

# Role of Mgnrega in Poverty Reduction: A Case Study of Ranchi District of Jharkhand

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## ABSTRACT

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) reduced poverty by up to a third and gave a large number of women their first opportunity to earn cash income. The part of the rural job market that the MGNREGS did seem to have a more significant impact on rural workers. MGNREGA offers, at least, 100 days of unskilled manual work to every rural household in a year. Households have traditionally used MGNREGA wages to supplement other sources of income and smooth consumption gaps, but its indirect benefits include the building of rural infrastructure, strengthening of grass-root institutes and skill development.

Since 2000 India has experienced rapid economic growth and a sharp decline in poverty. But employment has grown more slowly. And although agriculture contributes 18 per cent to the Indian economy, it continues to employ 47 per cent of the workers. The difference between 47 per cent of workers in agriculture and their contribution is only 18 per cent to the Indian economy reflect disguised unemployment (i.e., crowding of workers in agriculture sectors) in agriculture particularly women. During 2005, Indian economy was growing at the rate of 7 – 8 per cent but income disparity was widening. Labour class were not getting the benefit of market reforms, growth and globalisation. In this context, government intervention was required. Thus, government intervened in the economy through National Rural Employment Guarantee Act to provide employment to unskilled workers in rural areas. This programme is designed to provide income protection against poverty in rural area. A majority of the poor in rural areas of the country depend mainly on the wages they earn through unskilled, casual, manual labour. They are often on threshold levels of subsistence, and are vulnerable to the possibility of sinking from transient to chronic poverty. Inadequate labour demand or unpredictable crises that may be general in nature, like natural disaster or personal like ill-health, all adversely impact their employment opportunities. The choice of works under NREGA seeks to address the causes of chronic poverty such as drought, deforestation and soil erosion. In order to attack on causes of chronic poverty and bringing excluded people into the mainstream of economic development, the Government of India is focusing on rural development through agriculture development under MGNREGA. MGNREGA is different from other employment and poverty alleviation programme in the sense that it is a legal framework and right to work based programme. Besides, it has bottom-up, demand driven structure with built-in social audits. The Government of Jharkhand is working to fulfill the resolve of ensuring a life full of self-respect to the poor by providing them employment as per the need. Earlier, during the Covid-19 epidemic, the government worked to support lakhs of laborers and now their wages under MNREGA have also been increased by Rs 27. Now MNREGA workers will be given Rs 237 instead of Rs 210. In the midst of rising inflation, due to increase in wages by Rs 27, the life of MNREGA workers can definitely become

a little easier. This paper investigates Role of MGNREGA in poverty reduction and finds how MGNREGA is supporting economic development by creating community/productive assets at the level of villages.

**Keywords:** MGNREGA, Rural, impact, income, Job, Poverty alleviation,

## I. INTRODUCTION

The objective of MGNREGA scheme is to reduce rural poverty and generating huge employment and improve rural infrastructure. The MGNREGA is a revolutionary step for India's poor. It is the *biggest anti-poverty programme* in the world. Thus MGNREGA is considered as a “*silver bullet*” for alleviating rural poverty and generating huge employment. In general, poverty can be defined as a situation when people are unable to satisfy the basic needs of life. It may be also analyzed by low per capita income and low per capita energy consumption, housing condition, availability of basic amenities and facilities (drinking water, sanitation etc.).

MGNREGA is considered the most significant act in the history of the Indian polity in many ways like grass root level participation of every citizen and beneficiary through democratic process, multilayered social audit and transparency mechanism by involvement of civil society, comprehensive planning at village level towards sustainable and equitable development etc. MGNREGA is considered as a Growth Engine as it brings prosperity in rural economy via increased consumption demand. The rural people *considered MGNREGA as a promising boon* for improving their standard of living.

Jharkhand has made a big achievement in providing sustainable livelihood to the people under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) despite the adverse situation of the Corona period. In the last eight months alone, 890 lakh man-days have been created in Jharkhand, which is very close to the target of 900 lakh man-days set for this financial year. Encouraged by the achievement, Jharkhand has requested the Government of India for a new target of 12.5 lakh man-days.

