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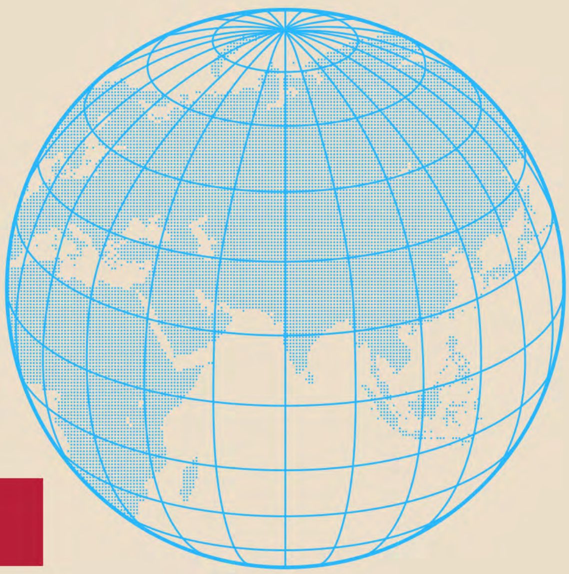
Understanding Trends in Female Labour Force Participation Rate in Rural India

The Role of MGNREGS and DAY-NRLM

Amarjeet Sinha



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Abbreviations

BC	Banking Correspondent
CAGI	Comptroller and Auditor General of India
CMSA	Community Managed Sustainable Agriculture
CPI-AL	Consumer Price Index for Agricultural Labourers
CRP	Community Resource Person
DAY-NRLM	Deendayal Antyodaya Yojana–National Rural Livelihoods Mission
DDU-GKY	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
DEA	Department of Economic Affairs
EDII	Entrepreneurship Development Institute of India
FLFPR	Female Labour Force Participation Rate
ILO	International Labour Organization
LPG	Liquified Petroleum Gas
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIS	Management Information System
MKSP	Mahila Kisan Sashaktikaran Pariyojana
MoF	Ministry of Finance
MOL&E	Ministry of Labour & Employment
MoRD	Ministry of Rural Development
MPCE	Monthly Per Capita Consumption Expenditure
NDDB	National Dairy Development Board
NPA	Non-Performing Asset
NRO	National Resource Organisation
NSO	National Statistical Office
NSSO	National Sample Survey Office
PLFS	Periodic Labour Force Survey
PMAY-G	Pradhan Mantri Awaas Yojana (Gramin)
PMGKAY	Pradhan Mantri Garib Kalyan Anna Yojana
PMMY	Pradhan Mantri Mudra Yojana
PRICE	People's Research on India's Consumer Economy
RFLFPR	Rural Female Labour Force Participation Rate
SHG	Self-Help Group
SVEP	Start-up Village Entrepreneurship Programme
UNDP	United Nations Development Programme
WPR	Workforce Participation Rate

Executive Summary

On November 20, 2019, I wrote for The Indian Express on "A Greater Ease of Living." I had argued that discussions of rural poverty fail to factor in multi-dimensional changes in the rural-agriculture sector in recent years. On May 9, 2022, I wrote again for *The Indian Express* on how poverty in rural India came down due to pro-poor thrust in government programmes that involved building trust through community mobilisation. On February 1, 2024, I wrote for *The Indian Express* again on why Rural Female Labour Force Participation Rate (RFLFPR) had gone up and how the evidence suggested that the Deendayal Antyodaya Yojana–National Rural Livelihood Mission (DAY-NRLM) and Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) play a crucial role in improving female work participation rate. The steady growth of the agriculture sector and the bridging of the gap in Monthly Per Capita Consumption Expenditure (MPCE) reported in recent surveys confirm some change happening in rural lives and livelihoods. This is clearly a rural women farmer-led agricultural growth. There are many lessons for development in other sectors from the steady rates of progress with women's collectives at the centre for livelihood diversification.

It is equally important to understand that community action can also go wrong. Having seen the ill-consequences of decentralisation without accountability pointed out in first two Performance Audit of MGNREGS (Comptroller and Auditor General of India [CAGI], 2007; CAGI, 2013), it is evident that decentralised community action must be very well thought through. It is not a case of one-size-fit-all or all power without accountability. The challenges of accountability are often resolved through the following six clear priorities. These were undertaken with some success during the last decade. These were: (i) accountability framework for elected local government leaders; (ii) use of technology as a means; (iii) evidence based and community validated assessment of outcomes; (iv) professionals and community resource person (CRP) for effectiveness; (v) decentralised community action through women's collectives; (vi) untied and adequate funds for local action.

These were internalised in the following manner:

First, in 2011, for the first time, an exclusive programme for women farmers was started under the then National Rural Livelihood Mission called Mahila Kisan Sashaktikaran Pariyojana (MKSP), focusing on sustainable agriculture using bio fertilisers and bio-pesticides. Fruits, vegetables, and animal resources became the prime sectors for diversifying livelihoods. Working with women's collectives that expanded very significantly from 25 million women in 2014 to over 100 million women under the Rural Livelihood Mission currently, over 50 million women have already been credit linked. After retiring debts, women's borrowings expanded in rainfed areas into fruits and vegetable cultivation, and large-scale animal resource rearing with modern practices. With CRPs drawn from among local women trained in agriculture and animal husbandry (Krishi Sakhi, Pashu Sakhi), MKSP laid the foundation of women-led livelihood diversification on scale.

Second, in 2014, the decision was taken to spend at least 60 per cent of MGNREGS funds in agriculture and allied activities. Simultaneously, a conscious policy shift toward more individual beneficiary schemes under MGNREGS like ninety-day support in house construction, animal sheds for marginal and small farmers, irrigation wells, farm ponds, mango orchards in rainfed tribal areas where poor still have land, and so on, facilitated the livelihood diversification on scale. Studies have recorded how the thrust on water conservation and individual beneficiary schemes paved the way for a higher level of agricultural and allied activities among women farmers. Evaluation studies have indicated 22 per cent gain in incomes of women under the rural livelihood mission in a period of 6–8 years that they take to mature as collectives.

Third, lower-than-market wage rates under MGNREGS have led to women working more than men under the programme. Nationally 57 per cent of the work has gone to women, further bolstering RFLFPR. 50 million women being credit linked under the DAY-NRLM, besides other opportunities like mudra loans and so on, did translate into many nano enterprises, single women enterprises, etc. The CRP approach of capacity building with large scale involvement of credible civil society organisations like PRADAN made for a real difference in the extension of appropriate agricultural practices. Training in agriculture and animal husbandry at the local level along with the social capital of women's collectives, have contributed to higher per capita consumption expenditures as well. Network of rural roads under the Pradhan Mantri Gram Sadak Yojana and other State level village road networks helped in marketing of produce. Technology enabled marketing platforms and the demand for fresh vegetables, milk, meat, etc. in urban areas, further facilitated better integration with markets.

