

Impact of MGNREGA on Rural Livelihood

Ms. Pooja D. Rangwani

Asst. Professor, Shri Brijlal Biyani Science & Commerce College, Amravati

E-mail id : pooja.rangwani31@gmail.com, _M-9763364022

Abstract - Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims to provide for enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult member volunteers to do unskilled manual work. One of the major objectives of the scheme is to improve the income levels and enhance the quality of life of village folks who are thus far eking out with meager income, constraints of low wages, frequent interruptions in wage earnings etc. by providing 100 days of wage employment at prescribed minimum wages applicable in the region. In view of the above the present study was conducted in six thasisls of Akola based on sample of 510 respondents with the objectives - to study the effect of MGNREGA on the daily wage rate in the villages and to study the synergy between MGNREGA and rural livelihoods, with special reference to Agriculture.

Considering the increased figures of daily wage rate, it is clear that the MGNREGA provides wages to meet day to day expenses. MGNREGA does provide basic income assurance to a large number of beneficiaries. Net household income or income as a fraction of household income is considered as an indicator of the relevance of the scheme for the poor.

Introduction

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims to provide for enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult member volunteers to do unskilled manual work.

A unique feature of Mahatma Gandhi NREGA is its demand-driven character. It described the steps required for setting up systems that accurately record demand for work by wage-seekers. But before we begin to record demand, we need to make a prior assessment of the quantum of work likely to be demanded as also ascertain the timing of this demand. Concomitantly, we need to prepare a shelf of projects that would allow us to meet this demand. This matching of demand and supply of work is the process of planning under MGNREGA and this is to be achieved through the preparation of a Labour Budget, which has two sides – one, assessment of quantum and timing of demand for work and two, preparing a shelf of projects to meet this demand in a timely manner.

One of the major objectives of the scheme is to improve the income levels and enhance the quality of life of village folks who are thus far eking out with meager income, constraints of low wages, frequent interruptions in wage earnings etc. by providing 100 days of wage employment at prescribed minimum wages applicable in the region.

Objectives

- To study the effect of MGNREGA on the daily wage rate in the villages.

- To study the synergy between MGNREG
- A and rural livelihoods, with special reference to Agriculture.

The present study was carried in six tahsils of Akola district of Maharashtra. From each thasil five villages were selected for the study based on higher number of beneficiaries under MGNREGA working in a selected village. Thus, total thirty villages and six tahsils were selected from Akola district.

The list of beneficiaries who worked under MGNREGA since 2007 was obtained from Zillah Parishad /Gram Panchayat/Panchayat Samiti of the selected villages and from each selected village Seventeen beneficiaries were selected randomly to constitute a sample size of 510 beneficiaries. Extent of economic analysis of MGNREGA on income and livelihood security.

In the context of present study of impact of MGNREGA on rural livelihood. Index of impact on rural livelihood was computed by summing up the independent index values of percent change in human capital, physical capital, natural capital, social capital, financial capital and vulnerability and dividing it by six (no. of indices).

$$\text{Impact on Rural Livelihood (IRL) index} = \frac{\Delta\text{HCI} + \Delta\text{PCI} + \Delta\text{NCI} + \Delta\text{SCI} + \Delta\text{FCI} + (\Delta\text{V})}{6}$$

Employment Generation

One of the objective of present study was to know about the employment generated from MGNREGA. The period selected for the study was 2007-08 to 2014-15, since the starting of MGNREGA .Hence the period of 8 years has been selected as the MGNREGA is the employment guarantee scheme for 100 days. The number of days selected were – upto 60 days 60-80 days, 80-100 days and above 100 days. The employment generated in Akola district for selected MGNREGA members during the study period is presented in the following table 1.

