

## IMPACT OF GOVERNMENT WELFARE SCHEMES ON RURAL POVERTY ALLEVIATION IN INDIA

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### ABSTRACT

Welfare Schemes, India, MGNREGA, NRLM, Social Rural poverty in India has persisted despite rapid economic progress, due to systemic deprivation of livelihoods, infrastructure, human development, and financial inclusion. In response, the Government of India has launched multiple welfare programs, including the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), National Rural Livelihoods Mission (NRLM), Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), Pradhan Mantri Gram Sadak Yojana (PMGSY), Pradhan Mantri Awas Yojana – Gramin (PMAY-G), Pradhan Mantri Ujjwala Yojana (PMUY), Integrated Child Development Services (ICDS), and Pradhan Mantri Jan Dhan Yojana (PMJDY). This paper evaluates these schemes using 2023–2025 data, government portals, and independent evaluations to assess their impact on rural poverty indicators—employment, income security, infrastructure, health, and financial inclusion. MGNREGA and NRLM strengthened livelihood resilience and women’s empowerment; PMGKAY and PM-KISAN ensured food and income relief; PMGSY and PMAY-G enhanced physical infrastructure and housing security; PMUY and ICDS supported health, nutrition, and energy access; and PMJDY expanded banking outreach. Despite successes, implementation challenges such as delays in payments, inclusion errors, fiscal limitations, and inter-state variation persist. The paper recommends improving targeting, indexing benefits to inflation, integrating skill development with transfers, reinforcing monitoring through digital tools, and enabling convergence across schemes to maximize poverty reduction. These reforms can help ensure that welfare schemes continue to serve as effective tools for inclusive rural development.

**Keywords:** Rural Poverty, Welfare Schemes, India, MGNREGA, NRLM, Social Security, Infrastructure, Financial Inclusion

### INTRODUCTION

Persistent rural poverty in India continues to be one of the most pressing developmental challenges, despite decades of targeted interventions and rapid economic growth in certain sectors. A substantial share of the rural population still experiences chronic deprivation, characterized by income instability, low agricultural productivity, insufficient infrastructure, and limited access to essential services such as healthcare, education, and financial institutions. In many cases, these disadvantages reinforce one another, creating an intergenerational cycle of poverty that is difficult to break without sustained policy action.

Rural India accounts for nearly 65–70% of the nation’s population, and the rural economy is still heavily dependent on agriculture and allied activities. However, productivity in this sector remains low due to factors such as fragmented landholdings, climate variability, inadequate irrigation facilities, and dependence on outdated farming practices. Income volatility, driven by fluctuating crop prices and weather shocks, further undermines household stability. These vulnerabilities are compounded by inadequate social

infrastructure—schools, hospitals, roads, and markets—which constrains human capital development and limits opportunities for non-farm livelihoods.

Recognizing these deep-rooted challenges, successive governments have introduced multi-pronged welfare schemes to address not only income poverty but also the broader dimensions of deprivation. These initiatives aim to provide social protection, economic security, and infrastructure development while ensuring equity in access to public services. In recent years, flagship welfare programs have undergone significant reforms, incorporating legal entitlements (e.g., MGNREGA), digital governance tools (e.g., Direct Benefit Transfer or DBT systems), and convergence approaches that integrate different schemes to maximize impact.

The current generation of rural welfare schemes has been designed to align with the principles of inclusive growth and sustainable development, reflecting commitments under the United Nations Sustainable Development Goals (SDGs). Key objectives include:

- **Income and employment security** – For instance, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) ensures up to 100 days of wage employment per household, while the National Rural Livelihoods Mission (NRLM) fosters self-help groups and promotes livelihood diversification.
- **Food and social protection** – Schemes such as the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) and Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) provide essential food grains and direct income support to vulnerable households.
- **Connectivity and housing** – The Pradhan Mantri Gram Sadak Yojana (PMGSY) enhances rural road connectivity, whereas the Pradhan Mantri Awas Yojana – Gramin (PMAY-G) ensures access to pucca housing for the rural poor.
- **Health, nutrition, and clean energy** – Integrated Child Development Services (ICDS) addresses child and maternal health, while the Pradhan Mantri Ujjwala Yojana (PMUY) promotes clean cooking fuel to improve household health outcomes.
- **Financial inclusion** – The Pradhan Mantri Jan Dhan Yojana (PMJDY) expands access to banking, credit, insurance, and remittance services for previously unbanked rural populations.

