The employment opportunities in any country depend on the level of development. So, when a country makes progress and its production level expands, the employment opportunities grow. In India, during the past three decades production has expanded in all the sectors of the economy. In response to these developments the absolute level of employment has also grown but not upto the mark. Unemployment situation was recognised as a problem from the beginning by the Planning Commission. Accordingly, employment generation was accepted as a goal of economic planning. Economic Planning is considered as a development tool which is mainly of two types – one, economic planning resorted to in underdeveloped countries with the objectives of translating development promises into practice and secondly, planning in socialist countries. India is practising the first type of planning.\(^1\) After the introduction of economic planning in India, various employment generation programmes and approaches have been adopted for development of the rural area. In the present study, evaluation is specifically related to the socio-economic impact of these employment generation programmes. In our study an attempt has been made to evaluate specific poverty alleviation programmes to examine their impact on employment generation.

4.1 Employment Generation Programmes in India

In the Five Years Plans targeted poverty alleviation programmes have been formulated and modified to have direct bearing on the existing poverty levels. The current growth outlook does not seem to be very encouraging as the economy could achieve only 4.9 per cent in 2013-14 as against a growth rate of 4.5 percent in 2012-13. It is a matter of concern in terms of the economy’s potential for generating greater and quality employment. However, a faster growth with special emphasis on employment-intensive sectors like the small-scale industry was considered appropriate to generate employment of the order required to take care of the problem.

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These programmes aimed to employ all those who are in search for job just to earn to overcome from hunger. The Government has taken numerous steps to fulfil the objectives through implementation of various employment generation programmes. Thus, the emphasis laid on alleviation of poverty and generation of employment through two approaches; training for Self-Employment and provision of Wage-Employment.

The nature of these programmes is to provide direct benefits to the poorer sections by making them employed and increasing their earnings. In actual, Government tries to make them learn how to work, so that in future they always indulge in work and be employed. This directly leads to reduce the poverty from the economy. The implementation of these programmes in our country is organized at the Central level and the State level. The functioning of the programmes is found in all the states of the country. Though, as the primary responsibility of carrying out these programme they require drive and direction from Central as well as state governments for the proper development of this economy.

At present, there are different programmes functioning all over India. These programmes are mostly assisting the beneficiaries involved in the programme. Various employment generation schemes launched by Government of India through various Ministries/Departments had tried to bridge the gap for unemployed people. These flagship schemes are Swarnajayanti Gram Swarojgar Yojana (SGSY), Swarna Jayanti Shahri Rozgar Yojana (SJSRY), Prime Minister’s Employment Generation Programme (PMEGP) and Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). During 2009-10, employment generation was of the order of 256.64 crore person-days from Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) besides, a total of 22.94 lakh Swarozgaries were assisted under Swarnajayanti Gram Swarojgar Yojana (SGSY) and Swarna Jayanti Shahri Rozgar Yojana (SJSRY) together. Prime Minister’s Employment Generation Programme (PMEGP) generated 4.23 lakh employment opportunities.

4.1.1 Employment Generation Programmes in Rural India

Rural Development in India is one of the most important factors for the growth of the Indian economy. India is primarily an agriculture-based country. Agriculture contributes nearly one-fifth of the gross domestic product (GDP) in India.
In order to increase the growth of agriculture, the Government has planned several programs pertaining to Rural Development in India. The Ministry of Rural Development in India is the apex body for formulating policies, regulations and acts pertaining to the development of the rural sector. Agriculture, handicrafts, fisheries, poultry, and dairy are the primary contributors to the rural business and economy. Rural poverty is a complex phenomenon and definite explanations are difficult to find. Rural unemployment has sharply accentuated in India in the recent years. Between 1993-94 and 1999-2000, rural employment grew at the annual growth rate of 0.58 percent while the rate of growth of rural labour force was much higher. Nevertheless, in the realm of economics, it is possible to stress some casual factors. Given that in India rural poverty implies an inadequate intake of calories, the extent of poverty would depend on the availability of and people’s access to food-grains.

Over the years, the Government has introduced a whole gamut of schemes to tackle the problem of rural areas on a wide front, in an attempt to lift the people from the morass of poverty. Major emphasis for action against poverty through poverty alleviation programmes was undertaken from the Fourth Five Year Plan onwards in the country. In the First Five Year Plan there was only one programme - Community Development Programme (1952) introduced for overall development of rural areas with people’s participation. The community development programme later became overburdened and a need to sharply focus the agriculture was felt. So, the first programme which sharply focused agriculture was launched in 1960-61, called as Intensive Agriculture Development Programme (IADP). At the beginning of the Fourth Five Year Plan, it was realized that the benefits of the Green Revolution were not percolating to the small and marginal farmers and the agricultural labourers who constituted the bulk of the rural poor. So pilots were launched in selected districts in 1969 by setting up agencies namely - Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labourer Development Agency (MFALA), and at the same period Crash Scheme for Rural Employment (CSRE) and Drought Prone Area Programme (1973-74) introduced.

Programmes for alleviating poverty started mainly from Fifth Five Year Plan where the Government introduce the schemes; with a slogan ‘Garibi Hatao’. Those programmes are - Food for Work Programme and Minimum Needs Programme.
However, the creation of employment opportunities was in focus from Second Five Year Plan but particular programmes for employment started in Sixth Five Year Plan (1980-85) onwards viz. Integrated Rural Development Programme (IRDP), National Rural Employment Programme (NREP), Training Rural Youth for Self-Employment (TRYSEM), and Rural Landless Employment Guarantee Programmes (RLEGP). Towards this end the Applied Nutrition Programme (ANP) was launched which later replaced by Supplementary Nutrition Programme, which was subsequently incorporated into the Integrated Child Development Services (ICDS) scheme. In the Seventh Five Year Plan, (1985-90) Government starts the Jawaharlal Rozgar Yojana (JRY), and later on NREP and RLEGP were merged with it. Employment Assurance Scheme (EAS) was implemented in 1993 during the Eight Five Year Plan. Thus, the process of rural employment continued during the Ninth Plan with the Swarnajayanti Gram Swarojgar Yojana (SGSY), Pradhan Mantri Gram Sadak Yojana (PMGSY), and Sampoorna Grameen Rozgar Yojana (SGRY). During the Tenth Five Year Plan Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was introduced with the objective of 100 days of wage employment to every rural household in the country.