Fourth, the women led diversification of livelihoods could have delivered even better income and livelihoods if the levels of education and skills were better. Lack of secondary completion or access to modern day vocational skills, compromises the ability of women to seek higher order economic activity. Therefore, despite a much larger number of poor women diversifying economic activities, most of them still make only a paltry sum of money. We cannot afford to neglect education and skills continuum in rural areas, especially among women.

The clear lesson from the women farmer-led approach to livelihood diversification with access to credit suggests a bottoms up approach of community collectives is perhaps the steadiest way to progress. We do not follow this approach in setting up manufacturing or services. For a more inclusive India, the impetus for large-scale quality employment and incomes calls for an approach that prioritises women and youth collectives, and builds on their social capital. Human development appears the most critical weak link in a faster, higher order movement up the skilling ladder. The women-led agricultural growth is a lesson for planners to recognise the economic potential of a women-led growth with decentralised community action. The recognition of the women as farmers is itself a big step forward as till recent years. Agricultural statistics would make us feel as if women did not matter in this sector, when the truth is that they carry out most of the operations. Denial of agricultural land ownership rights to women in the name of preventing fragmentation of holdings, needs to be re-visited. The steady agricultural growth also highlights how India has successfully made a transformation despite over 80 per cent farm holdings being small or marginal.

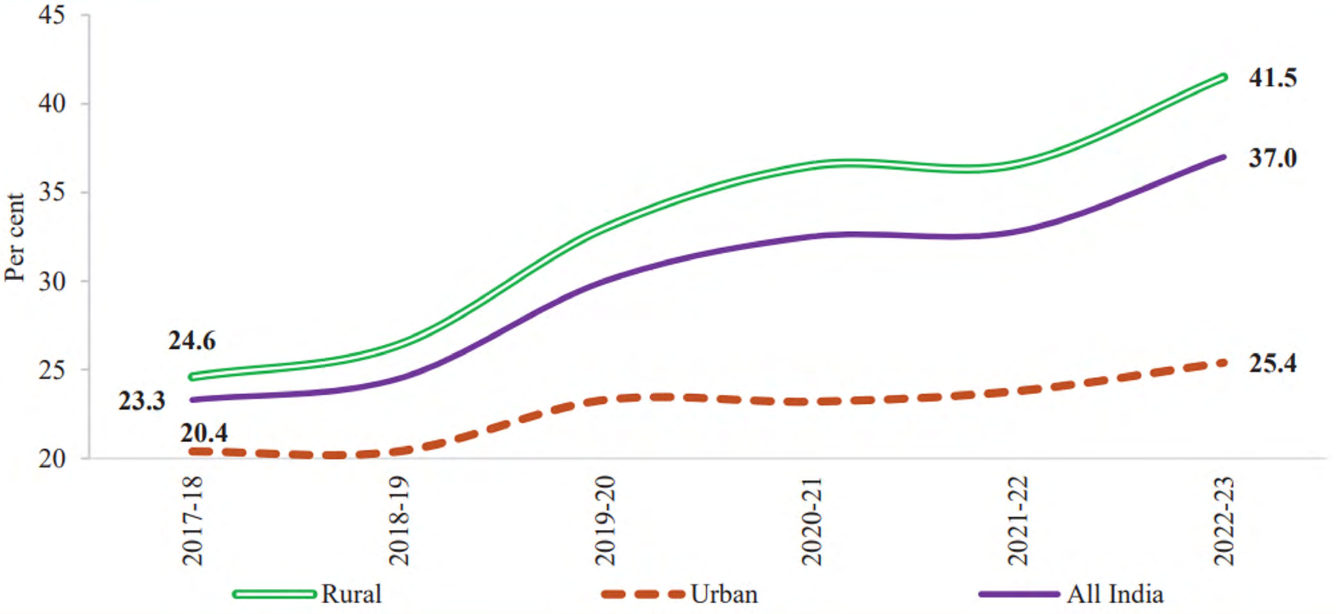
Abstract

This paper seeks to understand the recent trends in the RFLFPR in India. The Periodic Labour Force Surveys (PLFS) indicate that the increase in RFLFPR is largely on account of higher employment for women in agriculture and due to one- and two-person nano-enterprises set up by them. Given the reasons for increasing RFLFPR, it becomes necessary to explore the factors that may be contributing to it. To enable an understanding of the issue, the paper looks at the data of higher women's employment under the MGNREGS during the period. It also looks at the expansion in access to credit for women on a large scale under the DAY-NRLM during the said period. The paper also looks at women's participation in agriculture being recognised formally in the employment data on account of access to credit for agriculture by women. Women's contribution to agriculture has been under-reported when in practice over three-fourth of agricultural operations are carried out by them. By giving access to credit to women, their role in agriculture has been formalised. To establish the increase in activity under the two programmes and the scale of their operations, the paper examines whether there was a significant increase in the operations of MGNREGS and DAY-NRLM. Based on the data available from the Ministry of Statistics and Programme Implementation and the Ministry of Rural Development (MoRD), the paper establishes the role of these two programmes in the recent trends in RFLFPR. It also looks at some other studies on the subject that assign this change to higher rural distress or statistical reporting data collection factors. Based on a rigorous analysis of the data, this paper does not find much merit in some of the reservations on RFLFPR based on methodological issues. The paper concludes that the gains in RFLFPR come because of higher women's participation in MGNREGS and DAY-NRLM. It may not necessarily lead to higher incomes, as the wages under MGNREGS and the incomes from women's nano-enterprises are modest.

Keywords: Women's collectives; livelihood diversification; consumption expenditure; female labour force participation rate; human capital; access to skills; multiple livelihoods; successful enterprises of the deprived; pro-poor public welfare; MGNREGS; adolescent girls; DAY-NRLM.

1. Introduction

Figure1: Rural India Drive the Rise in FLFPR



Source: The Economic Survey, 2023–2024.

The Department of Economic Affairs' (DEA) Review of the Indian Economy (2024) has highlighted the rising Female Labour Force Participation Rate (FLFPR) for at least six years, especially in rural India.

> *While urban FLFPR has also been rising, the rural FLFPR has seen a sharp growth. The rise in rural female FLFPR has been accompanied by a rise in the share of self-employment and agriculture among working women, points which deserves greater scrutiny. In rural areas, the FLFPR has increased to 41.5 per cent in 2022–2023 from 24.6 per cent in 2017–2018, whereas in urban areas, it has gone up to 25.4 per cent from 20.4 per cent, during the same period. (DEA, Review of Indian Economy, 2024)*

The Economic Survey 2023–2024 (Ministry of Finance [MoF], 2024) notes that the RFLFPR witnessed a steep rise of 16.9 percentage points between 2017–2018 and 2022–2023, indicating a rising contribution of women to rural production. The Survey identified many factors, including continuous high growth in agriculture output, and the freeing up of women's time due to substantial expansion of access to basic amenities such as piped drinking water, clean cooking fuel, sanitation, etc. It ruled out COVID-19-related distress as the reason for the rising RFLFPR on the ground that distress-related RFLFPR should have peaked during COVID-19 and declined afterwards instead of continuously rising since 2017–2018.

