



Socio-economic changes of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) beneficiaries

Lakshmi S¹, Dr. M Sundaramari²

¹ Ph.D. Research Scholar, School of Agriculture & Animal Sciences, Gandhigram Rural Institute (Deemed to be University), Gandhigram, Tamil Nadu, India

² Professor, School of Agriculture & Animal Sciences, Gandhigram Rural Institute (Deemed to be University), Gandhigram, Tamil Nadu, India

Abstract

The study on socio-economic consequences of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was carried out in Champakulam Block of Alappuzha District in Kerala. A sample of 60 randomly selected MGNREGS beneficiaries who had joined the scheme since 2008 formed the sample for the study. The study revealed that the scheme was helpful in increasing the socio economic status of beneficiaries and improved the livelihood security of the household.

Keywords: MGNREGS, socio-economic changes, livelihood security

1. Introduction

Poverty in India is highly focused in rural areas. Inequalities among people have increased in the country, even though the Indian economy has achieved sufficient growth rates. The main causes of rural poverty in India are identified as reduced inaccessibility, development stage of the region and low level of social capital. Moreover, lack of adequate educational base and other vocational skills also perpetuate poverty. During post-independence period, the Government had launched several poverty alleviation programmes that can be classified into self-employment programmes, wage employment programmes, food security programmes and social security programmes.

National Rural Employment Guarantee Act that guarantees wage employment was a significant stride in the direction to achieve right to work. Under this Act, 100 days of wage employment is guaranteed in a financial year to adult members in a rural household who are willing to do unskilled manual work. The aim of the act includes extreme poverty eradication and making villages self-sustaining through the creation of productive assets. The various works taken up under the scheme has a direct or indirect bearing on agriculture. The guidelines insist on works like water conservation and water harvesting, renovation of traditional water bodies, drought proofing, micro irrigation activities and watershed related activities be given importance. The Act was implemented in India since February 2006. It initially covered 200 districts and later to all the rural districts in the country. The National Rural Employment Guarantee Scheme as an outcome of NREG Act was implemented in three phases in Kerala. In the first phase the programme was started in the rural districts of Palakkad and Wayanad during 2006. In 2007, it was extended to Idukki and Kasaragod as the second phase and later continued to all districts from April, 2008 onwards as the third phase. The Act was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in the year 2009-10.

Various studies carried out in this area revealed that MGNREGS had created both positive and negative impacts in rural region. As far as beneficiaries are concerned, the scheme has a direct impact on their livelihood security. With this background, the present study was undertaken with the following specific objectives.

2. Objectives

The objectives identified for the study included

- 1 To analyses the background of MGNREGS beneficiaries
- 2 To assess the socio-economic changes of MGNREGS beneficiaries

3. Methodology

The study was based on primary data collected from MGNREGS beneficiaries randomly selected from Champakulam block of Alappuzha district in Kerala. The district and the block were purposively selected for the study based on the expenditure under MGNREGS during 2016-17. The respondents of the study include 60 beneficiaries of the scheme who have joined MGNREGS since 2008. To collect quantitative data, a pretested interview schedule was used.

The socio-economic changes of MGNREGS beneficiaries were elicited by collecting and analyzing data regarding various socio-economic indicators before and after participating in MGNREGS i.e. before 2008 and during 2016-17. A paired t-test was also carried out to determine whether there is any statistically significant mean difference in the selected socio-economic variables of MGNREGS beneficiaries before and after participating in the scheme.

4. Results and Discussion

4.1 Background of Beneficiaries

The gender profile of the respondent beneficiaries showed that 95 percent of them were females. The participation of women under MGNREGS in Kerala was 91.08 percent during 2016-17 making it the state with highest women

participation in India. The study also revealed the same pattern as that of the state. The main reason for the higher women participation may be due to availability of work within 5 kilometers of their homes and the chance of working with their neighbours and friends. The involvement of Kudumbashree (the organisation of women’s Self Help Groups in Kerala) in scheme implementation may have also encouraged women to be a part of the scheme. And most importantly, the scheme is considered as a close equivalent to a government job by a majority of beneficiaries.

