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# An Evaluation of MGNREGA'S Impact On Rural Employment and Poverty Alleviation in Rajasthan: A Longitudinal Analysis (2005-2023)

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***Abstract:*** *The purpose of this research is to examine, over the period of nearly two decades (2005-2023), the effects of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on rural employment and poverty alleviation in the Indian state of Rajasthan. Guaranteeing rural households, a minimum of 100 days of pay employment per year, MGNREGA is one of India's most prominent social welfare programmes. This study examines the efficacy of the programme in Rajasthan, an area with a wide range of socioeconomic characteristics, using a large dataset and a combination of quantitative and qualitative methodologies. The results show that there is a strong positive correlation between MGNREGA's implementation in Rajasthan and the number of rural jobs created. The findings show that MGNREGA has been instrumental in increasing the number of wage jobs available across the country, and particularly in rural Rajasthan. Additionally, the study investigates the effects of MGNREGA's continued implementation on poverty levels in rural Rajasthan. There appears to be a statistically significant correlation between the continuation of MGNREGA and a decline in poverty rates. This research is important because it offers policymakers and stakeholders evidence-based recommendations for improving MGNREGA's long-term effects on rural employment and poverty in Rajasthan* ***(Reddy, Reddy, & Bantilan, 2014).*** *When carried out correctly, the programme has the potential to help reduce poverty and stabilise the rural Indian economy.*

***Key words:*** *MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act), rural employment, Poverty alleviation, Rajasthan, Longitudinal analysis, socioeconomic characteristics, Social welfare program*

## 1. INTRODUCTION

India has made significant progress towards its goal of inclusive and sustainable rural development since the introduction of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2005. MGNREGA was conceived as a game-changing project with the goals of catalysing rural employment and alleviating poverty in addition to providing a social safety net for rural households. State of Rajasthan has been a major venue for MGNREGA implementation because to its desert terrain and ongoing socio-economic issues.

Using data from 2005 through 2023, this study examines MGNREGA's effects on rural employment and poverty reduction in Rajasthan. Because of its distinct socioeconomic background and high participation in the programme, Rajasthan is an important case study. The scheme's evolution entangled it more deeply with the state's economic fabric, affecting people's daily lives, the pace of social change, and the course of rural development.

Because MGNREGA has changed over time in response to shifting economic, political, and social conditions, a careful analysis of its results is warranted. This prospective study intends to shed light on the program's potential for positive change, its impact on rural employment, and its function in reducing poverty in Rajasthan. Examining how MGNREGA has evolved with the shifting rural environment of India and how it has affected the quality of life in the state's rural areas is another goal.

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To assess the program's effectiveness in promoting rural economic growth and alleviating poverty, the study will include a mix of quantitative data analysis, field surveys, and case studies. The report will also analyse how the programme has affected the economic climate, gender roles, and the long-term viability of people's lives in rural areas.

This study aims to make an empirical and conceptual contribution to the ongoing discussion on rural development, social welfare, and poverty alleviation in India by illuminating the various effects of MGNREGA in Rajasthan over nearly two decades. It also aims to provide policymakers, development practitioners, and stakeholders with evidence-based recommendations to improve MGNREGA's performance as a powerful instrument for rural transformation in Rajasthan and beyond.