Farzana Afridi (2025) notes that we need to await more granular, recent data on women's time use to better understand how much of the rise in women's work participation is attributable to methodological changes in the Periodic Labour Force Survey [PLFS] and how much of it is real, meaningful change in Indian women's time allocation.

Priyanshi Chaudhary and Avanindra Nath Thakur write that the rise in the female workforce participation rate (WPR) in India in 2023–2024 has sparked considerable debate, with some attributing it to economic improvement in the labour market and others questioning whether it reflects changes in survey methodology or is a distress phenomenon (Afridi, 2025; Deshpande, 2025; Ghosh, 2025). In the post–COVID-19 period, studies highlight rising self-employment among women, not because of an expansion in employment opportunities but rather as a subsistence strategy to supplement household incomes (Afridi, 2024; Dewan, 2024; International Labour Organization [ILO], 2024). Thakur and Chaudhary note that modification in enumeration practices in 2023–2024, specifically in the classification of self-employment, possibly played a key role in the observed higher female work participation rate.

Dr Shamika Ravi and Dr Mudit Kapoor (2024) carried out an observational analysis of the PLFS from 2017–2018 to 2022–2023 regarding the FLFPR and concluded that there have been numerous government schemes, especially targeting rural women over the last 10 years. These include Pradhan Mantri MUDRA Yojana (PMMY) loans, the Drone Didi scheme, and Self-Help Groups (SHGs) mobilised under DAY-NRLM, to name a few major initiatives for women. There are many other initiatives that have been aligned with the vision of women-led development across India. Their paper measures the outcome of these initiatives as a cumulative and significant growth in RFLFPR across India and particularly rural areas. However, this rigorous research was needed to evaluate these programmes' impacts and to explore persistent inter-state and rural-urban disparities in India's female RFLFPR.

As the review of the literature indicates, many researchers are tentative on the rise of RFLFPR and are looking for reasons to explain how it does not reflect improved performance on poverty reduction. In fact, many still see it as a sign of growing distress in the rural economy. Many others want to celebrate it without fully appreciating what was at play in the field that made the difference. We must bear in mind that the United Nations Development Programme (UNDP) has also recorded a large-scale reduction in multidimensional poverty during the 2005–2021 period. Recent World Bank estimates on poverty have also suggested a faster reduction in chronic or extreme poverty.

It is equally important to understand that community action can also go wrong. Having seen the ill-consequences of decentralisation without accountability pointed out in first two Performance Audit of MGNREGS (2006–07 and 2007–2012), it is evident that decentralised community action must be very well-thought through. It is not a case of one size fit all or all power without accountability. The challenges of accountability are often resolved through the following six clear priorities. These were undertaken with some success during the last decade. These were: (i) accountability framework for elected local government leaders; (ii) use technology as a means; (iii) evidence based and community validated assessment of outcomes; (iv) professionals and CRP for effectiveness; (v) decentralised community action through women's collectives; (vi) untied and adequate funds for local action.

This paper explores what really was happening at the field level. The author was in leadership position in the government during most of this period in the rural development sector, responsible for programmes like the MGNREGS, DAY-NRLM among many others. While the data are all taken from the real-time databases of programmes, the analysis is also informed by the author's extensive travel in rural areas and interaction with communities and women's collectives during these years. In fact, based on the field observations, the author had predicted a faster rate of reduction in extreme poverty in his articles written for *The Indian Express* at different times. The data published thereafter has borne out the assessments made at that time.

2. Role of DAY-NRLM and MGNREGS

While the Review notes a few developments like freeing up women's time due to gas connections and high growth in agriculture, it does not provide a complete picture of why this has happened. An analysis of the ground-level implementation of these programmes suggests that the skilling support (farm and non-farm) and credit access for diversified livelihoods to women's collectives under the DAY-NRLM and rising female employment in the MGNREGS are the real explanation for this improvement in FLFPR (Sinha, 2024a).

Table 1: Rural Female Labour Force Participation Rate 2017–2018 to 2021–2022— Linkages with MGNREGS and DAY-NRLM

	Rural Female Labour Force Participation Rate in Percentage	Percentage of Women Among Unskilled Workers in MGNREGS	MGNREGS Funds Released (in Rs crore)	SHG—Bank Linkage (in Rs crore)
2017–2018	24.6	54.60	55,166	44,256
2018–2019	26.4	54.79	61,829	61,456
2019–2020	33	53.20	71,687	70,977
2020–2021	36.5	54.82	1,11,170	84,717
2021–2022	36.6	57.43	98,467	1,20,471

Source: Ministry of Statistics and Programme Implementation, Employment Indicators in India, 2023; MoRD, Management Information System (MIS) of MGNREGS and DAY-NRLM.

Table 2: Increase in Allocation and Spend Under MGNREGS

S. No.	Financial Year	FY2006–2007 to FY 2013–2014	FY 2014–2015 to FY 2024–2025
1	Total Person days generated (in crore)	1,660	3,029
2	Central Funds released (Rs in crore)	2,13,220	7,81,302
3	Works Completed (in lakh)	153	807

Source: MoRD; PIB Note, March 19, 2025.

Tables 1 and 2 cover the changes in MGNREGS and DAY-NRLM during the 2017–2018 to 2023–2024 period that provide an explanation for the increase in the scale of credit and employment for women. There was an increase in work available under MGNREGS for women, compared to the pre-2017–2018 period, due to increased women's participation in MGNREGS. This was happening as there was a feminisation of labour going on in MGNREGS during this period, on account of a widening gap between the MGNREGS wage and market wages. Men were going in search of market wages, and women were coming for the MGNREGS work on a much larger scale. The COVID-19 years saw a sharp increase in the allocation for MGNREGS. There was also an effort to target unskilled wage employment in States that had the maximum number of migrants returning to their villages on account of the lockdown. The Pradhan Mantri Garib Kalyan Rozgar Yojana component of MGNREGS focussing on 117 districts was an effort in this direction. Over Rs 50,000 crore was spent on these districts during the COVID-19 period.

It must also be borne in mind that opportunities for women's collectives in agriculture, especially animal husbandry, opened on a large scale with access to credit under DAY-NRLM and wage employment for productive assets under the MGNREGS. This also formalised the role of women in agriculture on scale. Under DAY-NRLM components like the MKSP and the Community Managed Sustainable Agriculture (CMSA) programme, over 30 million have participated in engagements for sustainable agriculture (DAY-NRLM MIS, 2024) during this period of rising RFLFPR. This has grown further. There is scale in this work with women farmers. Therefore, DAY-NRLM formalised the work engagement of women in agriculture through access to credit on a large scale. Each SHG has 8–12 members. Fifty million women in rural India getting credit-linked is an intervention on a scale that is bound to be impactful, considering that the total rural households are about 200 million (DAY-NRLM MIS, 2025).