Analysis of age of the beneficiaries revealed that 71.67 percent of the beneficiaries were above 45 years followed by beneficiaries between 35 to 45 years (18.33%). The rest of the beneficiaries were above 18 and below 35 years. The percentage of old aged population reflects the fact that the scheme provides a safety net for the beneficiaries who are unable to do any other stressful works.

Regarding the educational status of beneficiaries, nearly 47 percent (46.67%) of them were educated upto upper primary, while 35 percent of the beneficiaries had completed secondary education. None of the respondents were illiterate. Traditionally Keralites give more importance to education as compared to the other states. Moreover, the literacy rate of Kerala is high at 93.91 percent (2011 census) [1]. The family type of the beneficiaries indicated that more than 80 percent of them (81.67%) belonged to the nuclear category. Three fourths of the families consisted of less than four members and rest of the families had 5 to 8 members.

4.2 Socio-economic changes of MGNREGS beneficiaries

4.2.1 Employment Pattern

The employment pattern of MGNREGS beneficiaries before and after joining the scheme revealed that 40 percent of the beneficiaries were agricultural labourers before participating in MGNREGS closely followed by non-agricultural labour (33.33%). It is significant to note that 20 percent of the beneficiaries were not doing any work before participating in MGNREGS.

Table 1: Employment Pattern of Beneficiaries

S. No.	Employment Pattern	Before joining MGNREGS		After joining MGNREGS	
		No.	%	No.	%
1	Not working	12	20.00	0	0.00
2	Only MGNREGS work	0	0.00	18	30.00
3	Non - Agricultural labour	20	33.33	20	33.33
4	Agricultural labour	24	40.00	19	31.67
5	Skilled labour	1	1.67	1	1.67
6	Services	1	1.67	1	1.67
7	Farmer	2	3.33	1	1.67
	Total	60	100.00	60	100.00

The analysis of employment pattern of the sample respondents after being a beneficiary revealed that there is reduction in the number of agricultural labourers and farmers. It indicates that some of them stopped working in the agricultural field once they started getting income from MGNREGS. However, quite a few of them still consider MGNREGS as a subsidiary income source. Many of them consider MGNREGS as close to a Government job as it can get and the announcement of pension for the MGNREGS workers by the State Government had further prompted them to be a part of the scheme. It is noticed that 30 percent

of the beneficiaries were first-time wage labourers, who started working only after their involvement in the scheme. Almost all such workers were young women from families with other sources of income. The female beneficiaries belonging to the young group (18 years to 35 years of age) were not found to be working before participating in the scheme. Obtaining work near their homes could be one of the reasons why they chose to work under the scheme. Moreover, it is also possible that they and their family preferred them to work along with their neighbours rather than engaging in other works like housemaids, construction works, etc. These beneficiaries stated that they would not have gone for employment but for the scheme. The age of those beneficiaries who were engaged as farmers and agricultural labourers before joining MGNREGS, but adhered to only MGNREGS works now was found to be above 60 years. This shows that elderly people who were not physically fit for doing other jobs considered MGNREGS as a source of income.

4.2.2 Ownership and Type of house

All the respondent beneficiaries in the study area reside in their own houses. No difference was noticed with respect to the type of houses of beneficiaries before and after participating in the scheme. About 88 percent of the beneficiaries were staying in brick walled and tiled house while, rest of the beneficiaries had brick walled and concrete roof. In Alappuzha District as many of the places are water logged and marshy areas, the usage of mud for building houses was very limited.