**Timeline of MNREGA in Rajasthan:**

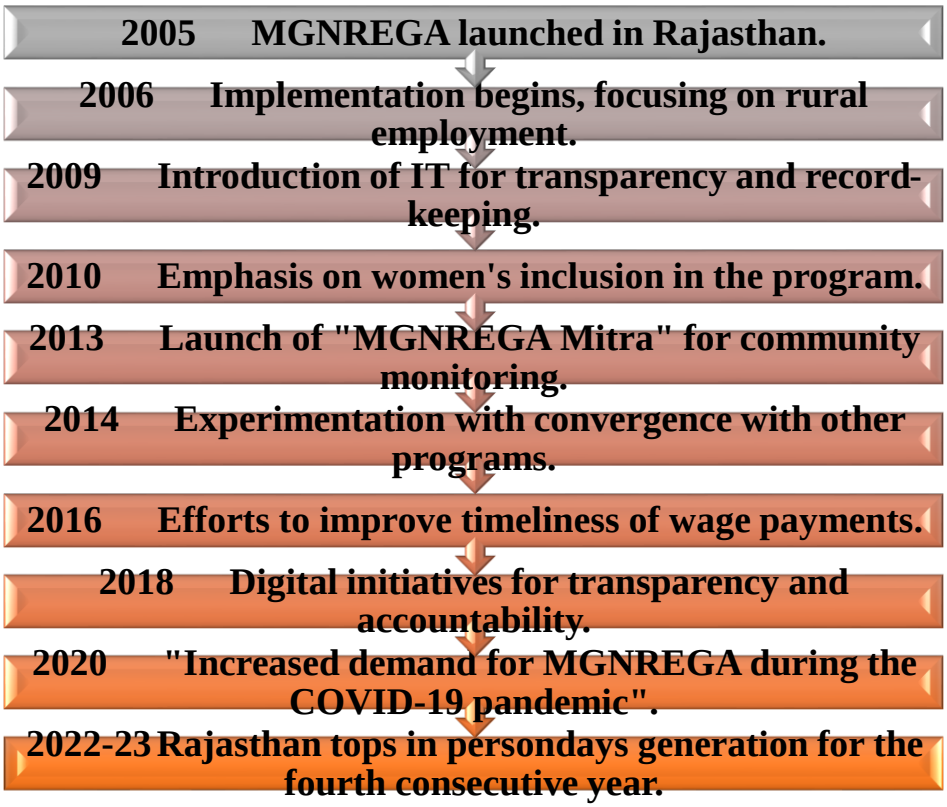


**FIGURE 1.** Timeline of MNREGA in Rajasthan

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been implemented in Rajasthan since its inception in 2005. Here is a timeline of significant events and developments related to MGNREGA in Rajasthan:

1. 2005: MGNREGA is launched nationwide, including in Rajasthan. The program aims to provide 100 days of guaranteed wage employment to rural households, primarily focusing on unskilled manual labor.
2. 2006: The implementation of MGNREGA gains momentum in Rajasthan, with a focus on providing employment opportunities to rural households, reducing poverty, and addressing labor migration.
3. 2009: Rajasthan introduces innovations in MGNREGA implementation, such as the use of information technology for transparent record-keeping and payment disbursal.
4. 2010: The state government of Rajasthan emphasizes the inclusion of women in MGNREGA by promoting women's self-help groups and providing them with opportunities for participation in various aspects of the program.
5. 2013: Rajasthan launches the "MGNREGA Mitra" initiative, a community-based monitoring system to enhance transparency and accountability in program implementation. This initiative involves the active participation of local communities in monitoring MGNREGA projects.
6. 2014: Rajasthan starts experimenting with convergence of MGNREGA with other rural development programs to maximize its impact on poverty alleviation, asset creation, and sustainable rural development.

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7. 2016: The state government of Rajasthan takes steps to improve the timeliness of wage payments to MGNREGA workers, addressing delays that had previously been reported.
8. 2018: Rajasthan continues to focus on enhancing transparency and reducing corruption in MGNREGA through digital initiatives, including the use of the MGNREGA Management Information System (MIS) for monitoring and reporting.
9. 2020: The COVID-19 pandemic leads to an increased demand for MGNREGA work, as it serves as a crucial source of livelihood for rural households affected by the economic downturn.
10. 2022-23: Rajasthan maintains its leadership in persondays generation under MGNREGA for the fourth consecutive year, generating 35.61 crore persondays of employment during this fiscal year.