It is important to understand the scale of operations of DAY-NRLM and its steep rise in coverage in the period from 2014 onwards. From 25 million women in the National Rural Livelihoods Mission, 2011–2014, largely in the southern Indian States and some districts of Madhya Pradesh, Chhattisgarh, Jharkhand, and Bihar in 2014, the Mission today covers nearly 100 million women across the length and breadth of this country under the renamed DAY-NRLM. Over nine million Women's SHGs under DAY-NRLM have accessed Rs 38,892 crore from the Mission as capitalisation support. They have leveraged over Rs 10 lakh crore as loans from banks since 2011 with a Non-Performing Asset (NPA) rate at barely 1.69 per cent (DAY-NRLM–MIS, 2025). The scale was unprecedented. This was even more impactful as this was also the period when access to retail loans under the MUDRA scheme also expanded considerably. Rural women were a focus social group for coverage. Banking records reveal a trebling of access to credit for women in the period 2019–2024 (TransUnion CIBIL & NITI Aayog, 2025). As per this Report, women seeking credit grew threefold between 2019 and 2024, reflecting increased demand among women borrowers. Almost 60 per cent of women borrowers are availing credit from semi-urban or rural areas.

With a foot-soldier army of over 500,000 women CRPs (DAY-NRLM MIS, 2025), who have come out of poverty, the Mission has reached the most deprived households in the country. Professionals at Cluster, Block, District, State, and National levels, along with National Resource Organisations (NROs) like PRADAN, National Dairy Development Board (NDDB) Services, Kudumbashree, etc., have transformed the lives and livelihoods of the deprived, on a large scale. Through convergence with MGNREGS for employment for durable community and individual assets that provide livelihood security, women have found wage employment on a large scale, albeit at low MGNREGS wages. Low wage rates have seen more than 57 per cent of workers in MGNREGS as women, as men go for higher market wages. DAY-NRLM has also covered over 35.5 million women farmers under agroecological practices interventions during this period. Over 139,000 Banking Correspondent (BC) Sakhis from among DAY-NRLM women are today reaching digital payments to the remotest regions and the most deprived households. The Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), a part of DAY-NRLM, has also focused on women in providing skill sets for farm and non-farm livelihoods.

Evaluation studies by the Institute of Rural Management Anand under Dr Pramod Kumar Singh, (IRMA, 2018) and the Stanford University team under Anjini Kochar (Kochar et al., 2020) have confirmed a nearly 22 per cent increase in the incomes of households covered under the Mission and a maturing period of six to eight years in newly formed SHGs. Social capital clearly makes a difference, as seen in the exceptionally low NPAs. When access to credit comes through community accountability and after a detailed micro-credit plan, the borrowers are more responsible. The impact of access to credit on a large scale is reflected in the PLFS data on RFLFPR.

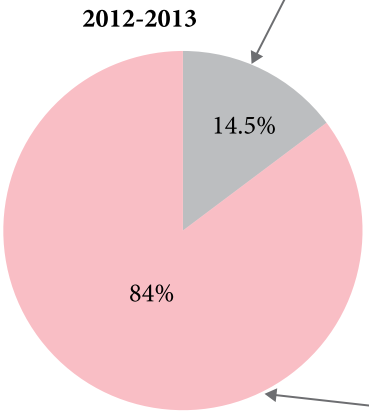
MGNREGS started implementing a 60:40 unskilled labour to material ratio at the district level in 2016[1] and has extensively promoted individual beneficiary schemes that raise incomes, like animal sheds, farm ponds, vermicomposting, etc. The provision of 90 days of work under the Pradhan Mantri Awaas Yojana (Gramin) (PMAY-G), which in over 70 per cent of cases is also in the women's name (PMAY-G MIS, 2025), has also seen women get higher employment in MGNREGS. Over 2,600 million person-days have been generated in each of these years, and over half of them are for women (MGNREGS MIS, 2025; MoRD).

Women's role in agriculture used to be very under-valued as lands are in the name of men. However, in practice, over half the lands are cultivated by women. In 2011, the MKSP was started under the DAY-NRLM to develop skill sets through CRPs as Krishi Sakhi and Pashu Sakhi. Para-professionals were developed to diversify livelihoods and raise incomes. Many women's collectives leased in land to take up vegetable cultivation, intercropping, and horticultural crops, to diversify livelihoods. Since 2017–2018, the Start-up Village Entrepreneurship Programme (SVEP) was also started as part of the DAY-NRLM where even men from Mission households were eligible for bank assistance and higher Community Investment Funds. The Quality Council of India carried out an evaluation of the SVEP programme in 2019 to find that the incomes of nearly 99 per cent of over two lakh beneficiaries till then had significantly improved through their enterprises (MoRD, 2019). SVEP is an end-to-end solution for entrepreneurs from poor families. A cadre of CRPs for Enterprise Promotion was also developed in partnership with the Entrepreneurship Development Institute of India (EDII) and Kudumbashree to provide seamless support for enterprise to first-generation entrepreneurs from deprived households.

Figure 2 and Table 3 explain how until 2013–2014, 86 per cent of all lending to women's collectives was only going to the Southern Indian States, as that is where the women's collectives came up earlier. It also shows how in the years during which RFLFPR increased, access to credit expanded in the hitherto low-coverage areas as well, like Assam, Bihar, West Bengal, Odisha, etc.

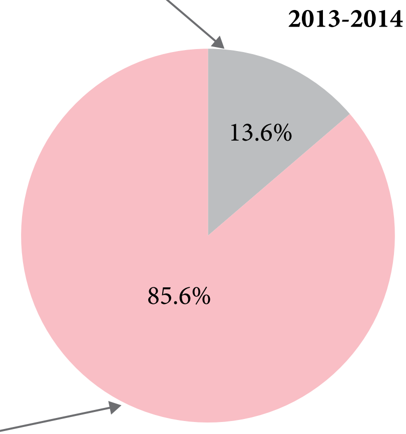
[1] Since the author was Secretary MoRD at that time, it is as per personal information.

Figure 2: Skewed Credit Linkage and Widening Gap



2012-2013	States	2013-2014
2.2%	UP	1.4%
2.5%	WB	2.9%
0.7%	Odisha	2.1%
2.8%	MH	3.0%
0.7%	MP	0.6%
1.0%	RJ	0.8%
1.1%	Bihar	1.2%
0.6%	Gujarat	0.5%
0.7%	Assam	0.5%
0.4%	Jharkhand	0.1%
0.3%	Chhattisgarh	0.5%
14.5%	**Total**	**13.6%**

2012-2013	States	2013-2014
54.3%	AP	55.5%
14.2%	Tamil Nadu	13.3%
11.2%	Karnataka	12.3%
4.4%	Kerala	4.5%



Source: Analysis done by MoRD, 2016.