Table 1

Distribution According to Employment Generation in MGNREGA during 2007-08 to 2014-15

S.N	Year	Upto 60		Upto 80		Upto 100		Above 100		Total	
		F	%	F	%	F	%	F	%	F	%
1	2007-08	11	2.15	241	47.25	258	50.58	0	0	510	100
2	2008-09	49	9.60	179	35.09	282	55.29	0	0	510	100
3	2009-10	57	11.18	172	33.73	281	55.09	0	0	510	100
4	2010-11	61	11.96	168	32.94	281	55.09	0	0	510	100
5	2011-12	59	11.57	182	35.69	267	52.35	2	0.39	510	100
6	2012-13	69	13.52	150	29.41	291	57.05	0	0	510	100
7	2013-14	23	4.51	164	37.16	322	63.14	1	0.19	510	100
8	2014-15	30	5.88	150	29.41	326	63.92	4	0.78	510	100

On going through the table , the employment generated upto 60 days over the study period was reported only by 2.15% to 13.5% members. Similarly the employment generated above 100 days was reported by 0.19% to 0.78% members. Majority of the members ranging between 50.58% to 63.92% described that employment generation was upto 100 days. The employment generation for 80 days during the study period was reported by 29.41% to 47.25% MGNREGA members.

The above percentage distribution concludes that more than 90% MGNREGA members accepted that the employment generated was for 80 to 100 days.

The findings suggested by Kenchanagouda (2007) revealed that forty per cent of the beneficiaries received 50 to 100 man days of employment, while 42.00 per cent got

employment for 100 to 150 man days under “Sampoorna Grameen Rozgar Yojana (SGRY) in Gadag district of Karnataka”.

Table 2
Distribution of Daily Wage Rate from year 2007 to 2015

Sr.No	Year	Daily Wage Rate in Rs.
1	2007-08	45
2	2008-09	45
3	2009-10	68
4	2010-11	100
5	2011-12	127
6	2012-13	145
7	2013-14	168
8	2014-15	181

Source of Income for Livelihood Family

MGNREGA aims to provide a steady source of income and livelihood security for the poor, vulnerable and marginalized which covers sources of income for livelihood of families of MGNREGA beneficiaries with the help of following table 3.

Table 3
Distribution according to Source of Income for Livelihood of Family

Sr	Particulars		No Income	5000-10000	10000-15000	15000-20000	20000-25000	25000-30000	30000 & Above	
1	Wages	B	F	12	92	148	160	83	13	2
			%	2.35	18.04	29.09	31.37	16.27	2.55	0.4
	A	F	-	14	74	158	70	98	96	
		%	-	2.75	14.51	30.96	13.73	19.22	18.83	
2	Farming	B	F	282	115	74	33	2	2	2
			%	55.29	22.55	14.51	6.48	0.39	0.39	0.39
	A	F	280	57	88	50	7	8	20	
		%	54.90	11.18	17.55	9.80	1.37	1.57	3.93	
3	Livestock	B	F	399	106	3	2	-	-	-
			%	78.24	20.78	0.59	0.39	-	-	-
	A	F	397	111	2	-	-	-	-	
		%	77.84	21.77	0.39	-	-	-	-	
4	Business	B	F	483	-	-	27	-	-	-
			%	94.71	-	-	5.29	-	-	-
	A	F	480	-	-	30	-	-	-	
		%	94.12	-	-	5.88	-	-	-	

The above table depict the before and after status of sources of income for livelihood of families of rural household including various sources such as wages, farming, livestock, and business. According to the above table, income of beneficiaries in the form of wages states that 2.35% of members were having no income before participation in MGNREGA i.e they were unemployed, after participation the ratio of unemployment turned to zero in case of wages. Before participation, 29.09% of respondents were earning from wages Rs.10,000/- to Rs.15000/- and afterwards 30.96% of members were earning Rs.15000/- to Rs.20,000/-. Before this scheme, 16.27% of members were earning Rs.20,000 to Rs.25000/- from wages and after getting benefitted from this scheme, it increased to 19.22% of members earning Rs. 25000/- to Rs, 30,000/- from wages. Before participation, just 0.4% respondents were earning above Rs. 30,000/- from wages and afterwards the score increased to 18.83%.