Jharkhand has reached the second place in the entire country on Thursday by creating more than eight lakh man days. Haryana has been on the first rank. However, Haryana's target was just 100 lakh man-days much lower than Jharkhand's. Jharkhand was ranked seventh on Wednesday. A total of eight lakh 77 thousand 682 new families have been given job cards under MNREGA. Let us inform that in the financial year 2020-21, a target of Rs 2,74,184 lakh and 900 lakh man-day labor budget was set for Jharkhand.

In the matter of providing timely remuneration to MNREGA workers, the state of Jharkhand has topped the country. In order to get the first position in terms of timely remuneration, the government launched an employment campaign and tried to tie MGNREGA workers together for the implementation of schemes at the panchayat level. About 82 thousand schemes were also completed by generating 140 lakh man-days within 35 days of employment campaign.

From April 1, 2021, Rs 225 is being paid to the state government MNREGA workers. That is, the registered laborers of MNREGA will now be paid Rs 237 per day. Rural Development Minister Alamgir Alam gave information to this effect. He said that soon a proposal related to this would be put up for the approval of the cabinet. There are more than 28 lakh registered laborers associated with MGNREGA in Jharkhand. In MGNREGA, there are 28 lakh MGNREGA workers of other categories i.e. general and other backward classes. In this, there are 4.60 lakh laborers of Scheduled Castes and 12 lakh registered

laborers of Scheduled Tribes.

## II. REVIEW OF LITERATURE

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

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

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

Ahangar (2014) examined that rural women are traditionally homebound; the employment guarantee act played a significant role in curbing gender discrimination and empowering rural women. The scheme is attractive especially for women because it stipulates that one-third of the total workers should be women. Women are found to take this opportunity to freedom from their routine and tiresome family activities. Thus empowerment of women has emerged as an unintended consequence of MGNREGA. Also depicts that 90 per cent of the surveyed respondent believe that their social status is improved after joining in this programme, especially for widows. They got more self-respect than the earlier period. People are able to mingle with others, share their feelings, and increase their participation in Gram Sabha. All this happened only after joining in this programme.

Dey and Bedi (2010), studied the functioning of the NREGA between 2006 to 2009 in Birbhum district of West Bengal. Their study reveals that in order to serve as an effective “employment of all last resort” the programme should provide more job during lean season and wages should be paid in timely manner. This study shows that there is universal awareness about NREGA job card have been made available to all those who have applied and NREGA in Birbhum district related information is well maintained and relatively accessible. But there are long delays in wage payments during the first year of the programme, since then the payment lag has declined and is now in the range of 20 days.

Khan, Ullah and Salluja(2007), have discussed the direct and indirect effects of NREGA on employment generation and poverty reduction in local area. For this, a detailed survey was done in a poor agricultural village with 400 households, consisting nearly 2500 people. The survey recorded income and expenditure levels by type of household including large, small and marginal farmers, agricultural labour etc. The study reveals that most of the people do not access the scheme, as they haven’t heard of the programme. Almost everyone wants more work from the scheme and better facilities at the work place.

### III. Objective of the Study

The present research paper has been undertaken with the following objectives-

- To find out the role of MGNREGA in generating employment opportunities in Ranchi district.
- To evaluate the role of MGNREGA in alleviating the rural poverty in Ranchi district.

