

**IMPACT OF MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT
GUARANTEE SCHEME ON POVERTY IN VAIJAPUR TEHSIL**

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Abstract:

The Mahatma Gandhi National Rural Employment Guarantee Scheme is the only poverty alleviation programme in India that provides 100 days assured employment every year to every rural household. Unemployment increases poverty. This research paper discussed the status of poverty in Vaijapur Tehsil and Aurangabad District. It further analysed the impact of MGNREGS on poverty in Vaijapur tehsil. The hypotheses regarding the significant difference in the income level and expenditure level of the households before and after joining MGNREGS and also the significant association between the participation in MGNREGS and reduction in the level of poverty among the sample households were also tested.

Keywords: *MGNREGS, Poverty, Monthly Income, Monthly Expenditure, BPL etc.*

Introduction:

After Independence, India had several challenges and many of them were severe and urgent. Poverty and unemployment were the two most acute crises. In India, the prevalence of poverty is still very high. According to RBI, around 22% of the Indian population is carrying out its livelihood, while being below the poverty line. Poverty alleviation has been one of the guiding objectives of the planning process in India. Mahatma Gandhi National Rural Employment Guarantee Act is the only poverty alleviation programme in India that provides 100 days assured employment every year to every rural household. It introduced formula-based fund allocation mechanisms to poorer states and regions which help to reach and cater the job needs of the poorest, weakest and neediest households. Its aim is to reduce rural poverty through the creation of sustainable rural infrastructure which is expected to foster rural economic growth.¹ MGNREGA also protects the poor from sliding further into poverty during droughts and floods. It offers an additional 50 days' work during natural calamities like floods and drought, making it a climate-responsive instrument.² And, so this study is aimed at studying the impact of Mahatma Gandhi National Rural Employment Guarantee Scheme on poverty, particularly in the drought prone Vaijapur Tehsil.

Literature Review:

Shah Mihir (2004)³ felt that the proposed employment guarantee programme will generate work for the poorest. **Gopal K. S. (2005)**⁴ described the National Rural Employment Guarantee Act as land mark legislation. The MGNREGA must create confidence among the poor and this can be done by developing user friendly guidelines. **Rao K. H. and Durga P. P. (2008)**⁵ opined that the issues of rural unemployment and poverty along with revitalizing agriculture can be addressed through National Rural Employment Guarantee Scheme (NREGS). **Mohinder Singh and Vijay Kumar (2009)**⁶ concluded that MGNREGS has done a great job in empowering the women of Garhipadla village reducing the poverty and enabling them to meet their needs. **Rao V. (2010)**⁷ noted that MGNREGS is not confined to poor families, though experience shows that it is mainly the poor households willing to do manual labour who seek employment under MGNREGS. **Bholane K. P. (2022)**⁸ concluded that MGNREGS helped in reducing migration by providing employment in Vaijapur Tehsil.

No systematic research so far has been made for studying the impact of MGNREGS on poverty particularly in the drought prone Vaijapur tehsil. This research is a sincere effort to fill this gap.

Statement of the Problem:

Unemployment is considered one of the main causes of poverty in India. Poverty of a country can be reduced through rapid economic growth and reduction of unemployment. There is a direct relationship between unemployment and poverty. MGNREGS should provide employment opportunities that earn wages and create sustainable assets. But there is uneven performance of MGNREGS across the country.⁹ As Vaijapur tehsil is a drought prone area, it is necessary to see the contribution of MGNREGS in poverty reduction. And so, statement of the problem in present study is “Impact of MGNREGS on Poverty in Vaijapur Tehsil”.

Objectives of the Study:

The objectives of this research paper are as follows:

- 1) To examine the status of poverty in Vaijapur tehsil and Aurangabad District.
- 2) To study the impact MGNREGS on poverty in Vaijapur tehsil.
- 3) To study the impact MGNREGS on monthly income of the households.
- 4) To study the impact MGNREGS on monthly expenditure of the households.
- 5) To offer useful suggestions to make the scheme more effective and productive.

Hypothesis of the Study:

The hypotheses of this research paper are as follows:

- 1) There is no significant difference in the monthly income of the households before and after joining MGNREGS.
- 2) There is no significant difference in the monthly expenditure of the households before and after joining MGNREGS.
- 3) There is no significant association between the participation in MGNREGS and reduction in the level of poverty among the sample households.

Research Methodology:

Cross-sectional research design is used in the present study. This is a descriptive research in which quantitative method is used. Multi-stage random sampling method was used to select the sample of 320 respondents from the population. In this study both primary and secondary data are used. The primary data are collected through well-structured schedules. Secondary data are collected from various reference books, journals and annual reports of MGNREGA. The collected data were analysed by using descriptive statistics such as frequency, percentage, arithmetic mean and standard deviation and inferential statistics such as Paired Sample T Test and Chi-Square Test with the help of Microsoft Excel 2010 and Statistical Package for Social Sciences (SPSS 27.0).