Table 3: Credit Growth Profile—Gains in Poorer States

State	Credit in Rs Crore 2017-2018	Credit in Rs Crore 2021-2022	Credit in Rs Crore 2022-2023
Assam	156.56	1,870.22	3,208.23
Bihar	2,743.32	5,946.68	9,085.17
Odisha	1,312.71	5,318.39	8,657.09
West Bengal	3,839.9	13,124.0	17,361.28
Telengana	5,738.68	13,389.28	15,200.96
Tamil Nadu	4,452.92	7,338.00	11,286.72

Source: Database of the National Rural Livelihoods Mission, MoRD.

The wage rates under MGNREGS are linked to the Consumer Price Index for Agricultural Labourers (CPI-AL). As the basket of goods and services used for the CPI-AL was dated, there was an excess weightage for food grains that are available free of cost now under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY). Since CPI-AL-based wages have large foodgrain component, subsidised or free foodgrains brings down CPI-AL based wages. Therefore, women's participation is very high in States like Kerala and Tamil Nadu. The MGNREGS provides equal wages to men and women, and its wage rates determine the floor rates in many States. Raising MGNREGS wage rates along with productivity increases can be a very good strategy for securing lives of dignity for the poor and ving them up on the skilling ladder. Initiatives for skilling need to be expanded to shrink the large pool of unskilled wage earners. The linkage between RFLFPR and women's participation is examined in Table 4.

States with high RFLFPR also have high women's participation in MGNREGS. Tribal States like Chhattisgarh and Jharkhand have high female labour force participation as a cultural feature of tribal communities. Rajasthan and Bihar have increased the percentage of women in MGNREGS but still have some way to go before further increasing RFLFPR. Amaresh Dubey and Laveesh Bhandari (2025) have presented evidence of employment growth in the non-cropping agriculture sector. The highest growth sector was observed in the livestock (7 per cent) and fisheries (8.3 per cent) components. Women form the main workforce for livestock and therefore the consequences for RFLFPR.

Table 4: Rural Female Labour Force Participation Rate and Share of Women in MGNREGS Work in Selected States with High RFLFPR (2021–2022)

	Large States with High RFLFPR	Rural Female Labour Force Participation Rate (in per cent)	Percentage of Women Participation in Wage Employment under MGNREGS (in per cent)
1	Himachal Pradesh	68.8	62.53
2	Sikkim	63.9	52.65
3	Tamil Nadu	49.5	85.70
4	Andhra Pradesh	49.4	57.82
5	Chhatisgarh	55.8	51.62
6	Telengana	53.6	59.18
7	Jharkhand	51.9	45.61

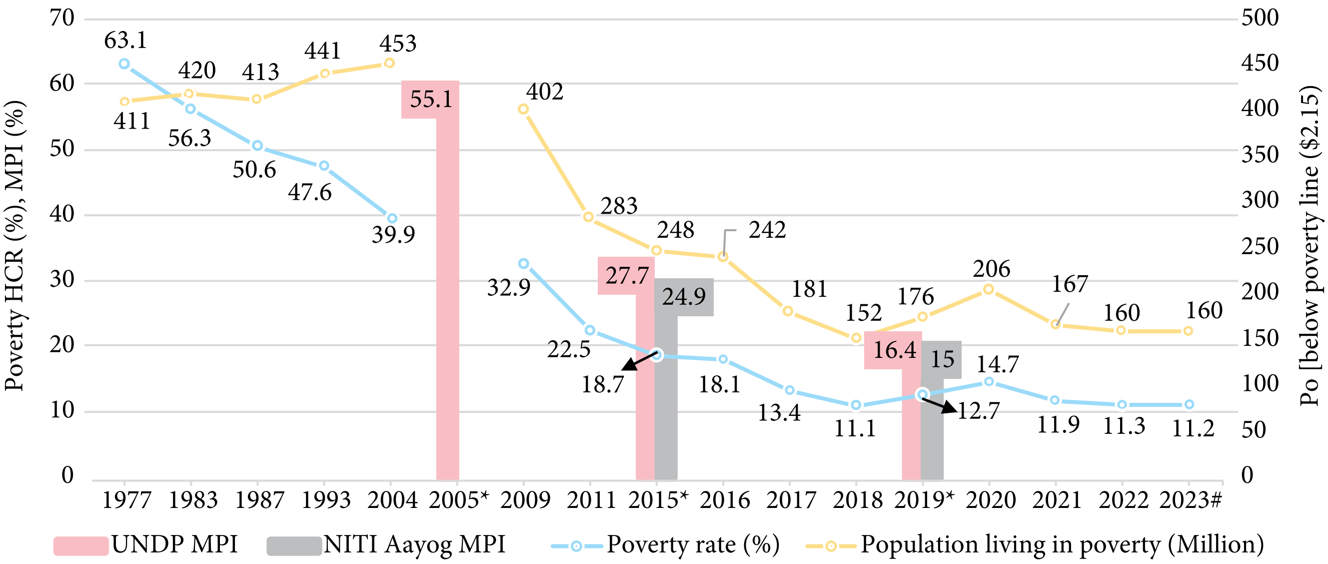
Source: MoRD, Press Release, July 25, 2023 and March 14, 2022.

The evidence from the ground suggests DAY-NRLM and MGNREGS play a very important role in improving the FLFPR in rural areas. The MGNREGS programme facilitates the creation of durable assets that raise livelihood security. The social capital of women's collectives has transformed the rural scenario. They are even more effective where they work with elected Panchayat leaders, of whom 43 per cent are also women. Local Governments and women's collectives show the way.

3. Poverty and the Rural Livelihoods Journey

It is important to trace the journey of poverty reduction during this period. Did women's participation in DAY-NRLM and MGNREGS make a difference to the incidence of poverty? There is such evidence from southern Indian States where a faster reduction in poverty was accompanied by a greater role for women's collectives. The decline in poverty across India has speeded up since 2005–2006, even when we look at multi-dimensional poverty (UNDP, 2022). Social development indicators and asset deficits of the poor—seen in terms of housing, toilets, electricity, roads, bank accounts, immunisation, cooking on Liquefied Petroleum Gas (LPG), and membership of SHGs in the Livelihoods Mission—have improved (Gulati, 2024).

Figure 3: Income Poverty and Multidimensional Poverty



Source: Gulati (2024).