4.2.3 Annual income

Before being a beneficiary of the scheme the average annual household income of 73.33 percent of the beneficiaries were between ₹30,000/- and ₹60,000/-. Nearly 17 percent of the beneficiary households had income below ₹30,000/- per annum and the remaining beneficiaries belonged to the income category between ₹60,000/- and ₹90,000/- per annum. It is noticed that after participating in the scheme, the percentage of beneficiaries with annual household income between ₹60,000/- and ₹90,000/- (21.67%) and ₹90,000/- and ₹1,20,000/- (41.67%) had increased. It is observed that the average annual household income of the beneficiaries had increased from ₹40529/- to ₹73764/- after participating in the scheme. This reveals that MGNREGS had a positive effect on annual income of the beneficiary household. This is in accordance with the results of the study conducted by Babu (2010) [2] in Palakkad District

Table 2: Annual Income of Beneficiaries

S. No.	Household income	Before joining MGNREGS		After joining MGNREGS	
		No.	%	No.	%
1	Upto-30,000	10	16.67	5	8.33
2	30,000- 60,000	44	73.33	17	28.33
3	60,000 -90,000	6	10.00	13	21.67
4	90,000-1,20,000			25	41.67
	Total	60	100.00	60	100.00

A paired t – test was carried out to determine whether there is any statistically significant mean difference in the annual income of beneficiaries before and after participating in the scheme and the result is presented below.

Table 3: Paired t-test for Annual Income of Beneficiaries

S. No.	Particulars	Income	t- value
1	Before joining MGNREGS	40529.07	14.76**
2	After joining MGNREGS	73763.80	

** Significant at .01 level of probability

The results indicated that there was significant difference in the annual household income of the beneficiaries before and after participating in MGNREGS. The reason could be that a majority of the beneficiaries considered MGNREGS work as an additional employment for increasing their income which can be effectively utilized for improving the livelihood security of their family.

4.2.4 Household Savings

A significant majority of the beneficiary households (68.33%) had no savings before joining MGNREGS. The average annual household savings of the beneficiaries showed an increasing trend after participating in the scheme, though the increase in savings is only meager. The percentage of beneficiaries having no savings had reduced from 68.33 percent to 60 percent after joining the scheme. The presence of beneficiary households were noticed in the savings group of ₹10001/- to ₹15000/-, ₹15,001/- to ₹20,000/- and ₹20,001/- to ₹25,000/- after being a beneficiary of the scheme. However, no beneficiaries were seen with savings above ₹25,001/- per annum. This result concurs with the findings of Geetanjali (2015) [3].

Table 4: Household Savings

S. No.	Savings	Before joining MGNREGS		After joining MGNREGS	
		No.	%	No.	%
1	Nil	41	68.33	36	60.00
2	Less than-5000	14	23.33	8	13.33
3	5000 - 10000	5	8.33	9	15.00
4	10001-15000			4	6.67
5	15001-20000			2	3.33
6	20001-25000			1	1.67
	Total	60	100.00	60	100.00

A paired t – test was carried out to determine whether there is any statistically significant mean difference in the annual household savings of beneficiaries before and after participating in the scheme and is presented below.

Table 5: Paired t-test for Annual Savings of Beneficiaries

S. No.	Particulars	Savings (₹ per year)	t- value
1	Before joining MGNREGS	1437.22	4.40**
2	After joining MGNREGS	3901.90	

** Significant at .01 level of probability

The results revealed that there was significant difference in the annual savings of the beneficiaries before and after participating in MGNREGS.

4.2.5 Indebtedness

The indebtedness status of the beneficiaries revealed that the number of beneficiaries without any debt had slightly decreased after the implementation of the scheme. Before joining the scheme, there were two beneficiaries who had no debt and this had decreased to one after being a beneficiary of MGNREGS. However, an increase in percentage of beneficiaries with debt between ₹25,000/- to ₹50,000/- was

noticed after joining MGNREGS. No significant difference was noticed in the percentage of beneficiaries having debt above ₹1,00,001/- after joining MGNREGS. The average indebtedness of the beneficiaries had decreased to ₹50305/- from ₹59712/- after joining the scheme.

Reduction in indebtedness of the beneficiaries was found to be only marginal as a majority of the beneficiaries reported delay in wage payment. The beneficiaries were forced to approach lending institutions and private money lenders for meeting their daily expenses. However, the beneficiaries are getting loans easily due to MGNREGS. They also reported that most of the wages received from MGNREGS are used for loan repayment. This result is in accordance with the findings of Chathukkulam and Giresan (2007) [4].