### IV. Database and Methodology

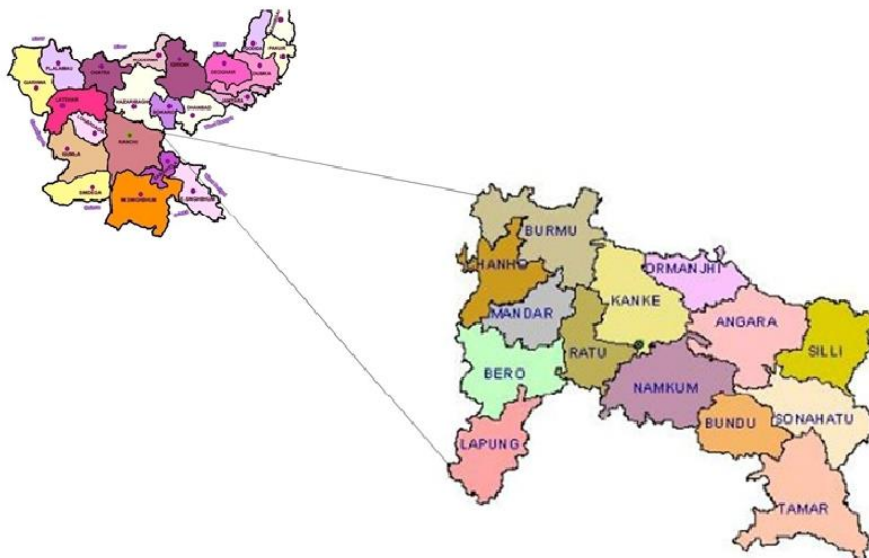
This study is based on secondary sources of data. To fulfill the objectives of the study the relevant data have been collected from the Ranchi District Statistical Handbook, Directorates of Economic & Statistics, etc. The collected data have been processed and analyzed keeping the objectives in mind. The data are represented through diagrams and tables with the help of MS Excel 2010.

### V. Profile of Study Area:

The study area i.e. the district of Ranchi is in the heart of the tribal belt of Jharkhand. Before the carving out of Khunti from Ranchi it covered a geographical area of 7574.17 sq km, but at present its area is 4973.06 sq km. The district is bounded on the North by Hazaribagh, Chatra and Latehar, on the South by Saraikela-Kharsawa, East Singhbhum and Khunti, on the East by Purulia District of West Bengal and West by Gumla and Lohardaga district. It lies between 23.23N latitude and 85.23E longitude. The location map of Ranchi has been shown in Map 1.1

Map 1.1

Location map of Ranchi district



The name Ranchi comes from the Oraon word “*Archi*”, which means bamboo grove or stave. According to legend, after an altercation with a spirit, a farmer beat the spirit with his bamboo stave or *archi*. The spirit shouted *archi, archi, archi* and vanished; Archi became Rachi, and Rachi subsequently became Ranchi. Up to 1927, the place was known as Rachi. One historically significant neighborhood is Doranda (‘duran’ means song and ‘daah’ means water in the Mundari language, between the Hinoo (Bhusur) & Harmoo Rivers, where the civil station, treasury and church established by the British Rule were destroyed by rebel forces during the Sepoy Mutiny. The present Purani (old) Ranchi marks the site of the old village of Archi.

Ranchi was earlier under Lohardaga district which had come into existence after the creation of the non-regulation South – West frontier as a result of the Kol rising in 1831-32. Ranchi district was carved out of Lohardaga district in 1899 and was named after a small village now comprised within the headquarters station in Archi. Ranchi is a prominent political, commercial, industrial and educational hub of eastern India.

Geographically, Ranchi is located on southern part of the Chota Nagpur plateau which forms the eastern edge of the Deccan plateau system. The area surrounding Ranchi is endowed with rich flora and fauna and it is also referred to as the “*City of Waterfalls*”. The most popular waterfalls are Dasham, Hundru, Jonha, Hirni and Panchghag which are all active perennially.

Ranchi district is spread over a total area of 4973.06 sq. km. This district has 18 blocks and 1311 villages. The number of revenue village in each block are given in table 1.1. According to the number of villages the Tamar block holds the first rank with 129 villages while Khalari block has lowest rank with 14 villages.

**Table 1.1 Block’s name and no. of villages**

SL.NO.	BLOCK’S NAME	No. of VILLAGES
1.	Burmu	77
2	Khalari	14
3	Kanke	103
4	Ormanjhi	90
5.	Angara	83
6.	Rahe	59
7.	Silli	96
8.	Sonahatu	64
9.	Namkum	97
10	Ratu	37
11.	Nagri	45
12.	Mander	69
13.	Chano	67
14.	Bero	84
15.	Itki	30
16.	Lapung	79
17.	Bundu	88
18.	Tamar	129

*Source- DSO, Ranchi*

## V I . Main Features of MGNREGA Scheme :

The several features of MGNREGA area as follows:

- **Right based-frame work:** All adult members whether BPL or APL living in rural areas may apply for registration under this programme to local Gram Panchayat and Gram Panchayat will issue a job card at free of cost within 15 days. It should be pointed out that one household have one job card.
- **Time bound guarantee of the Employment:** Gram Panchayat has to provide work within 15 days

from the application and works should be located within 5 kilometers distance. If work is not provided to anybody within the given time he/she will be paid a daily unemployment allowance, which will be at least one third of the minimum wages.