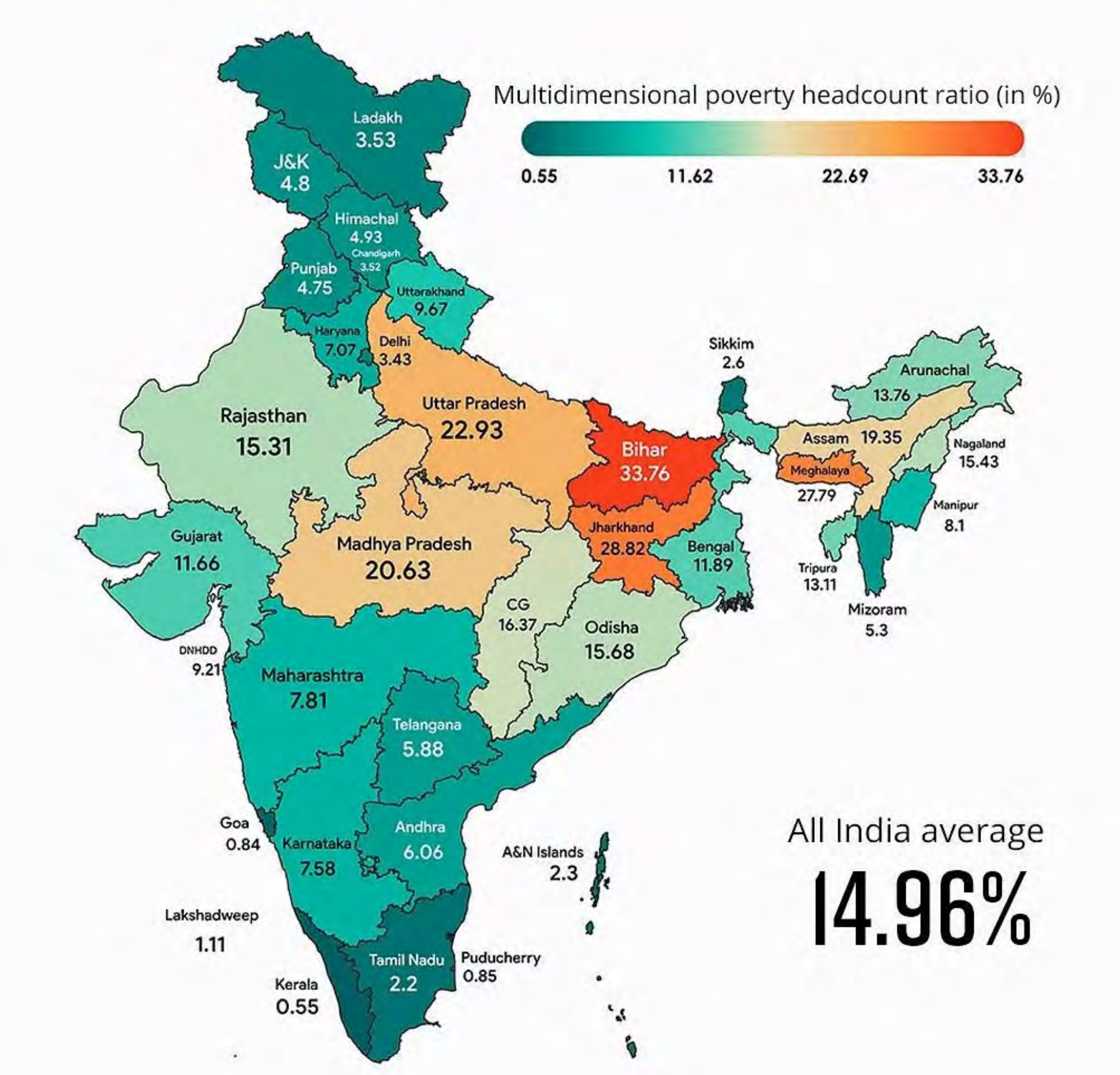
Figure 3, from Ashok Gulati's piece on poverty in *The Indian Express,* sums up the historical movement on income poverty and multi-dimensional poverty. It is obvious that the dislocation of human lives and livelihoods due to COVID-19 adversely impacted the income of poor households across the world. India was no exception. Therefore, Gulati argues how income poverty may have increased due to the COVID-19 dislocation. That the economy has grown well thereafter may have started settling this setback, but one must acknowledge that multi-dimensional poverty improvement rates during COVID-19 can never be what they were prior to COVID-19. There is a sobering case for evidence-based appreciation of the ground realities. The People's Research on India's Consumer Economy (PRICE) Survey (2022) also captures the challenge to incomes in the lower two quintiles. The MPCE in the lower two fractals is also a matter of concern as for a family of five, it works out to less than Rs 10,000 a month. Many in this category are also old couples who are neither literate nor have skills, and live separately from their children. For them, the national Social Assistance pension, free foodgrains, and a few days of work under MGNREGS is all that is there for living.

The UNDP's Multi-Dimensional Poverty Report (2022) clearly brought out how India had successfully brought 415 million persons out of multidimensional poverty between 2005–2006 and 2019–2021. The Southern Indian States had shown remarkable reduction. Even in the Northern Indian States, the declines were significant. Interestingly, this is also the period when social development indicators improved faster than before. Indicators regarding women also saw change with universal elementary school participation of girls, higher secondary education enrolment, and of course, more wage work and livelihood diversification opportunities through MGNREGS and DAY-NRLM.

Interestingly, in Figure 4, States like Tamil Nadu, Kerala, Himachal Pradesh, Goa, and Sikkim that have higher RFLFPR are also better performers on the reduction in multidimensional poverty. They also have higher devolution of funds, functions, and functionaries and better indicators in health, sanitation, and overall human development as well. This suggests that a women-led growth approach does improve poverty reduction. Therefore, RFLFPR does matter in the overall thrust for poverty reduction.

The World Bank Report states that extreme poverty in India in 2019 was 12.3 percentage points lower than in 2011 (falling from 22.5 per cent in 2011 to 10.2 per cent in 2019) (Bhalla, 2022; World Bank, 2022). Poverty reduction was higher in rural areas (declining from 26.3 per cent to 11.6 per cent between 2011 and 2019). The study also found that farmers with small landholding sizes have experienced higher income growth. This points to a higher impact on the incomes of marginal and small farmers through women's collectives-led initiatives. The more recent data from the World Bank provides the poverty scenario based on the category for which the data is used. Extreme Poverty is down to 2.3 per cent in 2022–2023 (World Bank–India–Poverty Assessment, 2025) if we take the US$2.15 measure. However, when we use data relevant for the Lower Middle-Income Countries, the picture is more modest. If one goes by the standards for the developed nations, there are still 230 million multidimensionally poor in India (UNDP, Multi-Dimensional Poverty Assessment, 2024).

Figure 4: Multidimensional Poverty Less Than 10 Per Cent in Half of India



Source: NITI Aayog, Multidimensional Poverty Index, 2023.

Disclaimer: This map is for illustrative purposes and does not imply the expression of any opinion on the part of CSEP concerning the legal status of any country or territory or concerning the delimitation of frontiers or boundaries. The authors or CSEP do not vouch for the accuracy and the correctness of the map.

Table 5: Incredible India—The Glass is Half Full

	2011-2012	2022-2023	Numbers
US$ 2.15 Extreme Poverty	16.2%	2.3%	171 million out of extreme poverty
LMIC Poverty Line US $3.65	61.8%	28.1%	378 million out of poverty
Multi Dimensional Poverty	53.8% (2005-2006)	16.4% (2019-2021)	230 million Multi dimensionally poor

Source: The World Bank, 2025.