Table 6: Indebtedness of Beneficiaries

S. No.	Indebtedness	Before joining MGNREGS		After joining MGNREGS	
		No.	%	No.	%
1	No debt	2	3.33	1	1.67
2	Upto-25,000	10	16.67	15	25.00
3	25,001-50,000	21	35.00	25	41.67
4	50,001-75,000	9	15.00	8	13.33
5	75,001-1,00,000	10	16.67	4	6.67
6	1,00,001-1,25,000	5	8.33	5	8.33
7	Above-1,25,000	3	5.00	2	3.33
	Total	60	100.00	60	100.00

Paired t – test revealed that there was significant mean difference in indebtedness of beneficiaries before and after participating in the scheme. The result is presented in Table 7.

Table 7: Paired t-test for Indebtedness of Beneficiaries

S. No.	Particulars	Indebtedness (₹ per year)	t- value
1	Before joining MGNREGS	59711.85	4.06**
2	After joining MGNREGS	50304.50	

** Significant at .01 level of probability

4.2.6 Expenditure Pattern

The household expenditure pattern of the beneficiaries before and after joining MGNREGS was also analysed for identifying the changes in socio-economic status of beneficiaries. Even though savings of the MGNREGS beneficiaries were marginal, the beneficiaries had reported an increase in their standard of living. The analysis of their expenditure pattern revealed that there is an increase in percentage of amount spent for the purchase of various items like food, cloth, education, etc. after joining MGNREGS. However, it is significant to note that the percentage of amount utilized for ‘other items’ which mainly includes wastage of money by the male members of family especially for liquor had decreased. This is mainly because the wages under the scheme are deposited in banks mostly in the name of the beneficiary. Thus the male members do not find it easy to grab money from the beneficiaries. Thus the beneficiaries are able to expend this money for the benefit and well-being of the family especially, children.

The expenditure pattern of the beneficiaries during 2016 showed that maximum percentage of total expenditure was used for food items (41.06%), followed by cloth (12.54%), medical expenses (11.75%) and education (10.98%). About 10 percent of the total expenditure was used for buying

assets.

The average annual expenditure of the beneficiaries before joining MGNREGS was ₹35795/- and this had increased to ₹54770/- after participating in the scheme, an increase of 53.01 percent. The beneficiaries reported that due to this scheme they were able to buy hotel food for their children occasionally and could provide tuitions for their children for better education. Moreover, they were able to use a part of their income for buying household equipment like mixer-grinder, refrigerator, etc. and gold ornaments. The result is in conformity with the findings of Babu and Rao (2010) [5]. Details are provided in Table 8 and Fig. 1.

Table 8: Expenditure Pattern

S. No.	Items	Before joining MGNREGS		After joining MGNREGS	
		₹	%	₹	%
1	Food	14192.83	39.65	22488.41	41.06
2	Cloth	4159.41	11.62	6868.11	12.54
3	Education	3887.37	10.86	6013.70	10.98
4	Medical expenses	3894.53	10.88	6435.43	11.75
5	Assets	3572.37	9.98	5564.59	10.16
6	Maintenance	3096.29	8.65	5126.44	9.36
7	Others	2992.48	8.36	2272.94	4.15
	Total	35795.27	100.00	54769.62	100.00

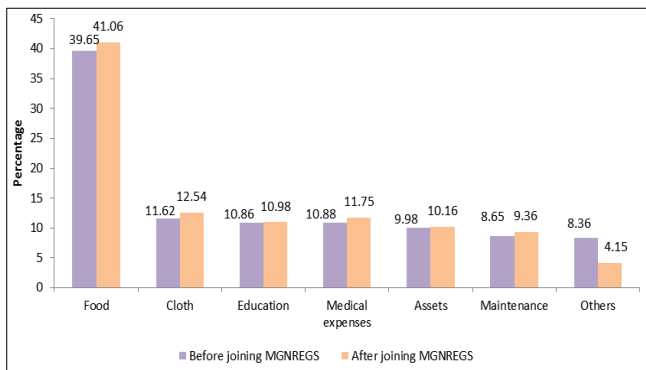


Fig 1: Expenditure pattern of MGNREGS beneficiaries

The result of the paired t- test revealed that there was significant mean difference in annual household expenditure of the beneficiaries before and after participating in the scheme. The result is furnished in Table 9.