Thus, rural development in India has witnessed several changes over the years in its emphasis, approaches, strategies and programmes. It has assumed a new dimension and perspectives as a consequence. Rural development can be richer and more meaningful only through the participation of beneficiaries for development. Just as implementation is the touchstone for planning, people's participation is the centre-piece in rural development. People's participation is one of the foremost pre-requisites of development process both from procedural and philosophical perspectives. For the development planners and administrators it is important to solicit the participation of different groups of rural people, to make the plans participatory.

4.2 Selection of Poverty Alleviation Programmes

There were numerous programmes which implemented and later either merged into the other programme or renamed or modified with inclusion of more objectives. Some programmes, which were not effective, were replaced by other programmes. Among all, three programmes were chosen on the basis of the proportion of actual working of the programme on generating the employment of the
poor masses with the fund utilization for the relative programme. Separately, each programme treated to find how much employment has been generated on the source of funds utilized for each programme. The financial aspect has been measured to check the physical performance of the programme. So, the selection of the programme was aligned by keeping in mind the major fact that they were well-entrenched and had been in place for at least last five years. Considering this, the final choice fell on three programmes, namely - MGNREGA, SGSY and PMEGP. Final selection of these programmes was also confirmed after the conversation with the office-persons of Nirman Bhavan, Aligarh District in Uttar Pradesh. After the selection procedure of the programmes, the national level and state level data of India was collected for each programme.

4.3 Sample Design and Objectives of the Study

In order to pursue macro level study on programmes to alleviate poverty, employment generation taken as dependent variable and fund utilized as independent variable. Schemes were selected mainly on the basis of availability of data of employment-specific programmes (such as - self-employment programme and wage-employment programme). To observe the employment generation total beneficiaries/workers were taken in numbers who have received employment under the programme. It is generally felt that the employment from the programmes would interest only landless, marginal and small farmers and workers. The time series data of total numbers of employers/workers involve in the related programme were selected. We have made an attempt to evaluate the impact of selected programmes on employment generation through quantitative studies.

It would be useful to discuss and evaluate major three schemes launched during the successive plan periods with the specific objective of alleviating rural poverty and generating employment opportunities for the rural areas. An evaluation study has been carried on the programmes to assess the performance, effectiveness and impact of programmes in the country. Keeping the above views the present study was undertaken with following objectives. To study the socio-economic impact of the programmes; To assess the extent to which the programmes helped the targeted groups in providing employment; To analyse the growth in employment through programmes; To identify the problems faced by the beneficiaries in acquiring benefit
of the programme; To study the problem encountered after the implementation of the programmes.

4.4 Database Description and Research Methodology

There are three programmes selected purposely due to major effect on the rural society. After the selection of the programmes time series data of beneficiaries and during the period how much fund allocated by the Government for the programmes sample were collected through compiling the Secondary data. The study was conducted since the inception of the programme till the year 2013-14. So there is varying period between the programmes. We try to compare the programmes on the basis of their financial and physical part during their inception till recent period on the source of the availability of data and we want to compare the programme to check the most effective programme between the three. We can state that to check the most effective programme between the three, we focus on the similar variable i.e. Funds utilized and employment generation of each programme keeping other variables / factors constant. The study is based on Secondary data. All the relevant secondary information was collected at national level and state level. Alongwith the use of publications sources, the information were collected through

- The data available on the website of Ministry of Rural Development, Government of India and the website of the programmes at national level.
- Various reports availability on the website of Planning Commission, Government of India; Reserve Bank India, Government of India; Ministry of Finance, Government of India; India Budget and Economic Survey, Government of India.
- Discussions with the officers of Nirman Bhavan in Aligarh District in Uttar Pradesh; about the programmes to gather the information about the programmes that are selected for analysis.

We assume our hypothesis to be ‘selected rural poverty alleviation programmes have significant impact on employment generation’. Here we assume our null hypothesis (H₀) is equal to 0, i.e. there is no effect of funds utilization on employment generation and the alternative hypothesis (H₁) is not equal to 0, i.e. there is effect of fund utilization on employment generation. A quantitative analysis has been used in
the study. Quantitative data was tabulated and statistically analysed. For analysis we use log-linear regression tool to see the effectiveness of the programme and to make comparison between the programmes. After the comparison, the emphasis has been laid on major scheme which really have some positive effects on the rural society. The three programmes employment generation year wise growth shown on the figure which make easy to draw the comparison between the programmes on the basis of their growth line. The trend line on the figure display the changes on the growth of employment generation of each programmes and compares the level to determine the ups and downs of the programmes.

The log-linear regression attempts to model the relationship between two variables by fitting a linear equation to observed data. One variable is considered to be an explanatory variable, and the other is dependent variable. Here, we relate the employment generation to funds utilized using a log-linear regression model. The log-linear regression model for evaluation of our study is $\ln Y = a + b \ln X$, where $X$ is the Fund Utilization (independent variable) and $Y$ is the Employment Generated (dependent variable). The slope of the line is $b$ (beta) is regression coefficient, and $a$ (alpha is constant) is the intercept (the value of $y$ when $x = 0$).

Before attempting to fit a linear model to observed data, we first determine whether or not there is a relationship between the variables of interest. This does not necessarily imply that one variable causes the other but that there is some significant association between the two variables. A scatterplot became a helpful tool in determining the strength of the relationship between two variables. If there appears there is some association between the proposed explanatory and dependent variables (i.e., the scatterplot indicate an increasing trends through a straight line), then fitting a linear regression model to the data probably will provide a useful model. A valuable numerical measure of association between two variables is the correlation coefficient, which is a value between -1 and 1 indicating the strength of the association of the observed data for the two variables.