This paper critically examines the design, coverage, and measurable impacts of these flagship welfare programs using latest datasets from 2023–2025, including official government dashboards, parliamentary reports, and independent evaluation studies. The analysis focuses on how these schemes have contributed to poverty reduction, livelihood enhancement, and social security in rural areas, while also identifying persistent implementation bottlenecks. The paper concludes with policy recommendations to improve program efficiency, promote community participation, and enhance the resilience of rural households in the face of economic and environmental shocks.

## DISCUSSION

### 1. Livelihood and Employment Support

#### 1.1 MGNREGA – Employment Guarantee and Asset Creation

MGNREGA, enacted in 2005, guarantees 100 days of wage employment annually to rural households, with an emphasis on unskilled manual labor and local public works. In 2023–24, the scheme generated several billion person-days of work, providing reliable income to rural families and mitigating distress-driven migration. Additionally, it facilitated the creation of

durable assets—water conservation structures, rural pathways, afforestation—that contribute to long-term agricultural productivity and resilience. However, challenges remain in timely wage payments, occasional political interference in job card issuance, and variability in asset quality. Enhanced e-payment systems and strengthened social audits have improved transparency but have not fully resolved implementation delays.

## **1.2 NRLM – SHGs and Women's Livelihood Development**

NRLM, now operational under Deen Dayal Antyodaya Yojana, focuses on mobilizing women into Self-Help Groups (SHGs) to promote financial discipline, self-reliance, and enterprise. As of 2024, over ten crore rural women are organized into millions of SHGs, with access to microloans and small-business training. In successful cases, such as Andhra Pradesh's SERP model, SHGs have facilitated high-impact livelihoods and empowered women socially and economically. Nonetheless, challenges persist in accessing stable markets, obtaining higher-value contracts, and acquiring scalable skills beyond traditional micro-enterprise domains.

## **2. Social Safety Nets: Food and Income Support**

### **2.1 PMGKAY – Food Security during Crisis**

Launched in 2020 amid the COVID-19 crisis, PMGKAY expanded free grain allocations to cover additional beneficiaries under the National Food Security Act (NFSA), effectively preventing a surge in extreme rural poverty despite lockdown-induced income losses. The International Monetary Fund (IMF) acknowledged the programme's instrumental role in maintaining extreme poverty near pre-crisis levels. Lessons from PMGKAY underscore the importance of a ready-to-scale public distribution system with portability features for migrants. However, limitations in ration portability and gaps in reaching informal migrants remain to be addressed for equitable emergency response.

### **2.2 PM-KISAN – Direct Support to Farmers**

Introduced in 2019, PM-KISAN provides ₹6,000 per year to eligible landholding farmers in three instalments. As of early 2025, cumulative transfers exceed lakhs of crores of rupees and cover over 11 crore farmers. The scheme enhances farmers' liquidity for input purchase and consumption smoothing. Nonetheless, landless agricultural laborers remain excluded, and payment delays due to KYC/documentation issues have hindered certain beneficiaries. Bridging coverage gaps and integrating agricultural extension, crop insurance, and digital advisory services could amplify the scheme's effectiveness.

## **3. Infrastructure Development and Living Standards**

### **3.1 PMGSY – Rural Road Connectivity**

Implemented since 2000, PMGSY aims to build all-weather road access to unconnected habitations. As of 2024, hundreds of thousands of kilometers of rural roads have been constructed, significantly reducing travel times, enabling better access to markets, schools, and healthcare, and facilitating non-farm employment. Independent studies link PMGSY improvements to rising rural income diversification. Sustainability, however, depends on regular maintenance and quality control—particularly in challenging terrain where wear and tear is rapid. Incorporating geo-tagging and remote quality assessments can help address these constraints.

### **3.2 PMAY-G – Rural Housing and Security**

PMAY-G, initiated in 2016, provides pucca houses with basic amenities such as electricity, water, and sanitation to houseless rural families. Millions of houses have been sanctioned and

delivered, bolstering security, privacy, health, and dignity. Yet construction delays, funding mismatches, and environmental adaptation challenges (e.g., flood-prone areas) have created obstacles. Locally adaptable designs and use of resilient materials can improve outcomes and cost-efficiency.