- **Work site management facilities:** In work side area provided crèches and shades, drinking water and first aid box etc. In case the numbers of children are below the age of 6 years accompanying the women working at any site is 5 or more, provision shall be made to assign one women to look after such workers children. The assigned for this shall be provided the same wages.
- **Contractors and Machines are not Allowed:** The contractors and machines are not allowed, all the works shall be performed manually.
- **Women Empowerment:** At least one-third of the workers should be women. Equal wages will be provided both man and women.
- **Regular payment through Bank and Post Office:** The payment of worker should be made within every week and in any case not later than fortnight. All the payment is done through individual bank and post offices account.
- **Funding:** 100 per cent wage cost is borne by Central Government, 25 per cent material cost is borne by the State Government. The unemployment allowance is given by only State Government.
- **Transparency and Accountability:** Regular social Audit by Gram Panchayat is compulsory.
- **Permissible Works under MGNREGA Scheme:** The works under MGNREGA scheme are-
  1. Renovation of traditional water bodies and desalting (ponds, lakes, rivers, well etc.)
  2. Water conservation and water harvesting.
  3. Development of irrigational canals including micro and minor irrigation works.
  4. Land development, leveling of ground, dumping of ground holes.
  5. Flood control and protection works, drainage in water logged areas
  6. Rural connectivity work ( like roads)
  7. Massive a forestation on public places and river erosion areas
  8. Any other works which may be notified by the Central Government (i.e. *Swacch Bharat Abhiyan*) with the consolation of the State Government.

- **Institutional mechanism of MGNREGA:** The institutional mechanism of MGNREGA are-  
Central Employment Guarantee Council (CEGC) at Central Level



State Employment Guarantee Council (SEGC) at State Level



District Project Co-ordinator (DPC) at District Level



Programme Officer (PO) at Block Level

## V I I. Result and Discussion:

The MGNREGA scheme was first time introduced in Ranchi District on 2008. In the year 2008-2009 17224 peoples are working under MGNREGA scheme and in the year 2021-2022 it was steadily increase 21607 peoples are working under MGNREGA scheme.

**Table 1.2 MGNREGA Statistics in Ranchi District (2021-22)**

Employment Provided to Household ( in Thousands)	21607
SC People	32.52 %
ST People	21.53 %
Women	34.82 %
Men	65.35 %
Total Works taken up	14945
Works Completed	11987
Works in Progress	4370