As we want to perceive the impact of programmes and judge the relevant employment generated or not. To see this impact of programmes on employment we use employment generation as our dependent variable for the selected three
programmes. The explanatory variable of the simple linear regression is funds allocation.

Before we present the results of our regression analysis, let us comment briefly on the dependent and independent variable

4.5 Funds Allocation and Funding Pattern of Selected Schemes

As per the Constitution of India, it is binding that Government allocate funds, formulate programmes and policies to improve the social conditions and alleviate poverty. There are a number of schemes in India ensuring employment for those seeking work, subsidized food distribution and many of social welfare programmes. Thus, the Government spends more than Rs. 7000 crore annually on these programmes. The combined expenditure of Centre and State Governments on Rural Development increased from the level of about Rs. 7665 crore in 1991-92 to Rs. 11,550 crore in 1999-2000. The funds allocation for Ministry of Rural Development of Rs. 80,194 crore in 2013-14 marking an increase of 46 percent over RE 2012-13 in Indian budget. Within Rural Development a separate budget head, namely “Rural Employment and Poverty Alleviation” allocations concentrate on poverty alleviation strategies.

The Government of India from the year 1999-2000 has restructured/modified most of the rural development schemes. Besides this the Government of India has also changed the funding pattern of the schemes from 50:50, 80:20 and 100 percent and most of the schemes are now being implemented on 75:25 and 90:10 sharing basis between the Central and State Government respectively. In the schemes the MGNREGA is 90:10, 90 percent of Central Government and 10 percent of State Government; likewise SGSY/Aajeevika is 75:25. While PMEGP is implemented through KVIC and State/UT Khadi & V.I. Boards in Rural areas and through District Industries Centres in Urban and Rural areas in ratio of 30:30:40 between KVIC / KVIB / DIC respectively. As per the KVIC Act, the funds provided by Government of India under its budgetary sources are credited under broad Heads such as (1) Khadi, (2) Village Industries, and (3) General and Miscellaneous. The budget support being provided by Government of India every year is the main source of finance for KVIC to implement its promotional and developmental programmes. Further KVIC provide funds as money margin subsidy to PMEGP.
4.6 Financial and Physical Performance of the Schemes since Inception

We have chosen three schemes to evaluate their performance on the basis of the impact of one to other factor. To know the relationship between the factors we use regression analysis. The financial part is funds allocation and funds utilization and so the physical part is employment generation that refers to person-a manly capacity to work for learning task and earning money. Thus, whatever employment is generated due to funds is all allocated by the government for the targeted people. The aim is to assess financial performance of the schemes from their inception till recent years, whether they have brought any change to the physical appearance or show no effect to the aimed portion of the scheme? Whether following schemes were able to fulfil their objectives or they do not show any progress after having too much of financial expenditure? Have these programmes performed mannerly? In comparison which programme is able to perform better than the other? To obtain these answers we have to go through each programme and analyse the data to see the growth of each programme.

4.6.1 Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

As we have discussed before about the programme MGNREGA aimed to generate more and more employment to the economy. The single most distinguishing feature of MGNREGA from the other employment programmes of the past is that the provision of work is triggered by the demand for work by wage seekers and provided as their legal right. To carry forward the demand-driven character of MGNREGA, on 27 Nov 2013 the Union Ministry of Rural Development has launched under MGNREGA a Yojana naming “Kaam Maango Abhiyan” to pro-actively register demand in select districts of the country, to increase awareness about the entitlements under the programme and to increase participation in the programme by fulfilling the guarantee of employment against demand. MGNREGA officials pay very close attention to generating awareness among potential wage seekers and set up systems that facilitates and rigorously records registration for work, issuance of job cards and application of work. They include various types of work to make the unemployed people employed. The people are employed to work under MGNREGA in Water Conservation, Provision of Irrigation Facility to Land, Rural Connectivity, Land
Development, Bharat Nirman Rajiv Gandhi Seva Kendra, Rural Drinking Water, Rural Sanitation, Fisheries, Livestock Related Work, Agricultural Related Work, and Flood Related Works like deepening and repair of flood channels etc.

The funding pattern of MGNREGA includes funding by both Centre and States Governments. The Central Government bears the costs on the items as ¾ the entire cost of wages of unskilled manual workers, ¾ i.e. 75 percent of the cost of material, wages of skilled and semi-skilled workers. Administrative expenses as may be determined by the Central Government, which will include, inter alia, the salary and the allowances of the programme officer and his supporting staff and work site facilities. ¾ Expenses of the National Employment Guarantee Council. The State Government bears the costs on the items as 25 percent of the cost of material, wages of skilled and semi-skilled workers (as a ration of 60:40 is to be maintained for wages of the unskilled manual workers and the material, skilled/semi-skilled Government has to bear only 25 percent of the 40 percent components, which means a contribution of 10 percent of the expenditure. ¾ Unemployment allowance payable in case the State Government cannot provide wage employment on time. ¾ Administrative expenses of the state Employment Guarantee Council. Funding of the scheme has been very balancing between the State and Centre.

Since its inception MGNREGA has generated 1575 crore person-days of employment up to December, 2013. From financial year 2006-07 up to financial year 2013-14 over Rs. 1,55,000 crore has been spent on wages. This is almost 70 percent of the total expenditure. The scheme’s notified wages have increased across all the states since 2006. The average wage earned by every beneficiary has risen from Rs. 65 per person-days in 2006-07 to Rs. 124 per person-days in 2013-14. The National Level Monitors, Area Officers and officials of the Ministry of Rural Development undertake annual field visits to Mahatma Gandhi NREGA Phase I, II and III districts.