Experts explain low FLFPR by the following reasons: (i) unpaid domestic duties/unpaid care work; (ii) pervasiveness of various gender-based social norms; (iii) rising household income which works as a disincentive for female participation in the labour market; and (iv) salary/wage disparity. Further, education is one of the most important factors that influence female labour force participation. Educational attainment has an important effect on an individual's decision to participate in the labour market (Ministry of Labour & Employment [MOL&E], 2023).

Educational and vocational gaps in gender also explain lower RFLFPR. Besides, work in agriculture by women was not even mentioned for years when three-fourth of the work is being done by them. The MKSP component of the DAY-NRLM (2011) for the first time, was an exclusive programme for women farmers. Income gains through diversified agriculture, horticulture, and animal resources have been possible through such initiatives.[2]

4. Interpreting the Monthly Per Capita Consumption Expenditure 2022–2023[3]

The Household Consumption Expenditure Survey (2022–2023) Fact Sheet has been recently published by the Ministry of Statistics and Programme Implementation, National Sample Survey Office (NSSO), now under the National Statistical Office (NSO). The reports point out the gains made in consumption expenditure since 2011–2012 and how the pace of improvement is faster in rural India. The report also brings out the fact that non-food expenditure of households is more than 50 per cent for the first time. While there are miles to go for income calculated based on consumption expenditure to make every Indian citizen live a life of well-being and dignity, there surely has been some improvement in the incomes of poor households. Inequalities remain high, and the bottom four quintiles need even greater attention. The women's collectives and their economic activities through access to credit, especially through supplementary incomes through animal husbandry and non-farm opportunities, also reflect in the gains presented below. Increasing FLFPR have diversified livelihoods, even though incomes from many such diversifications have been small. Women and credit access to them through the Livelihoods Mission have generated nano-enterprises and incomes through animal resources in many households. Some of these gains have been captured by the MPCE as gains in rural areas and are more than in urban areas, compared to 2011–2012.

Table 6 brings out the linkages of girls' education at the secondary/higher level with MPCE. States that fare poorly on girls' education lag in their MPCE as they are only able to support a lower level of economic activity that provides limited additional incomes. Higher FLFPR requires a greater thrust on human capital among women to enable them to earn wages of dignity that come with enhanced productivity. The lower incomes (taking per capita consumption as a proxy indicator for incomes) persist on account of a lower thrust on education and skill development among girls. MGNREGS and DAY-NRLM provide opportunities, but they are at the lower end of incomes.

Table 6: Rural Monthly Per Capita Consumption 2022–2023

Five Best Performing States		Five Worst Performing State	
State	**Average MPCE (in Rs)**	**State**	**Average MPCE (in Rs)**
Sikkim	7,787	**Chhattisgarh**	2,575
Goa	7,388	**Jharkhand**	2,796
Kerala	5,960	**Odisha**	2,996
Himachal Pradesh	5,573	**Madhya Pradesh**	3,158
Tamil Nadu	5,457	**Uttar Pradesh**	3,277

Source: Household Consumption Expenditure Survey, 2022–2023.

[2] MKSP is a large sub component of the DAY-NRLM that has contributed to diversification of livelihoods and increases income from farm and non-farm opportunities.
[3] This section draws on an article the author wrote for the *Hindustan Times*, dated February 28, 2024 (Sinha, 2024b).

Table 7: Average MPCE (Rs) Across Fractal Classes in 2022–2023—All-India

Fractal Class of MPCE (per cent)	Average MPCE (Rs)	
	Rural	Urban
0–5	1,441	2,087
5–10	1,864	2,695
10–20	2,196	3,241
20–30	2,540	3,839
30–40	2,856	4,422
40–50	3,183	5,032
50–60	3,545	5,726
60–70	3,978	6,579
70–80	4,551	7,721
80–90	5,447	9,625
90–95	6,725	12,430
95–100	10,581	20,846
All Classes	**3,860**	**6,521**

Source: Household Consumption Expenditure Survey, 2022–2023.

Table 7 brings out the low consumption expenditures of households in rural areas, despite some gains since 2011–2012. The income of the bottom quintiles is very modest. The escape out of poverty is fragile. While chronic poverty has declined, there is still a long way to securing a life of dignity for the deprived. Multiple livelihoods of deprived households through credit access under the Rural Livelihoods Mission do contribute to gains in household incomes. However, the gains are still very modest, and the lowest quintiles still have a very long way to go to come out of poverty. The IRMA Study (2018) and the Stanford University Evaluation Study of the National Rural Livelihoods Mission in 2020 do point out gains in the incomes of households over a six- to eight-year period of nearly 22 per cent. These gains have come from animal resources and other allied activities in many cases. Human capital-based higher-order skills, productivity, and value of output are still modest in the absence of high-quality human capital.

5. Concluding Remarks: Women-Led Decentralised Community Action

The analysis above clearly brings out the fact that significant interventions were happening in rural India during the period in which the RFLFPR was rising. There was scale in the intervention, and it was building on the synergies of a range of interventions. The principal interventions that made the difference because of their size and scale were the MGNREGS and the DAY-NRLM. The change in the RFLFPR is of an order that cannot be explained by some statistical jugglery. Also, attribution of the gains to MGNREGS and DAY-NRLM does not mean any exponential gains in income. It only signifies a change that is the outcome of many initiatives.

Instead of a generalised conclusion, the analysis required an assessment of the inputs. If the inputs were analysed with an open mind and backed by field visits, some of the issues discussed in this paper would have come to light. As is clear from the evidence, the poverty data also does not provide a celebratory framework, as what has reduced is extreme and chronic poverty. Many challenges to poverty reduction remain. It provides the sobering conclusion that the glass is only half full despite the significant change happening in RFLFPR. While a good beginning has been made, it requires higher human capital and higher forms of skilling opportunities with employability to secure wages of dignity for all.

While there is no doubt that the increase in the RFLFPR is a positive development, for it to translate to higher levels of productivity and higher wages is a work in progress that will take more time. MGNREGS and credit under DAY-NRLM are like an opportunity at the base of the pyramid. While it surely is a move forward, its impact on well-being may well take more years. The path seems to be correct, given the decline in extreme poverty that this period witnessed.