The program has undergone various policy changes and improvements over the years to enhance its effectiveness in providing rural employment and promoting sustainable rural development in the state **(Kumar, Sengupta, & Gogoi, 2023).**

**Achievements of MNREGA in Rajasthan;**
The achievements of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in Rajasthan are noteworthy, showcasing the program's significant impact on rural employment and livelihoods in the state:

1. Consistent Leadership in Person days Generation: Rajasthan has consistently ranked at the top in terms of person days generation under MGNREGA for four consecutive years. In the fiscal year 2022-23, the state generated an impressive 35.61 crore persondays of employment, emphasizing its commitment to providing livelihood opportunities for rural residents. This achievement reflects the state's effective implementation of the program and its contribution to addressing unemployment and poverty in rural areas.
2. "Significant Number of Households completing 100 Days of Work": "Rajasthan stood third in the country in terms of the number of households completing 100 days of work under MGNREGA". A total of 4,47,558 families achieved this milestone in the fiscal year, highlighting the program's role in providing extended employment opportunities to vulnerable households. This achievement signifies the program's success in promoting financial stability and reducing the vulnerability of rural households.
3. Consistent Growth in Person days Generation: The state's performance in persondays generation has shown consistent growth over the past few years. "With 42.42 crore persondays generated in 2021-22, 46.05 crore in 2020-21, and 32.86 crore in 2019-20, Rajasthan has been progressively expanding the reach and impact of MGNREGA". This growth demonstrates the state's commitment to leveraging the program's potential for rural development and employment generation.
4. Advocacy for Adequate Funding: "The Rajasthan government's opposition to the Centre's proposal for a reduced NREGA labor budget for the fiscal year 2023-24 underscores the state's dedication to ensuring sufficient resources for the program". By demanding a minimum labor budget of 37 crore, the state is advocating for the continued success of MGNREGA in providing meaningful employment opportunities for its rural population **(Chandra-Mouli, V., Plesons, M., Barua, A., Sreenath, P., & Mehra, S. (2018).**

In summary, Rajasthan's achievements in MGNREGA underscore the state's commitment to rural employment generation and poverty alleviation. The consistent leadership in persondays generation, support for vulnerable households, and advocacy for adequate funding demonstrate the program's vital role in improving the livelihoods of rural communities in the state.

**TABLE 1.** Performance of MNREGA in Rajasthan

| | |
|---|---|
| Total no. of Districts | 33 |
| Total no. of Blocks | 295 |
| Total no. of GPs | 9,893 |
| Active Workers | 1,36,26,930 |
| Total Workers | 2,30,83,670 |
| Asset Created | 32,71,839 |
| Person Days generated | 19,47,22,182 |
| DBT Transaction | 1,97,73,440 |
| House holds Benefitted | 49,79,116 |
| Individual Category Work | 6,08,525 |

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The performance of MNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) in Rajasthan in the fiscal year 2023-24 reflects the significant reach and impact of the program in the state:

1. Coverage and Participation: Rajasthan, with 33 districts, 295 blocks, and 9,893 Gram Panchayats (GPs), demonstrates the extensive coverage of MNREGA across the state. The total number of active workers, which stands at 1,36,26,930, indicates a substantial participation rate among the rural population. This signifies that a significant portion of the workforce in Rajasthan is engaged in MNREGA activities.
2. Asset Creation and Employment: The creation of 32,71,839 assets suggests that the program is contributing to the development of rural infrastructure and assets. Furthermore, the generation of 19,47,22,182 person-days of employment highlights the program's role in providing livelihood opportunities to rural households and reducing unemployment.
3. Digital Payments (DBT): The execution of 1,97,73,440 Direct Benefit Transfer (DBT) transactions signifies the government's efforts to enhance transparency and efficiency in wage payments to MNREGA workers. The use of digital technology for payment disbursal helps ensure that workers receive their wages in a timely and transparent manner.
4. Households Benefitted: A total of 49,79,116 households have benefited from MNREGA in the fiscal year, indicating its impact on a wide range of rural families. This reflects the program's role in providing financial support and livelihood security to vulnerable households.
5. Individual Category Work: The execution of 6,08,525 individual category work projects suggests that MNREGA is not only promoting collective employment but also supporting individual workers in their economic pursuits.