The financial and physical performance of MGNREGA towards States, when it comes to coverage of population, the states that claim to have covered more than 50 percent of the households are Chhattisgarh and Madhya Pradesh, with both of them having poverty rates that are much higher than the national average; followed by

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2 www.nrega.nic.in
Bihar and Jharkhand, with over 30 percent coverage but very high levels of poverty. Besides, at the total expenditures suggests that Madhya Pradesh, Andhra Pradesh and Rajasthan have distributed Rs.10-17 billion as wage payments followed by Uttar Pradesh, Chhattisgarh, West Bengal and Bihar, with the utilized amounts ranging between Rs.5 and 10 billion each. Another important thing to consider about the scheme is about the impact on farm mechanization of agriculture. Ultimately, it is worth mentioning here that the MGNREGS has benefited the agricultural labourers not only directly, but also indirectly as the scheme pressured the Minimum Agricultural Wage Rate (MAWR) to be increased.

The major impact on employment situation under MGNREGA since its inception (2006-07 to 2013-14) can be seen in the following table.

### TABLE 4.1: Financial and Physical performance of MGNREGA.

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial Factors</th>
<th>Physical Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Funds Allocation (Rs. in Lakhs)</td>
<td>Fund Utilization (Rs. in Lakhs)</td>
</tr>
<tr>
<td>2006-07</td>
<td>1130000.00</td>
<td>860119.702</td>
</tr>
<tr>
<td>2007-08</td>
<td>1200000.00</td>
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<tr>
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<tr>
<td>2013-14</td>
<td>3300000.00</td>
<td>4227227.949</td>
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</table>


The above table portrays the overall performance of MGNREGA through the financial and physical outlays. Till 2010-11, the performance of the growth of employment generation is declining movement in fund utilization but later in 2011-12 it started to show negative growth. This can be seen in the section of growth in employment generation of the above table. Government officials state the drop in funds utilization down from 76.57 percent in 2009-10 to 74.57 percent in 2010-11, may be due to the lower demand for work. But the lower utilization of administrative
allocations is mysterious when the scheme lacks capacity to spend the 40,100 crores the centre had allocated for the given year. “The scheme suffers through major human resources constraint especially at the level where money needs to be channelized,” according to a Planning Commission official. The administrative set up is not developing as it should. On the brighter side, there is an improvement in the funds utilization numbers in comparison to 2012-13 when only 22.34 percent of the funds for administrative expenses were used by the states.

There has been improvement this year as these officials focused on building capacity, however, one cannot say the performance is up to the mark. For the coming years, the ministry is going to instruct states to show better utilization in the category as a condition to release of funds. The states that have spent most towards improving administrative issues are Andhra Pradesh and West Bengal. Other states/U.Ts like Tripura, Andaman and Nicobar Islands, Goa have also spent around 70 percent of the funds, although the allocations were lower than other big states where the demand for work is concentrated. The states that have failed to improve their performance have been Bihar, Madhya Pradesh, Rajasthan and some special category north-eastern states like Mizoram, Meghalaya and Manipur among others. The average rate of utilization for other states is around 30 percent. Farm wages in this programme increased from 15 percent to 20 percent in the states like Haryana, Bihar, West Bengal, Assam, Punjab and Orissa.

The physical performance of the scheme has so far provided 3.56 crore households with employment throughout the country. This also states that around 13,332 crore person-days are created and 7.08 lakh assets are built, out of 25.98 lakh taken up under the programme. Of the total person-days created, 51.02 percent are the person-days by the women labourers. Similarly, 40.19 percent are created by SC members and 21.83 percent by persons form the ST community.

There are some severe problems in the implementation perspective of this programme as well. The promise of 100-day employment to one member of every household which seeks employment is largely unfulfilled. There are several in built biases in the execution of MGNREGA. The poor, are inadequately represented in those selected for participation, the duration of employment is systematically lower for poor households. At the same time, the non-poor are disproportionately
represented, indicating some capture. Whereas few participants admit to paying bribes, several reported that personal acquaintance was necessary to secure employment under MGNREGA. Many participants indicated that they wanted to continue to work on MGNREGA. This is less of an indicator of the efficacy of the MGNREGA than of the fragility of their livelihoods.

4.6.2 Swarnajayanti Gram Swarozgar Yojana (SGSY)

The Swarnajayanti Gram Swarozgar Yojana (SGSY), a Centrally Sponsored Scheme implemented in all the states except Delhi and Chandigarh since April 1999, is primarily designed to promote self-employment oriented income generating activities for the BPL households in the rural areas. Later, SGSY was restructured as NRLM in June, 2010 to implement it in a mission mode in a phased manner for targeted and time bound delivery of results. NRLM was projected to emerge as the centre-piece of India to battle against rural poverty and reasonably proposed to overcome the limitations of SGSY. NRLM has now been renamed as Aajeevika to implement it in a mission mode across the country and was formally launched on 3rd June, 2011.

The two major strategic shifts under Aajeevika in relation to SGSY are - (i) Aajeevika will be a demand driven programme and the States will formulate their own poverty reduction action plans under it based on their past experience, resources and skills base and, (ii) Aajeevika will provide for a professional support structure for programme implementation at all levels from national to sub-district level in different streams. SGSY is woven around the mechanism of Self-help Groups (SHGs). SGSY is holistic scheme, covering all aspects of self-employment programme such as organisation of the poor into (SHGs), training, credit, technology, infrastructure and marketing and designed to break the financial, technical and market constraints that the individual BPL households face to cross the threshold of poverty line. The main component of the scheme includes – formation of SHGs of rural poor households; capacity building training for managing the SHGs and skill training to take up micro-enterprises; strengthening thrift and credit in SHGs by providing revolving fund support; credit linkage with banks/other financial institutions and back ended subsidy for eligible SHGs / members to take up micro-enterprises; provision of support for

marketing and infrastructure creation to strengthen the forward and backward linkages; and technology inputs for micro-enterprises.