*Source: DSO, Ranchi, 2021*

**Role of MGNREGA in Employment generation:**

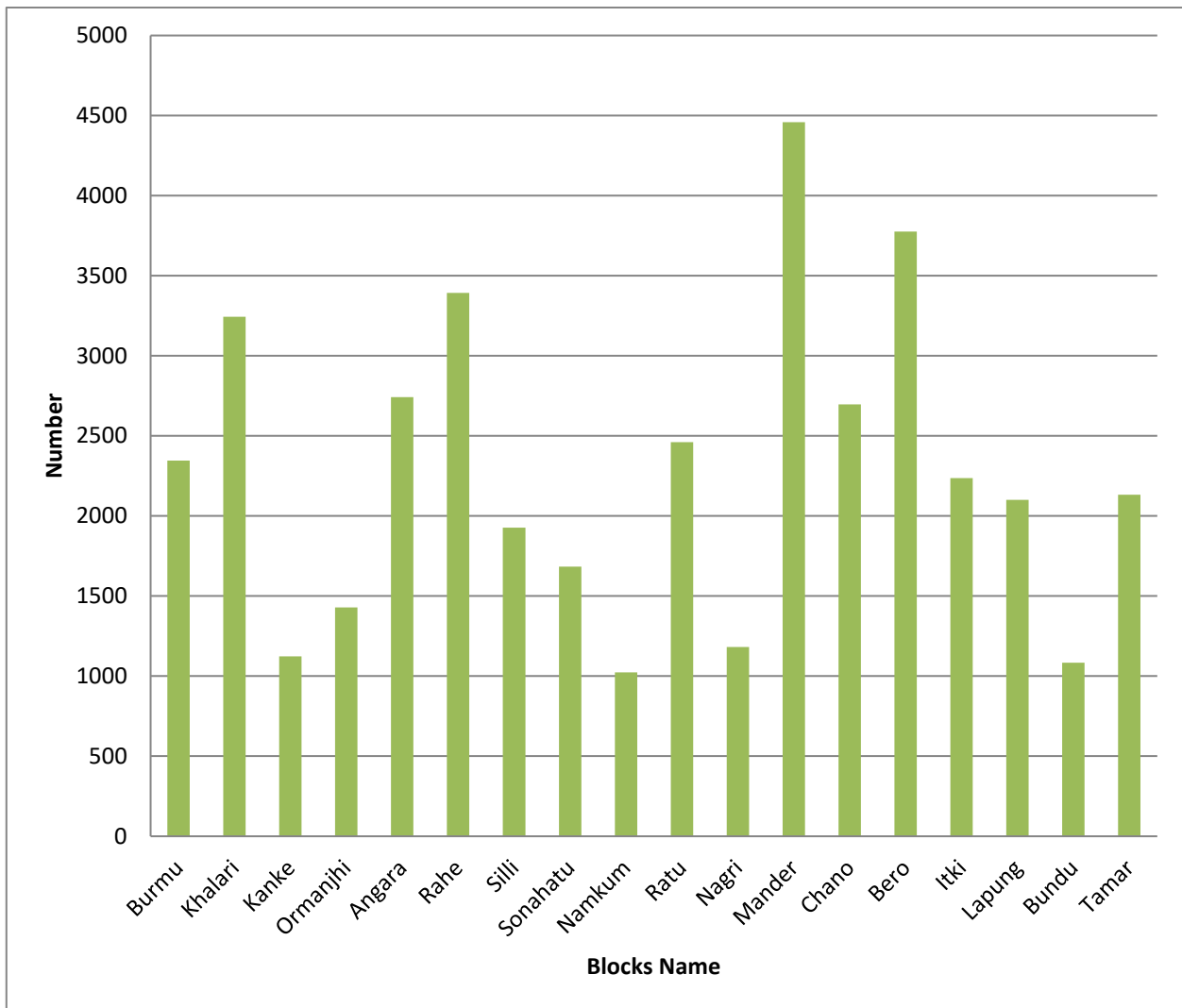
The primary aim of MGNREGA is to generate employment. There is different scenario in different blocks of the district in employment generation. Ranchi district consists of 18 blocks. There is slight difference between the demand employment and employment provided by the government. In the financial year 2021-2022, this variation is found predominant in the Mandar block.

**Table 1.3 Employment generation, 2021-22**

SL.NO.	BLOCK'S NAME	Cumulative Number of Household demand for Employment	Number of people Working Under MNREGA Scheme
1.	Burmu	2345	587
2	Khalari	3243	482
3	Kanke	1124	321
4	Ormanjhi	1428	294
5.	Angara	2741	362
6.	Rahe	3392	470
7.	Silli	1927	385
8.	Sonahatu	1683	414
9.	Namkum	1024	210
10	Ratu	2461	157
11.	Nagri	1182	272
12.	Mander	4458	962
13.	Chano	2697	477
14.	Bero	3775	614
15.	Itki	2236	382
16.	Lapung	2101	616
17.	Bundu	1084	386
18.	Tamar	2132	521
	<b>Total</b>	<b>41033</b>	<b>7912</b>

*Source: District Rural Development Agency Report, Ranchi, 2022*

**Diagram 1.1 Total Household Employed in MGNREGA (2021-22)**



*Source: District Rural Development Agency Report, Ranchi, 2022*

In the year 2021-22 total 41033 peoples are demand for work under MGNREGA scheme in Ranchi district. The number of households under MGNREGA is varied in different blocks in the district. Mandar block has the highest number of household (4458) working under the MGNREGA in the financial year of 2021-22 on the contrary, Namkum Block have lowest number of households (1024) under MGNREGA scheme.