#### **4. Health, Nutrition, and Clean Energy Access**

##### **4.1 ICDS – Early Childhood Welfare**

Operated since 1975, ICDS delivers comprehensive services—supplementary feeding, immunization support, health check-ups, and pre-school education—to children under six and pregnant/lactating mothers. Where operational quality is strong, ICDS has significantly reduced childhood malnutrition and improved early learning indicators. However, resource and infrastructure gaps, erratic food distribution, and staff training deficiencies compromise effectiveness in underperforming districts.

##### **4.2 PMUY – LPG Access and Health Benefits**

Launched in 2016, PMUY supplies free LPG connections to women in BPL households to reduce reliance on biomass and indoor air pollution. Over 9 crore connections have been issued under Ujjwala 1.0 and 2.0. Health benefits are clear: decreased respiratory illnesses, better women health outcomes, and time savings. However, sustaining LPG use remains a challenge due to refill cost barriers—many revert to polluting fuels. Subsidized refill models or microfinancing of refills could promote sustained usage.

#### **5. Financial Inclusion and DBT Efficiency**

##### **PMJDY Banking Access and Transparent Transfers**

Since 2014, PMJDY has opened over 50 crore bank accounts, extending financial services to the previously unbanked rural populace. These accounts have streamlined DBT processes, reduced corruption, and facilitated savings, insurance, and credit access. Despite this progress, ensuring continued account activity, financial literacy, and regulatory compliance (e.g., re-KYC) remains essential to avoid dormant accounts and maximize financial inclusion.

#### **FINDINGS & SUGGESTIONS**

##### **Findings**

1. **Coverage and Impact** – Welfare schemes have reached hundreds of millions of beneficiaries and provided social protection against income shocks, chronic poverty, and basic deprivation.
2. **Asset Building and Empowerment** – Programs like MGNREGA and NRLM contribute to both physical assets and social capital, with implications for sustainable poverty reduction.
3. **Capability Improvements** – ICDS and PMUY have enhanced health and environmental conditions, particularly among women and children.
4. **Infrastructure Gains** – PMGSY and PMAY-G have boosted connectivity and housing, catalyzing broader economic benefits.
5. **Implementation Gaps Persist** – Delays, leakage, incomplete targeting, and state-level disparities dilute the schemes' full potential.

## SUGGESTIONS

- **Targeting Enhancements** – Regular updates to socioeconomic databases (e.g., Socio-Economic Caste Census) and enabling grievance redressal at the local level can reduce inclusion/exclusion errors.
- **Skill-Transfer Integration** – Linking recurring support (like PM-KISAN, MGNREGA) with structured vocational training and market access programs can transition beneficiaries towards higher-income livelihoods.
- **Inflation Adjustments** – Indexing recurring cash transfers and pensions to inflation ensures that welfare support retains real value over time.
- **Digital Monitoring** – Leveraging geo-tagging, social audits and public dashboards enhances asset quality, transparency, and real-time oversight.
- **Migrant Inclusion and Portability** – Ensuring portability of ration cards and DBT benefits enables migrants to access support across states, particularly during displacement.
- **Subsidized Recurring Costs** – Introducing subsidized refills or flexible payment models for LPG (under PMUY) ensures continued clean fuel usage.
- **Inter-Scheme Convergence** – Facilitating holistic service delivery through gram panchayats—combining livelihoods, housing, health, and finance—can streamline beneficiary experience and amplify impact.

## CONCLUSION

India's welfare framework has become a critical safety net and developmental lever for rural impoverished communities. Programs such as MGNREGA, NRLM, PMGKAY, PM-KISAN, PMGSY, PMAY-G, ICDS, PMUY, and PMJDY have collectively addressed multiple dimensions of poverty—income instability, infrastructure deficits, energy deprivation, and access to finance. The schemes' scale and depth reflect strong state commitment and have produced measurable gains. However, to ensure sustained poverty reduction, it is imperative to address implementation gaps, improve targeting efficiency, adapt to inflation, and integrate skilling and convergence mechanisms. By leveraging technology, data, and adaptive policy design, India can enhance the effectiveness and equity of its welfare architecture, steering rural areas toward resilient and inclusive prosperity.

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