Basically, SGSY focuses on minimum skill development of groups to improve the use of credit. It promotes group activities that can increase sustainable incomes. The scheme falls within Ministry of Rural Development and is implemented by the District Rural Development Agency (DRDA) with the help of Gram-Panchayat, Panchayat Samiti, Banks and NGOs. The scheme is funded by financial institutions, Panchayat Raj Institutions, District Rural Development Agencies (DRDAs), Non-Government Organisations (NGOs), Technical Institutions in the District; which are involved in the process of planning, implementation, and monitoring of the scheme. NGOs may be sought in the formation and nurturing of the SHGs as well as in the monitoring of the progress of the beneficiaries. Where feasible, their services may be utilized in the provision of technology support, quality control of the products and as recovery monitors cum facilitators.

SGSY is being funded by the Centre and the State Governments in the ratio of 75:25. The objectives of SGSY are to bring the assisted poor families (Swarozgaris) above the poverty line in three years, by providing them income-generating assets through a mix of bank credit and government subsidy. It would mean ensuring that the family has a monthly net income of at least Rs.2000. Subject to availability of funds; the effort will be to cover 30 percent of the poor families in each block during the next five years. Critical gaps in investments will be made under SGSY subject to a ceiling of 20 percent (25 percent in the case of north-eastern states) of the total programmes allocation for each district. This amount will be maintained by the DRDAs as SGSY – Infrastructure Fund and which can also be utilized to generate additional funding from other sources.

The following table is focused on physical and financial review of SGSY scheme since inception (1999-2013).
### TABLE 4.2: Financial and Physical performance of SGSY.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Funds Allocation (Rs. in lakhs)</th>
<th>Funds Utilized (Rs. in Lakhs)</th>
<th>Employment Generation (in numbers)</th>
<th>Growth of Employment Generation (in percent)</th>
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</table>

**Sources:** www.rural.nic.in; www.indiastat.com; www.indiabudget.nic.in; Tenth Five Year Plan 2002-2007

In the above table the financial factors are funds allocation and funds utilisation whereas its impact were seen on physical aspects that is employment generation. The last column is growth of employment generation where we can see fluctuation from the 1999-2000 to 2012-13. In the first two years SGSY shows positive growth and after that for the two years from 2001-02 to 2002-03, it remains negative growth. The performance of the growth seems to be positive after 2002-2003 till 2010-11 but the growth of employment generation in that period was very fluctuating in the year 2011-12 to 2012-13 the growth shows falling percent of growth.

In the evaluation of SGSY scheme the study mostly concentrates over following aspects like year-wise physical-growth, SGSY at glance (before, during, and after), funds available, disbursement, and category-wise number of beneficiaries assisted during the period. The allocation of funds by the Government of India to states under SGSY is made on the basis of the proportion of poor households in the
respective states. Eastern and Central regions which had the highest concentration of rural poor (34.6 per cent and 33.8 per cent, respectively) also had high budgetary allocations (about 30 per cent and 27-28 per cent). However, their utilization of funds is dismal. Similarly, the flow of credit under the programme to the Eastern region (having 34.6 percent poor) is 16.7 percent which is less than half of its share in the poor. Within the Eastern region, their lies grate inter-state disparity in the flow of credit. The progress of SGSY has been slow since more efforts are required to create a productive base for the rural poor who need livelihood outside agriculture during the last twelve years (1999-2011). 40 lakhs SHGs (in the first phase (1999-2005), 20.06 in phase second 2006-2011 (20.14 lakh) were formed. But, only 28 lakh passed Grade I and 13.64 lakh SHGs passed Grade II. From the inception of SGSY, 42.05 lakh SHGs have been formed under the programme with women SHGs accounting for about 60 percent of the total.

The SHGs are given technical as well as book keeping training through Rural Self Employment Training Institute (RSETI) and in due course, these will be granted subsidy to the key activity with a subsidy credit ratio of 1:3. A procedure is also being formulated with existing marketing setups with the help of the chamber of commerce members as well as private and government sector officials for the forward linkages for each of the product produced by the SHGs. During 2013-14, the total number of SHGs under NRLM fold is 13,15,437 of which 2,19,061 (17 percent) have been mobilized in this financial year. Allocation for NRLM for 2013-14 has been kept at Rs. 4000 crore, an increase of Rs. 85 crore over the previous year’s budget estimates (BE). Of this, an amount of Rs. 858.41 crore has been released up to September, 2013. The total funds available for the scheme over the last six years were Rs.26674.75 crore but the utilization was around 74 percent (Rs.10482 crore) of available funds. Upto 10 percent of SGSY funds will be set aside as training fund and will be utilized to provide both orientation and training programmes to the Swarozgaris, as indicated above.

4.6.3 Prime Minister Employment Guarantee Programme (PMEGP)

Prime Minister's Employment Generation Programme (PMEGP) was announced on 15th August, 2008 and launched in 2008-09 replacing REGP scheme. PMEGP is a credit-linked subsidy programme launched by Ministry of Micro
Small and Medium Enterprises (MSME) for creation of employment opportunities through origin of micro enterprises in both rural and urban areas of the country. Micro enterprises are increasingly being viewed as a catalyst for enhancing the income earning capacities of the youth. The scheme targets the generation of 37.4 lakh employment opportunities during 2008-09 to 2012-13. The specific objectives of the programme are: To generate employment opportunities in rural as well as urban areas of the country through setting up of new self-employment ventures/projects/micro enterprises; To bring together widely dispersed traditional artisans/rural and urban unemployed youth and to provide them with self-employment opportunities to the extent possible, at their places; To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help check distress migration of rural youth to urban areas.

The funding levels of PMEGP under rural areas (location of project/unit) in general category, the rate of subsidy (of project cost) is 25 percent and for special category (including SC, ST, OBC, Minorities, Women, Ex-Servicemen, Physically Handicapped, NER, Hill and Border areas etc.) is 35 percent. The beneficiary’s contribution (of project cost) is 10 percent for general category and 05 percent of special category. The maximum cost of project/unit admissible under manufacturing sector is Rs.25 lacs. The maximum cost of project/unit admissible under business/service sector is Rs.10 lacs. The Government subsidy under the scheme will be routed by KVIC (Khadi and Village Industries Commission) through the identified banks for eventual distribution to the beneficiaries in their Bank Accounts. Banks sanction 90 percent of the project cost in case of general category of beneficiary/institution and 95 percent in case of special category of beneficiary/institution and disburse the full amount suitably for setting up the project.