Status of Poverty in Vaijapur Tehsil and Aurangabad District:

Table 1 shows the data regarding poverty in Vaijapur Tehsil and Aurangabad district.

Table 1: Poverty in Vaijapur Tehsil and Aurangabad District (2020-21)

Particulars	Vaijapur		Aurangabad	
	Urban	Rural	Urban	Rural
Total No. of HH	37064	51239	305334	383887
BPL HH (Total)	2590	14709	28061	110190
% of BPL HH	6.99	28.71	7.26	28.70

Source: District Social and Economic Survey, 2021 (Aurangabad District)

As per District Social and Economic Survey, 2021, there are 37064 households in urban area and 51239 households in rural area of Vaijapur tehsil. Out of this, 2590 households in urban area and 14709 households in rural area are below poverty line. The percentage of BPL households to total number of households is 6.99% in urban area and 28.71 in rural area. There are 305334 households in urban area and 383887 households in

rural area of Aurangabad district. Out of this, 28061 households in urban area and 110190 households in rural area are below poverty line. Thus as compared to urban area, there is more poverty in rural area of both Vaijapur tehsil and Aurangabad district as a whole.

Impact of MGNREGS on Poverty in Vaijapur Tehsil:

Table 2 reveals the impact of implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme on poverty of the respondents in the study area.

Table 2: Impact of MGNREGS on Poverty

Particulars	Before MGNREGS	After MGNREGS
Average monthly income of household	7951.56	10242.19
Number of earning members	412	524
Female members of household participating in income generation	183	306
% contribution by the female members in the total income of household.	24.24	40.03
Average monthly total expenditure	4145.31	5718.75
Average monthly expenditure on food items	2970.31	4186.88
Average monthly expenditure on non-food items	772.50	1115
Level of poverty - BPL	307	169

Source: Primary Data.

Before the participation in MGNREGS the average monthly income of the household was Rs. 7951.56, but after the participation in MGNREGS the average monthly income of the household increased to Rs. 10242.19. The number of earning members increased from 412 to 524. Before the participation in MGNREGS the number of female members of household participating in income generation was 183 which is increased to 360 after the participation in MGNREGS. Earlier the percentage of contribution by the female members in the total income of household was 24.24% which increased to 40.03%. Participation in MGNREGS also impacted the expenditure pattern of the respondents. Before the participation in MGNREGS the average monthly total expenditure, average monthly expenditure on food items and average monthly expenditure on non-food items were Rs. 4145.31, Rs. 2970.31 and Rs. 772.50 which increased to 5718.75, Rs. 4186.88 and Rs. 1115 respectively. Before the participation in MGNREGS out of 320 households 307 households were below poverty line, but after the participation in MGNREGS the number of BPL families reduced to 169. Thus, it can be concluded that participation in MGNREGS increased both the monthly income and expenditure as well as helped the respondents in reducing poverty.

Hypotheses Testing:

Hypothesis 1: There is no significant difference in the monthly income of the households before and after joining MGNREGS.

A Paired T-Test is conducted to find out the significant difference in the monthly income of the households before and after joining MGNREGS.

Table 3: Monthly Income Before and After Joining MGNREGS

Monthly Income	Mean	Std. Deviation	Std. Error Mean
Before MGNREGS	7951.56	5549.859	310.247
After MGNREGS	10242.19	6511.499	364.004

Source: Primary Data.

Table 3 shows the mean values, standard deviation and standard error mean of monthly income of the households before and after joining MGNREGS. It shows that the monthly income after joining MGNREGS (M=10242.19, S.D.=6511.499) is more than the monthly income before joining MGNREGS (M=7951.56, S.D.=5549.859).

Table 4: Paired T-Test Results for Monthly Income Before and After Joining MGNREGS

Monthly Income	Paired Differences					t	Sig. (2-tailed)
	Mean	Std. Dev.	Std. Error	95% Conf. Interval			
				Lower	Upper		
Before and After MGNREGS	-2290.63	1253.80	70.09	-2428.52	-2152.73	-32.68	0.000

Source: Primary Data.

Table 4 indicates the Paired T-Test results for monthly income of the households before and after joining MGNREGS. The paired mean difference is 2290.63 with a 95% confidence interval ranging from 2428.52 to 2152.73. The ‘t’ value (-32.68) is significant at 0.05 level (as $p < 0.05$), so the null hypothesis stating that there is no significant difference in the monthly income of the households before and after joining MGNREGS is rejected and it is concluded that there is a significant difference in the monthly income of the households before and after joining MGNREGS.