Table 9: Paired t-test for Annual Expenditure of Beneficiaries

S. No.	Particulars	Expenditure (₹ per year)	t- value
1	Before joining MGNREGS	35795.27	12.26**
2	After joining MGNREGS	54769.62	

** Significant at .01 level of probability

4.2.7 Decision on Spending

The decision on spending behavior of the beneficiary family was also influenced by the scheme. The results provided in Table 10 showed that according to 36.67 percent of the beneficiaries, decision on spending was taken by mainly wives after being a beneficiary of the scheme. This was about 33 percent before participating in the scheme. The spending decisions were made jointly by husband and wife

and by consulting with other members in the family according to 46.67 percent and 15 percent of the beneficiaries respectively after joining the scheme. The beneficiary households in which the spending decisions were taken mainly by husband remains same even after joining the scheme.

Table 10: Decision on Spending

Sl. No.	Particulars	Before joining MGNREGS		After joining MGNREGS	
		No.	%	No.	%
1	Mainly husband	1	1.67	1	1.67
2	Mainly wife	20	33.33	22	36.67
3	Jointly by husband and wife	38	63.33	28	46.67
4	Consulting with other members in the family	1	1.67	9	15.00
	Total	60	100	60	100

A majority of the beneficiaries considered MGNREGS as an additional income source for their family. It is seen that 20 percent of the beneficiaries were not working before joining the scheme. The difference between the income earned through other works and MGNREGS is that, in the former type of employment the wages are directly getting into their hand, while under the scheme the wages are deposited to the bank accounts of the beneficiaries opened under the scheme. This provided more control to the beneficiaries, especially the women on their income. It resulted in increased spending on food, education and for health related issues, which ultimately leads to improved livelihood security of their household. This shows that the economic empowerment of the beneficiaries has also increased their decision making power. The above finding is in conformity with those of Mann and Pande (2012) [6].

5. Conclusion

The study concludes that MGNREGS has definitely increased the socio-economic condition of beneficiaries, especially women after joining the scheme. The increased economic status of the beneficiaries had provided livelihood security and in turn improved their social status. The scheme provided more decision making power to beneficiaries, especially women and were able to spend more on the wellbeing of their family. The scheme was also successful in providing safety net to the vulnerable population who are unable to do any other works.

6. References

1. Census of India. Retrieved on November 26, 2013, from Census of India: censusindia.gov.in/2011
2. Babu CC. Economic impact of NREGS on rural households - A study of Palakkad district. MA thesis, Indira Gandhi National Open University, New Delhi. 2010; pp. 91. Available from: https://www.researchgate.net/publication/283773310_Performance_of_MGNREGS_on_income_and_employment_of_agricultural_labourers [accessed Apr 23 2018]
3. Geetanjali K. Impact of MGNREGS on Asset Creation and Empowerment of Women wage Seekers-A case study, Southern Economist. 2015; 53(24):9-11.

4. Chathukkulam J, Gireesan K. Impact Assessment of NREGS in Kerala – Evaluation of Systems and Processes, Centre for Rural Management, Kottayam. 2007; pp. 6-8.
5. Babu VS, Rao KH. Impact of MGNREGS on Scheduled Castes and Scheduled Tribes: Studies Conducted in 8 States. National Institute of Rural Development (NIRD), Hyderabad, 2010.
6. Mann N, Pande V. MGNREGA Sameeksha: An Anthology of Research Studies on the Mahatma Gandhi National Rural Employment Guarantee Act, 2005. New Delhi: Orient Black swan Private Limited, 2012.