The beneficiary eligibility condition in the programme involves any individual above 18 years of age, there will be no income ceiling for assistance for setting up projects under the programme, for setting up of project costing above Rs.10 lakh in the manufacturing sector and above Rs. 5 lakh in the business/service sector, the beneficiaries should possess at least 8th standard pass educational qualification, assistance under the scheme is available only for new projects sanctioned specifically
under the PMEGP, Self-Help Groups (including those belonging to BPL provided that they have not availed benefits under any other scheme) are also eligible for assistance under PMEGP, institutions registered under Societies Registration Act, 1860, Production Co-operative Societies, and Charitable Trusts, existing units (under PMRY, REGP or any other scheme of Government of India or State Government) and the units that have already availed Government Subsidy under any other scheme of Government of India or State Government are not eligible.

The following activities are not permitted under PMEGP for setting up of micro enterprises/projects/units, as - any industry/business connected with meat (slaughtered), i.e. processing, canning and/or serving items made of it as food, production/manufacturing or sale of intoxicant items like Beedi/Pan/Cigar/Cigarette etc.; any Hotel or Dhaba or sales outlet serving liquor, preparation/producing tobacco as raw materials, tapping of toddy for sale, any industry/business connected with cultivation of crops/plantation like Tea, Coffee, Rubber etc. sericulture (Cocoon rearing), Horticulture, Floriculture, Animal Husbandry like Pisciculture (fish farming), Piggery, Poultry, Harvester machines etc.; manufacturing of Polythene carry bags of less than 20 microns thickness and manufacture of carry bags or containers made of recycled plastic for storing, carrying, dispensing or packaging of food stuff and any other item which causes environmental problems; industries such as processing of Pashmina Wool and such other products like hand spinning and hand weaving, taking advantage of Khadi Programme under the purview of Certification Rules and availing sales rebate; Rural Transport (Except Auto Rickshaw in Andaman & Nicobar Islands, House Boat, Shikara & Tourist Boats in J&K and Cycle Rickshaw).

The scheme was implemented by Khadi and Village Industries Commission (KVIC), Mumbai, a statutory body created by the Khadi and Village Industries Commission Act, 1956, which will be the single nodal agency at the national level. At the State level, the scheme was implemented through State Directorates of KVIC, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres in rural areas. In urban areas, the scheme was implemented by the State District Industries Centres (DICs) only. KVIC was coordinate with State KVIBs/State DICs and monitor performance in rural and urban areas. KVIC and DICs also involve
NSIC, Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Panchayati Raj Institutions and other NGOs of repute in identification of beneficiaries under PMEGP.

The identification of beneficiaries was done at the district level by a Task Force consisting of representatives from KVIC/State KVIB and State DICs and Banks. The Task Force would be headed by the District Magistrate / Deputy Commissioner / Collector concerned. The bankers involve the right from the beginning to ensure that bunching of applications is avoided. However, the applicants, who have already undergone training of at least 2 weeks under Entrepreneurship Development Programme (EDP) / Skill Development Programme (SDP) / Entrepreneurship cum Skill Development Programme (ESDP) or Vocational Training (VT) was allowed to submit applications directly to Banks. However, the Banks refer the application to the Task Force for its consideration. Exaggeration in the cost of the project with a view only to availing higher amount of subsidy should not be allowed. KVIC devise a score card in consultation with SBI and RBI, and forward it to the District Level Task Force and other State/District functionaries. This score board then form the basis for the selection of beneficiaries. This score card also display on the websites of KVIC and Ministry. The selection process should be through a transparent, objective and fair process and Panchayati Raj Institutions should be involved in the process of selection of E-governance is a vital requirement for effective monitoring and reviewing of the scheme. In addition, data base of existing REGP beneficiaries as well as PMRY was documented.

A separate PMEGP website was constructed by KVIC, including all the relevant linkages with Ministry of MSME, State KVIBs, DICs, NIC and Banks, providing all the necessary information. Application tracking system was introduced by KVIC in coordination with KVIBs / DICs for PMEGP beneficiaries. In addition, Rural Industrial Consultancy Services (RICS)’s software package for project preparation of KVIC was extended to all training centres in the country for assisting potential beneficiaries to prepare project under PMEGP.

A separate provision is available under forward backward linkages for the purpose for use by KVIC. Further, KVIC issue guidelines in regard to utilization of funds for the purposes outlined in the backward and forward linkages by ensuring
proper documentation etc., from KVIBs and DICs. Proper account of the expenditure in this regard will be maintained by State/KVIBs/DICs and monitored by KVIC regularly.\(^5\) Thus, PMEGP through KVIC all over the country generating self-employment opportunities through establishment of micro enterprises including rural and agro industries by organizing traditional artisans and unemployed youth, helping in preventing their migration besides increasing their earning capacity.