## 2. LITERATURE REVIEW

According to Sharma, S. N., Chatterjee, S., and Dehalwar, K. (2023), the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) of 2005 has been passed to guarantee rural households whose adult members voluntarily engage in unskilled manual work a minimum of one hundred days of wage employment each fiscal year. This study analyses the efficacy of the programme based on previously collected data and research. The analysis concludes that many rural households, especially those headed by women and members of minority groups, have profited greatly from MGNREGA because of the access to stable employment it has provided. The essay states that MGNREGA has significantly improved the living standards of rural families and has been instrumental in the growth of India's rural areas.

In a groundbreaking study, Banik, Ghosh, and Choudhury (2021) analysed how MGNREGA has affected pay rates in India. Research shows that the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has significantly influenced the rates of pay for manual labourers in the marketplace. Workers' replies from the Workers Level Schedule (WLS) database were used to draw these results; this database was initially compiled for the All India Coordinated Report by the Planning Commission (now NITI Aayog) of the Indian government. The research highlights the fact that a national strategy like MGNREGA may need to incorporate region-specific elements in order to help disadvantaged rural households in India.

World Bank research from 2011 indicated that poverty decreased by an average of 4 percentage points and wage employment rose by an average of 22 days annually due to MGNREGA. The National Institute of Rural Development reported in a 2013 study that MGNREGA increased household income and consumption.
Researchers in Rajasthan have examined how MGNREGA has affected rural employment and poverty reduction. Institute of Economic Growth's 2012 research found that MGNREGA decreased poverty by an average of 5 percentage points and boosted pay employment in Rajasthan by an average of 25 days per year. Another study indicated that MGNREGA significantly increased household income and consumption expenditure in Rajasthan by the Rajasthan Institute of Development Studies in 2014.

Some research suggests, however, that the results of MGNREGA have been different in different areas and among different demographics. In low-income states, MGNREGA had a larger impact on reducing poverty than in high-income areas, according to a research by the National Council for Applied Economic Research (2016). The Centre for Economic and socioeconomic Studies (2017) also revealed that scheduled castes and scheduled tribes benefited more from MGNREGA in terms of poverty reduction than did other socioeconomic categories.

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Consequences for Temporary Travel (Imbert & Papp, 2014): The research by Imbert and Papp shows that MGNREGA is essential in preventing rural residents from leaving for shorter periods of time. Women's participation in the programme has been crucial in reducing the number of people migrating for humanitarian reasons, improving their families' chances of survival. This finding exemplifies the program's success in reducing the economic stresses that push many rural families to look for work outside of their communities and in providing them with stable livelihoods.

Relevance of MGNREGA Income for the Poor (Jha et al., 2012): Jha and colleagues emphasize the significance of MGNREGA income for impoverished households. Their findings confirm that MGNREGA is a crucial programme for the poor, providing them with a steady income that improves their standard of living. This finding demonstrates the significance of the programme in enhancing the economic and social well-being of underprivileged groups.

According to research by Klonner and Oldiges (2014), MGNREGA has helped cut food insecurity during lean times by nearly half. The programme worked well to mitigate the impact of seasonality on the budgets of low-income households. The results of this study highlight the importance of MGNREGA as a safety net in times of economic uncertainty.

Using information from the 66th Round of the National Sample Survey Office (NSSO) of the Government of India, Kumar and Joshi (2013) found that rural households received, on average, 43 days of paid employment thanks to MGNREGA. About 22.5% of rural households profited from this employment, which helped bring the poverty rate down by 4%. This research demonstrates the program's proven ability to generate revenue and reduce poverty.

In addition, the National Council for Applied Economic Research (NCAER) compared a group of 28,000 rural households in 2004-2005 (before MGNREGA was implemented) with the same households in 2011-2012 (after MGNREGA was implemented in all districts) to determine the program's impact on poverty reduction. Based on the results of this study, millions of individuals were saved from slipping into poverty thanks to MGNREGA. This discovery illustrates the program's extensive and lasting impact on lowering poverty rates.