Hypothesis 2: There is no significant difference in the monthly expenditure of the households before and after joining MGNREGS.

A Paired T-Test is conducted to find out the significant difference in the monthly expenditure of the households before and after joining MGNREGS.

Table 5: Monthly Expenditure Before and After Joining MGNREGS

Monthly Total Exp.	Mean	Std. Deviation	Std. Error Mean
Before MGNREGS	4145.31	1027.815	57.457
After MGNREGS	5718.75	1606.401	89.801

Source: Primary Data.

Table 5 shows the mean values, standard deviation and standard error mean of monthly expenditure of the households before and after joining MGNREGS. It shows that the monthly expenditure after joining MGNREGS (M=5718.75, S.D.=1606.401) is more than the monthly expenditure before joining MGNREGS (M=4145.31, S.D.=1027.815).

Table 6: Paired T-Test Results for Monthly Exp. Before and After Joining MGNREGS

Monthly Total Expenditure	Paired Differences					t	Sig. (2-tailed)
	Mean	Std. Dev.	Std. Error	95% Conf. Interval			
				Lower	Upper		
Before and After MGNREGS	-1573.44	1087.87	60.81	-1693.08	-1453.80	-25.87	0.000

Source: Primary Data.

Table 6 indicates the Paired T-Test results for monthly expenditure of the households before and after joining MGNREGS. The paired mean difference is 1573.44 with a 95% confidence interval ranging from 1693.08 to 1453.80. The 't' value (-25.87) for the monthly expenditure of the households before and after joining MGNREGS is significant at 0.05 level (as $p < 0.05$), so the null hypothesis stating that there is no significant difference in the monthly expenditure of the households before and after joining MGNREGS is rejected and it is concluded that there is a significant difference in the monthly expenditure of the households before and after joining MGNREGS.

Hypothesis 3: There is no significant association between the participation in MGNREGS and reduction in the level of poverty among the sample households.

A Chi-Square Test is conducted to find out the significant association between the participation in MGNREGS and reduction in the level of poverty among the sample households. Table 7 shows the observed count and the expected count of the number of BPL and APL households before and after joining MGNREGS. It shows that before joining MGNREGS 138 households were below poverty line which are now above poverty line after joining MGNREGS. There is no such family which is converted as APL to BPL after joining MGNREGS.

Table 7: Poverty Before Joining*After Joining MGNREGS Cross Tabulation

Particulars		After MGNREGS		Total	
		BPL	APL		
Before MGNREGS	BPL	Count	169	138	307
		Expected Count	162.1	144.9	307.0
	APL	Count	0	13	13
		Expected Count	6.9	6.1	13.0
Total		Count	169	151	320
		Expected Count	169.0	151.0	320.0

Source: Primary Data.

Table 8 shows the Chi-Square results for poverty before joining and after joining MGNREGS.

Table 8: Chi-Square Results for Poverty Before Joining and After Joining MGNREGS

Particular	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.166	1	0.000
Likelihood Ratio	20.144	1	0.000
Linear-by-Linear Association	15.118	1	0.000
N of Valid Cases	320		

Source: Primary Data.

The Pearson Chi-Square value 15.166 at degrees of freedom 1 is significant at 0.05 level (as $p < 0.05$), so the null hypothesis stating that there is no significant association between the participation in MGNREGS and reduction in the level of poverty among the sample households as is rejected and it is concluded that there is a significant association between the participation in MGNREGS and reduction in the level of poverty among the sample households. Cramer's V is used to understand the strength of the relationship between two categorical variables. Cramer's V value of 0.218 shows significant but moderate association between the participation in MGNREGS and reduction in the level of poverty.

Table 9: Symmetric Measures

Particular	Value	Approximate Significance
Phi	0.218	0.000
Cramer's V	0.218	0.000

Source: Primary Data.

Thus, MGNREGS is the contributor in employment generation and in reducing migration for livelihood.

Conclusions:

- 1) Participation in MGNREGS increased both the monthly income and expenditure of the respondents.
- 2) After the participation in MGNREGS the number of BPL families is reduced to 169 and thus helped the respondents in reducing poverty.
- 3) There is a significant difference in the monthly income of the households before and after joining MGNREGS.
- 4) There is a significant difference in the monthly expenditure of the households before and after joining MGNREGS.
- 5) There is a significant association between the participation in MGNREGS and reduction in the level of poverty among the sample households

Suggestions:

Authorities should ensure that MGNREGS beneficiaries are getting 100 days of employment otherwise they should get unemployment allowance as guaranteed in the MGNEGA. The reasons behind the delay in work allotment and delay in payment of wages are to be identified and rectified accordingly.

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