Following table depicts the financial and physical performance of PMEGP since inception (2008-09 to 2012-13)

**TABLE 4.3: Financial and Physical performance of PMEGP.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds Allocated (Rs. in lakhs)</th>
<th>Fund Utilized (Rs. In Lakhs)</th>
<th>Employment Generation (in number)</th>
<th>Growth of Employment Generation (in percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>74000.00</td>
<td>35623.00</td>
<td>204747</td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>50421.00</td>
<td>76244.00</td>
<td>424982</td>
<td>107.56</td>
</tr>
<tr>
<td>2010-11</td>
<td>87720.00</td>
<td>89118.00</td>
<td>480613</td>
<td>13.09</td>
</tr>
<tr>
<td>2011-12</td>
<td>101024.00</td>
<td>105784.00</td>
<td>495523</td>
<td>3.10</td>
</tr>
<tr>
<td>2012-13</td>
<td>122844.00</td>
<td>108066.00</td>
<td>428221</td>
<td>-13.58</td>
</tr>
<tr>
<td>2013-14</td>
<td>98836.38</td>
<td>107574.97</td>
<td>368545</td>
<td>-13.94</td>
</tr>
</tbody>
</table>


In the above table the growth performance of employment generation was praise-worthy in the first two years since inception of the programme but afterwards there is declining trend in the growth performance. The number of employed people increased in 2009-10 to 424982 from 204747 in 2008-09. Money margin utilized during the programme is in the rising position in accordance to the money margin allocation. Performance-wise the banks under the PMEGP were below the state average of 83.06 percent during 2008-09. The ratio of fiscal with the overall disbursement to sanction remained only 50.8 percent till 16 March 2010\(^6\). Around Rs 757 crore of unspent funds meant as margin money subsidy stock with the banks under the programme.

There is need for transparency and accountability, and a system of e-tracking of PMEGP applications has been made mandatory from 2014-15 onward. Under the

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5  [http://www.kvic.org.in/PDF/PMEGPscheme.pdf](http://www.kvic.org.in/PDF/PMEGPscheme.pdf)
proposed e-tracking of PMEGP applications, each applicant would be provided a unique online ID through which they could track the status of their PMEGP applications at various stages and find out the reasons why projects were rejected.

To ensure that applications are processed and sanctioned by banks in a time-bound manner, directions were issued to all stakeholders for ensuring that the application should be forwarded to the district-level task force committees (DTFCs) within 100 days, screened and submitted to the bank, sanctioned by the bank and the loan disbursed along with the release of margin money. For 2013-14, a minimum of 100 projects per district were allocated under the PMEGP. To monitor the working of the DTFC and improve the implementation of the scheme at the district level, an advisory committee has been constituted under the chairmanship of a Member of the Lok Sabha elected from the district.

Since the inception of the PMEGP in 2008-09, more than 221,000 new entrepreneurs have been assisted as on March 2013, over two million employment opportunities across the country created and Rs 5,037 crore released as margin money subsidy. The funds allocation increased by 23 per cent from Rs. 1037 crore in 2011-12 to Rs. 1276 crore in 2012-13.

The current position of the programme is noted that more than three lakh applications were received under the PMEGP in 2013-14, of which one lakh have been recommended by the DTFC to all banks. Of this, banks have approved 81,000 cases, involving a total margin money subsidy of Rs 1,879 crore. They have sanctioned 14,966 applications involving margin money of Rs 327 crore, and disbursed funds in around 6,000 cases. During the earlier years the targets set have been achieved, while physical verification of PMEGP units has revealed that 82 percent of the units that were set up are working successfully. It was remarked that if banks sanctioned even 72 per cent of project proposals, which is the observed trend under this programme, margin money of Rs 1,353 crore would be utilized during the year, and targets would be achieved. Recently, bankers were instructed to ensure sanction of pending proposals and settlement of pending claims to facilitate achievement of PMEGP targets for the year. All banks ask to process eligible cases
from among the remaining applications without the subsidy component, by covering them under the Collateral-free Credit Guarantee Scheme of the Ministry.\(^7\)

The outlay for Twelfth Five Year Plan under PMEGP has been kept at Rs 8,060 crore which is 70 percent higher than the allocation of Eleventh Plan for the scheme. Thus, PMEGP till now performed well and shows a creative pattern of works to the rural areas.

Thus, the above discussed poverty alleviation programmes have been planned to disclose miscellaneous difficulties of rural poverty. These programmes are predetermined to deliver direct attack on rural poverty through providing work to the unemployed and deprived people. The motive of these programmes is to make people employed as well as provide them knowledge to work in future because the jobs in these programmes are not permanent in nature. They all are short term casual jobs usually for a period of 100 days or more. Micro credit-linked programmes provide a package of services including credit and subsidy to set up micro enterprises. Wage employment programmes address the issue of transient poverty. Successful implementation of these programmes requires an appropriate policy framework, adequate funds, and an effective delivery mechanism. Ultimately, the success of these programmes depends on the capability of the delivery system to absorb and utilize the funds in a cost-effective manner. Thus further we will discuss the regression analysis results to check the present working position of the above discussed programmes.

4.7 Results and Discussions

The variables used in the model are funds utilized during the programme and the total employment generated. Time series data were taken into consideration for each programme. The following table displays the regression coefficient, \( R^2 \), computed t-value, degrees of freedom, and schemes model of three poverty alleviation programmes, i.e., MGNREGA, SGSY and PMEGP for funds utilization on employment generation. In order to find the causal relationship between the employment generation and fund utilization, both linear and non-linear model was tried. The \( R^2 \) value and t-value put us to choose for log-linear model. The advantage of the log-linear model is that the co-efficient of the log-linear model gives the

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respective elasticity value. Thus, the evaluation of the performance of these
programmes, which can be represented as follows -

**TABLE 4.4 - Results of all the three Programmes**

<table>
<thead>
<tr>
<th>Dependent Variable: lnEG*</th>
<th>Independent Variable: lnFU**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Schemes</strong></td>
<td><strong>MGNREGA</strong></td>
</tr>
<tr>
<td>Values</td>
<td>t-value</td>
</tr>
<tr>
<td><strong>Constant</strong></td>
<td>9.48</td>
</tr>
<tr>
<td><strong>Coefficient</strong></td>
<td>0.55</td>
</tr>
<tr>
<td><strong>R²</strong></td>
<td>0.9486</td>
</tr>
<tr>
<td><strong>Correlation</strong></td>
<td>(lnFU, lnEG)</td>
</tr>
<tr>
<td><strong>Degree Of Freedom</strong></td>
<td>6</td>
</tr>
<tr>
<td><strong>Scheme Model</strong></td>
<td>lnEG= 9.48 + 0.55 lnFU</td>
</tr>
</tbody>
</table>