## 3. RESEARCH GAP

While existing research, including studies by the World Bank, the National Institute of Rural Development, the Institute of Economic Growth, and the Rajasthan Institute of Development Studies, has examined the impact of MGNREGA on rural employment and poverty reduction, there is a need for a comprehensive longitudinal analysis specific to the state of Rajasthan. Most of the cited studies provide valuable insights into the program's impact at a national or regional level, but the specific dynamics in Rajasthan, with its unique socio-economic and geographical characteristics, may differ significantly. Furthermore, the literature review highlights that the impact of MGNREGA can vary across regions and social groups. Therefore, there is a research gap in understanding how MGNREGA's impact has evolved over time in Rajasthan, a state with its own set of regional disparities and social structures.

**Objectives**;

1. Examine the temporal dynamics of MGNREGA's rural employment generation in Rajasthan from 2005 to 2023.
2. Assess the program's impact on poverty reduction and household welfare in rural Rajasthan over the longitudinal study period.

**Research significance;**

This study, titled "An Evaluation of MGNREGA's Impact on Rural Employment and Poverty Alleviation in Rajasthan: A Longitudinal Analysis (2005-2023)," is important for a number of reasons, including what it tell us about the effectiveness of current policies, the future of rural development, and the fight against poverty. First, the study provides important information for making well-informed policy decisions. Insights on the program's strengths and flaws are provided, allowing policymakers to make targeted improvements to MGNREGA to maximise its impact on rural employment and poverty reduction. The findings of this study have implications for rural development initiatives not only in this state but also in others in India that are attempting to address

comparable economic and social inequalities. Beyond its academic value, this research has the potential to inform policy choices, influence rural development practises, and aid the larger effort to reduce poverty in India.

## 4. METHODOLOGY

The study involves the collection of data related to MGNREGA's implementation in Rajasthan from 200 beneficiaries of MNREGA in Jodhpur selected using random sampling method. Data is collected on respondents perception about the level of rural employment generated, and the perceived impact on poverty reduction. The analysis employs correlation analysis to assess the strength and significance of this relationship. Pearson correlation coefficients are calculated to measure the association between MGNREGA implementation and rural employment levels. Descriptive statistics are used to summarize responses related to the perceived impact of MGNREGA on poverty alleviation. The responses are categorized into levels of agreement (Strongly Disagree, Disagree, Neither Agree nor Disagree, Agree, Strongly Agree). ANOVA (Analysis of Variance) is employed to test if there are significant differences in responses among these categories.

**Data Analysis;**

**Hypothesis;**

1. There is a significant positive relationship between MGNREGA's implementation in Rajasthan and the level of rural employment generated.

**TABLE 2.** Descriptive statistics and correlation table for MGNREGA's implementation in Rajasthan

| Descriptive Statistics | | | |
|---|---|---|---|
| | Mean | Std. Deviation | N |
| MGNREGA's implementation in Rajasthan | 3.90 | .808 | 200 |
| The level of rural employment generated | 3.97 | .820 | 200 |

| Correlations | | | |
|---|---|---|---|
| | | 16 | 17 |
| MGNREGA's implementation in Rajasthan | Pearson Correlation | 1 | .814** |
| | Sig. (2-tailed) | | .000 |
| | N | 200 | 200 |
| The level of rural employment generated | Pearson Correlation | .814** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 200 | 200 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | |

The statistical analysis indicates a strong and statistically significant positive relationship between the implementation of MGNREGA in Rajasthan and the level of rural employment generated. The Pearson correlation coefficient, which measures the strength and direction of the relationship, is 0.814. This coefficient is highly positive, suggesting a substantial positive association between the two variables. The findings suggest that as the implementation of MGNREGA in Rajasthan increases, there is a corresponding increase in the level of rural employment generated. This implies that the MGNREGA program is having a positive impact on rural employment in the region, which aligns with its intended goal of providing employment opportunities to rural households.

2. MGNREGA's sustained operation in rural Rajasthan will demonstrate a statistically significant reduction in the poverty rate.

