2012).

Again, in many cases, the public works programme did not help in the creation of productive assets in rural areas. For instance, in many arid and semi-arid regions, though the workers have been engaged in digging, the work process failed to create a pond. Hence, the ability of such a programme in stabilizing rural employment (that faces productivity shocks and uncertainty) is questionable. If the government can credibly announce the wage and the location of public works programme for each and every possible productivity level, then the MGNREGS can, in principle, provide complete insurance to workers. However, the nature of the MGNREGS leaves considerable discretion for the locational choice of public works programmes and other benefits at the worksite (often dominated by the bureaucratic decisions). This, coupled with the inability of the government to fully anticipate productivity shocks, maybe viewed as providing only partial stabilization in rural employment (Basu & Maertens, 2012). Actually speaking, no authority, either of the State or of the market, should have the power to decide whether the benefits should trickle down or permeate up, because the benefits should follow from the participation of the people in development programmes as their right. Therefore, the central issue is one of widest participation in development programmes (Bhaduri, 2005). Otherwise we cannot expect 'development with dignity' for the poorer sections of the people.

3. Conclusion

Despite several criticisms against such poverty alleviation programmes, we cannot deny the positive role of government intervention in the form of all such support programmes in poverty alleviation and employment generation in India. Though several economists are in favour of free market mechanism which gives more importance to privatization for the solution of inefficiencies in the distribution of resources in our economy, the issues of social justice and welfare are denied in such market-based approaches. Hence, instead of speaking in favour of more privatization, we should be more careful about the wastages in fund utilization in these poverty alleviation programmes, improper implementation of

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welfare programmes and find ways to evolve newer methods that could reduce the loopholes of these poverty alleviation measures. Careful understanding of the motivations and the constraints of everyone (the poor people, civil servants, elected politicians etc.) can lead to policies and institutions that are better designed, and less likely to be perverted by corruption or dereliction of duty. This can be the start of a quiet revolution. (Banerjee & Duflo, 2011)

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