*Note: Degree of freedom is 6 significant at 5 percent of confidence interval; *EG=Employment Generation; **FU= Funds Utilization

In simple log-linear regression, the size of the coefficient for each independent variable gives the size of the effect that variable is having on dependent variable, and the sign on the coefficient (positive or negative) gives the direction of the effect. Above in the table all the three programmes show positive effect of funds utilization on employment generation. The elasticity of employment generation in MGNREGA is 0.55 percent due to fund utilization. Thus, we can say that if there is 100 percent increase in funds utilization the employment generation will increase by 55 percent in MGNREGA programme. SGSY with 77 percent and PMEGP with 67 percent show elasticity in the employment generation. However, all the programmes show positive effect which concluded that fund utilization in these programmes has positive effect on the employment generation. The elasticity between the factors in SGSY found to be more than PMEGP and MGNREGA. So, regression coefficient is helpful in showing any additional change in funds utilization, we can expect employment generation to increase positively by an average of regression coefficient of the programmes.

In the log-linear regression with a single independent variable, it is the same as the square of the correlation between dependent and independent variable. Thus,
regression equation is showing the percentage of variation on the employment generation due to variations in funds utilization. $R^2$ of MGNREGA is 94.86 percent, SGSY is 89.93 percent and PMEGP is 77.87 percent. This indicates MGNREGA, with 94.86 percent of variation can be seen on employment generation due to funds utilized in the programme. Likewise in SGSY 89.93 percent and PMEGP 77.87 percent of variation could be seen on the employment level due to funds utilized in the programme. High $R^2$ values in all the three cases shows that the explanatory power of the model is good.

The correlation between the two factors (i.e. funds utilization and employment generation) seems to be sufficiently high degree of positive correlation. MGNREGA with 97.40 percent, SGSY with 94.83 percent and PMEGP with 88.24 percent shows a strong positive correlation between the two factors of the programmes.

We found the calculated t-value of MGNREGA 10.52, SGSY 10.35 and PMEGP 3.75 of all three programmes statistically significant so we will reject our null hypothesis. Hence, the above results evidence that our performance of the programmes is statistically significant. Thus, the performance of all three programmes seems to neglect our null hypothesis and shows the effect of fund utilized during the programme was successful in generating employment. So, we found our results in favour of alternative hypothesis. It means any change in funds makes a change in the employment generation.

From this study we conclude that selected rural poverty alleviation programmes have significant impact on employment generation. These programmes have improved the socio-economic conditions in the rural area through making people aware of different task prospects by indulging them in different types of work. MGNREGA found to be highly significant among three of the employment generating programmes. The results of all the three programmes show excellent performance at national level. Thus, we can state that the programme MGNREGA is more effective than other two programmes. The condition of poor people is changing due to these poverty alleviation programmes and employment is increasing during the activities of the programmes.
The above analysis shows that the programmes have emerged as an important supplement in India creating a linkage among government objectives and the target. Observing the above trend, we can conclude that these programmes can be better in future. The trend line shows ups and downs in the growth of the employment generation of the programmes. But this can be improved in future as till now the performance of the programmes is effective.

4.8 Conclusion

Although Growth, Development and Progress all these terms are frequently used synonymously in the planning literature, yet they give varied meanings in economic terms. Economic growth and social progress are not mutually interdependent but are originally related parts of a simple process of development. Development is a dynamic process by which the overall personality enhanced and the basic values underlying are human dignity, equality and social justice. These three concepts are not separate and distinct but interrelated and dependent on each other. Since the commencement of the five year plans, a number of rural employment programmes were implemented in the country so as to uplift rural poor from below poverty line. Among them, our selected rural employment programmes MGNREGA, SGSY and PMEGP were also implemented successfully in the country. All these
programmes have achieved the targets significantly in the beginning. But, later the declining trend of these programmes in generating employment indicates the disappointment in the country.

The achievement of these above-mentioned rural employment programmes revealed that the results were achieved significantly in spite of certain socio-economic and political limitations. This study has shown that these employment programmes have positive socio-economic effects but somewhere they can lack in their future scenarios. As according to the situation these programmes are like spoon--feeding to their employee. Once their consumption level increases due to the wages, they become helpless after the completion of the maximum guaranteed days of work fixed by the Government in the programme and again back to past situation. These people may also become habitual that they can wait for these kinds of programmes.

These programmes generate a virtuous redistributive effect, since the programme benefits enlarging to poor people are not limited to the wages directly paid by jobs created by the programme. Through the changes in the programme generated in the economy, the implementation of the programmes results in further creating employment in the rural areas (jobs that are likely to be taken by the poor people) supporting the benefits to poor people in rural areas and extending them to those in urban areas too. The increase in labour income generated by the new employment opportunities created by the programmes is small, but the small size of the induced changes is largely due to the still comparatively small size of the programme. As the economy expands and poor people improve their lot, the price of the commodities they consume is likely to be increased. This increase in poor household’s cost of living is small and should not be a matter of concern, as the programme’s benefits more than compensate for the increase in prices. However, for poor rural residents who do not get benefitted from the programme’s jobs, even this small rise in the cost of living would be important.

Thus, the overall expansion of the Indian economy and enhancement of GDP growth over the years significantly contributed for enlarging employment throughout the country. From the above discussion following observations can be made: All three programmes have significant results which are able to show good impact on employment generation through fund utilized and the impact of the programmes could
be observed on employment. Thus, the performance of these programmes makes an effective move towards development.

Further, the effect of financial help made by Government could be seen on physical works given to the rural people. The employment generated through each programme had a definite bearing on poverty estimates. India lives in rural areas and there is need to render every effort to make the rural lives comfortable and lucrative. There is need to develop some more rural-centric works to enhance the rural infrastructure in terms of manpower. Thus, to make this pace, policymakers will have to improve delivery mechanisms, ensure proper distributions, maintain adequacy of funding and plug leakages to ensure sustainability of its positive impact.