**VIII. Role of MGNREGA in Alleviating Rural Poverty in Ranchi District:**

Rural Poverty is still the main problem in Ranchi district. The main causes of rural poverty in Ranchi district are - Unemployment, Low wages of agriculture labour, destruction of crops in flood and drought, unseasonal rainfall and cyclones, crop failure in agriculture, Lack of natural resources, lack of industry (big, medium scale), Illiteracy, ignorance and superstition of peoples. Many rural people are migrated in other states to get employment. Ranchi district has lowest rank in Human Development Index Report (0.416) in Jharkhand, which indicates its poor status of the area. But the MGNREGA has played an important role to reduce poverty, reducing migration in Ranchi district. In the year 2008-2009 the total



percentage of BPL people was 41.6 per cent while in the year 2021-2022 it was 27.70 percent shows MGNREGA has some pioneer role to reduce rural poverty in Ranchi district.

**Table 1.4: Percentage of BPL people in Ranchi district 2000-2010**

Year	Total of BPL People (%)
2008-09	41.60
2009-10	41.86
2010-11	41.12
2011-12	40.96
2012-13	39.75
2013-14	38.65
2014-15	36.66
2015-16	34.62
2016-17	33.14
2017-18	31.26
2018-19	30.14
2019-20	29.12
2020-21	29.89
2021-22	27.70

*Source: DSO, Ranchi 2008-2022*

### **IX. Challenges and Opportunities:**

The following challenges have been faced for ensuring successful implementation of MGNREGA Scheme in the Ranchi district.

1. It is a district with more than 65 per cent population belonging to deprive and marginalized sections of the society i.e., ST, SC, OBC and minorities community. This along with the low literacy resulted people are little knowledge about the aims and objectives of MGNREGA programme.
2. The employment generation is not maintained properly. In this district, there are some villages where economically efficient people got the chance of employment. On the contrary, some people who are in need for employment are excluded.
3. Delay of the payment to the MGNREGA workers.
4. Failure of the authority to job provided to the job card holder.
5. Delay in opening of account in the banks to job card holder.

In spite of the above said challenges some proposed opportunities can be used for sustainable rural development.

1. The Employment should be well distributed across the people of the various communities who are in need. There is urgent need to start awareness campaign to community for jobs.
2. The wages rate should be increased to a proper level so that it could be increased the economic condition of the people in rural areas. All the beneficiaries MGNREGA workers Bank Account must be linked with the Aadhar Card for transparency and regular payment. Thereafter, People will be more interested to work in MGNREGA.

## X. Conclusion:

With the above forgoing discussion it is clear that MGNREGA is the only guarantee wage employment programme in our country. First time rural women's have got employ by MGNREGA scheme. But the Government should increase the MGNREGA workers wage, provision of at least 200 days of work to the BPL and landless family as against 100 days of work. The Government should be appoint a brand Ambassador of MGNREGA programmed for encouraging MGNREGA worker for more participation in this programme ( like Nirmal Bharat Abhiyan performed by actress Vidhya Balan, Road Safety Abhiyan performed by actor Amir Khan). The Government should be allows to use Contractors and Machines in some cases. If they are happen then MGNREGA can be a powerful instrument for inclusive growth in rural India through its impact on social protection, livelihood security and democratic government. Although No doubt MGNREGA play a important role to alleviating rural poverty, generating huge employment, reducing out migration in Ranchi district.

MGNREGA is not only a welfare initiative scheme but also a development effort that change the rural society into a new prosperity. Lastly we must have faith in our former Prime Minister Dr. Man Mohan Singh who describes it as “A landmark in our history in removing rural poverty from the face of the nation”.

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