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About the author

Amarjeet Sinha has a life-time commitment to work for transforming lives and livelihoods of the deprived households through human well-being. He is a Senior Fellow at the Centre for Social and Economic Progress. 2022-24, Amarjeet served as Member, Public Enterprises Selection Board. He was earlier posted as Advisor to the Prime Minister till 31 July 2021, looking after the social sector and rural initiatives. An Indian Administrative Service (IAS) Officer of Bihar Cadre of 1983 batch, he retired in December 2019 as Secretary, Department of Rural Development, Government of India. He has 40 years of experience in Government, largely in the rural and social sector. He has had the unique distinction of having played a major role in designing Sarva Siksha Abhiyan (India's main programme for universal education), the National Rural Health Mission, in bringing about governance reforms in programmes for rural areas covering livelihoods, employment, housing, social security, skills, urban development, and road construction. He also coordinated successfully the work of Gram Swaraj Abhiyan in 2018 to reach seven pro-poor public welfare interventions (LPG, electricity, Bank Account, life and accident insurance, LED Bulbs, and Immunization) to 63974 large villages with over 50% vulnerable social group population.

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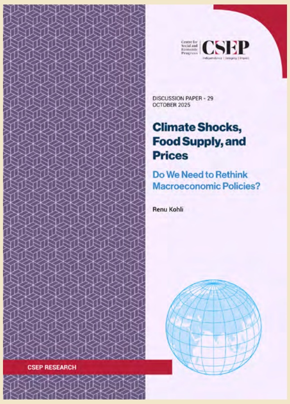

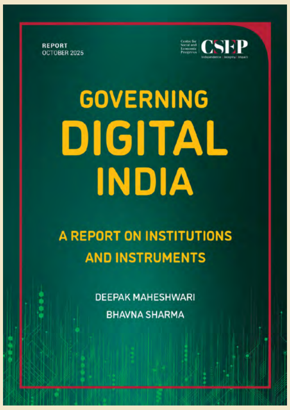

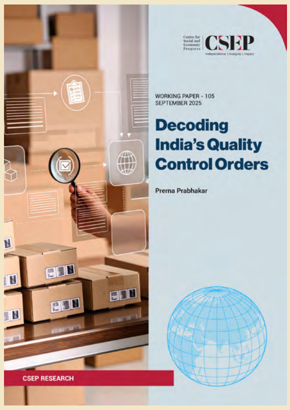

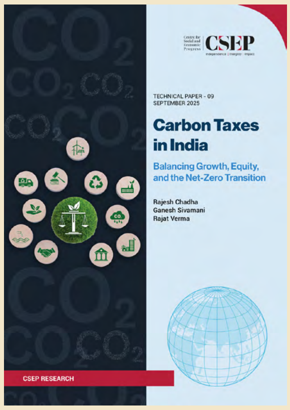

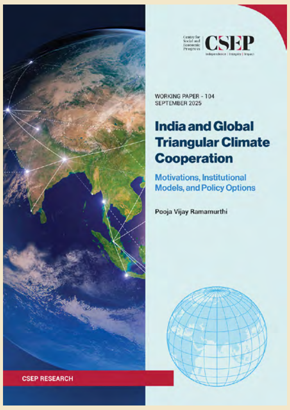

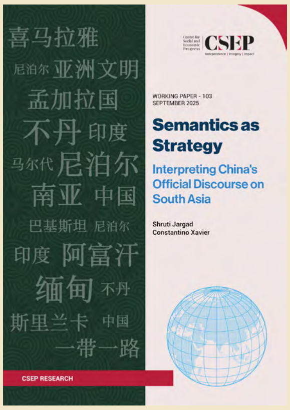

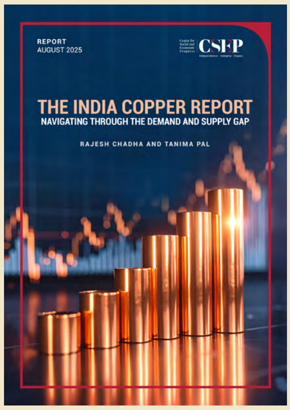

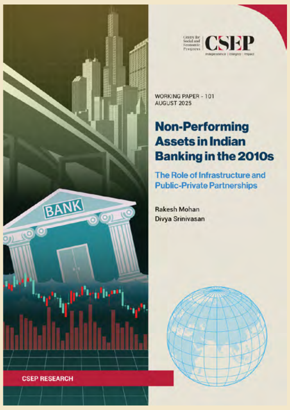

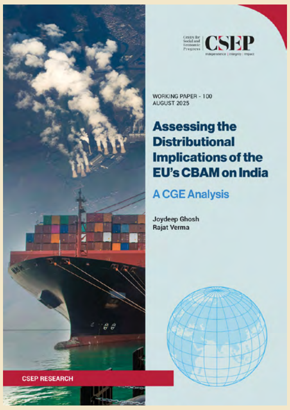

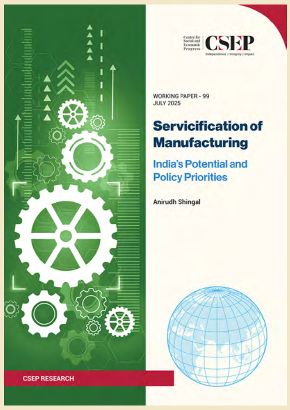

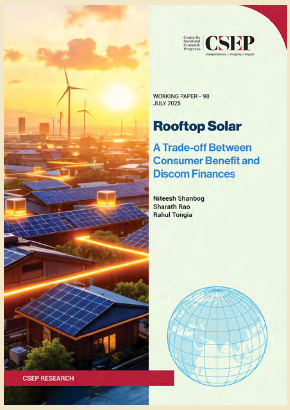

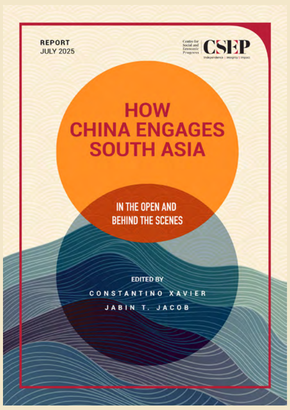

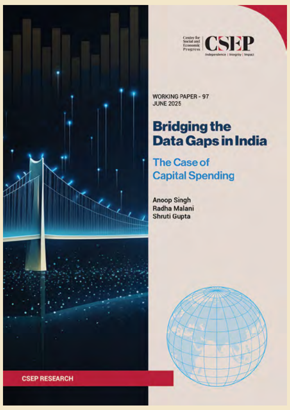

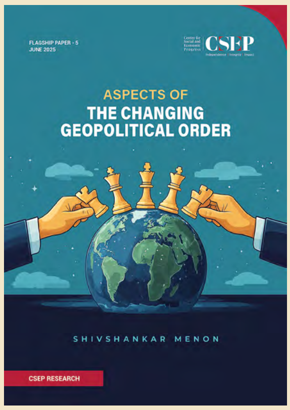

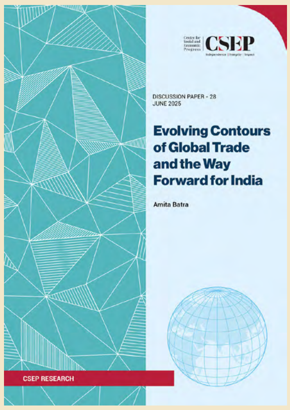

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