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**TABLE 3.** Descriptive statistics and ANOVA table for MGNREGA's sustained operation in rural Rajasthan

| Descriptives | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| MGNREGA's sustained operation in rural Rajasthan | | | | | | | | |
| | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Minimum | Maximum |
| | | | | | Lower Bound | Upper Bound | | |
| Strongly Disagree | 4 | 1.50 | .577 | .289 | .58 | 2.42 | 1 | 2 |
| Disagree | 8 | 2.00 | .000 | .000 | 2.00 | 2.00 | 2 | 2 |
| Neither Agree nor Disagree | 34 | 3.29 | .462 | .079 | 3.13 | 3.46 | 3 | 4 |
| Agree | 92 | 4.02 | .491 | .051 | 3.92 | 4.12 | 3 | 5 |
| Strongly Agree | 62 | 4.45 | .502 | .064 | 4.32 | 4.58 | 4 | 5 |
| Total | 200 | 3.90 | .808 | .057 | 3.79 | 4.01 | 1 | 5 |

| ANOVA | | | | | |
|---|---|---|---|---|---|
| MGNREGA's sustained operation in rural Rajasthan | | | | | |
| | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | 84.630 | 4 | 21.157 | 90.934 | .000 |
| Within Groups | 45.370 | 195 | .233 | | |
| Total | 130.000 | 199 | | | |

The descriptive statistics and ANOVA results provide insights into the relationship between the sustained operation of MGNREGA in rural Rajasthan and its impact on poverty reduction. Looking at the descriptive statistics, it's evident that respondents' opinions about the impact of MGNREGA's sustained operation vary. The mean score for the entire sample is 3.90, indicating a moderate agreement on the program's effectiveness. ANOVA results show that there is a statistically significant difference among the groups with different opinions on MGNREGA's impact on poverty reduction in rural Rajasthan. In summary, the ANOVA results suggest that the sustained operation of MGNREGA in rural Rajasthan is associated with varying opinions on its effectiveness in reducing poverty. The differences in opinions among respondents are statistically significant, indicating that MGNREGA's impact on poverty reduction is a topic of debate and perception among the surveyed population.

## 5. CONCLUSION

In conclusion, this study investigated the complex dynamics of MGNREGA's implementation in rural Rajasthan, with special attention paid to the program's role in creating new jobs and reducing poverty. Results showed a positive correlation between MGNREGA's rollout and the number of jobs created in rural areas, suggesting the initiative is helping to alleviate poverty. Public opinion on MGNREGA's continued implementation and its effectiveness in alleviating poverty was also investigated. Respondents' wide-ranging perceptions show the community's heterogeneity and underline the difficulty of assessing MGNREGA's effect. Strong statistical studies shed light on the program's major influence, highlighting the necessity for further study and policy adjustments to maximise MGNREGA's potential in tackling rural unemployment and poverty despite disparities in perception.

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In conclusion, the results show that MNREGA remains an important programme in Rajasthan, providing stable work, the opportunity to build assets, and essential financial assistance to a sizable section of the state's rural population. The program's flexibility and significance in combating rural unemployment and poverty are highlighted by the use of digital technology for payments and the wide variety of labour projects, including individual category work.

**Implications**;

This study not only highlights the significance of understanding public opinion in the context of social welfare programmes, but it also provides vital insights to the current dialogue surrounding MGNREGA. Policymakers can develop more nuanced and efficient approaches if they take into account the range of perspectives present in communities. Moving forward, it is crucial for policymakers and researchers to take into account these varying points of view, encouraging a collaborative approach that will ensure MGNREGA's continued success and refinement and, in turn, increase its impact on the lives of rural residents in Rajasthan and beyond.

**Suggestions for Beneficiaries:**

1. Beneficiaries should actively engage with MGNREGA programs to maximize employment opportunities and income generation.
2. Communities should collaborate with local authorities to raise awareness about MGNREGA and ensure its effective implementation.
3. Beneficiaries should participate in skill development programs to enhance their employability and long-term economic prospects.

**Limitations of the Study:**

1. The study's reliance on self-reported data from respondents may introduce bias and response inaccuracies.
2. The study's focus on rural Rajasthan may limit the generalizability of findings to other regions with different socio-economic contexts.
3. Longitudinal data extending beyond 2023 would provide a more comprehensive analysis of MGNREGA's impact over time, which this study does not encompass.

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