Regarding farming as a source of income for livelihood evident that before participation, 55.29% of respondents had no income from farming, in other words, farming was not source of income for them and after participation, the ratio decreased to 54.90%. Before this scheme, 14.51% of respondents were earning Rs. 10,000/- to Rs. 15000/- from farming, afterwards the score improved to 17.25%, 6.48% of members were earning Rs. 15000/- to Rs. 20,000/- from farming before implementation of this scheme, after its implementation, the ratio turned to 9.80%. 0.39% of beneficiaries were earning Rs. 20,000/- to Rs. 30,000/- before participation and after involving in this scheme, the ratio increased to 1.57%. Just 0.39% of members were earning above Rs.30,000/- from farming before existence of this scheme and afterwards the figures changed to 3.92%.

The another source of income for livelihood of MGNREGA respondents indicated in above table is livestock which states that before existence of this scheme , 77.84% of respondents has no income form livestock may be because of livestock was not the source of income for them and after existence of this scheme , the figures reduced to 77.84% , 20.785 of respondents were earning Rs. 5000/- to Rs. 10,000/- from livestock before participation in this scheme and after participation, the scores changed to 21.77%.

The status of business as source of income for livelihood of families of rural household of area covered in the study in the above table depict that more than 94% of respondents don't have income from business i.e business is not a source of income for majority of them and remaining 5.29% of respondents were earning Rs. 10,000/- to Rs.15000/- from business before participation and 5.88% of members were earning Rs. 15000/- to Rs. 20,000/- from business after participation.

It is clear from above date collection that, majority of respondents are wage earners with minimum earning of Rs.10,000/- to Rs. 15000/- and maximum earning of Rs. 15000/- to Rs.20,000/- annually. second priority level is of Farming with same minimum and maximum earnings level as for wage earners. And for Livestock and Business as source of income, the rural people are less interested in the distribution of upto 20% for Livestock and upto 5% for Business.

Ahuja et al. (2011) also observed positive impact of MGNREGA in terms of growth in income, employment security, migration, debt repayment, socio-economic status after participation in MGNREGA works.

Overall evidence suggest that MGNREGA does provide basic income assurance to a large number of beneficiaries. Net household income or income as a fraction of household income is considered as an indicator of the relevance of the scheme for the poor. A study observed that the share of MGNREGA in the income of the poor in Maharashtra is 7%.

The difference in change of livelihood security index were worked out and their mean and SD values are presented in the given table 4 below.

Table 4
Distribution of MGNREGA Women according to Livelihood Security Index (Prem Narayan Method)

Sr No	Particulars	Frequency	Mean	SD
1	Most Developed(0 to 0.40)	30(5.88)	0.36	0.03
2	Developed(0.40 to 0.60)	300(58.82)	0.50	0.05
3	Underdeveloped(0.60 to 0.80)	153(30)	0.68	0.05
4	Poorly Developed(0.80 & Above)	27(5.29)	0.92	0.22
Total		510		

On going through the table, it is observed that MGNREGA women has achieved the success in changing the index level of livelihood security and reaching into developed and most developed indexed groups.

Considering the livelihood security index, the above table shows the figures in such a way that 5.29% of MGNREGA women are covered in poorly developed group, 30% of them are covered in under developed group, 58.82% of them are included in developed group and 5.88% of them belong to most developed group.

It is concluded from above statistical calculation that more than 50% of MGNREGA women were successful in development of their livelihood security as majority of them were covered in developed group of livelihood security index.

The mandate of the Act is to provide 100 days of guaranteed wage employment in a financial year (FY) to every rural household whose adult members volunteer to do unskilled manual work. As this scheme started in 2005 in India but in Maharashtra implemented in 2007, accordingly under the area of study, in 2007-08 and 2008-09, daily wage rate was Rs. 45/- per day, in year 2009-10 daily wage rate increased to Rs.70, Rs.72, Rs.68, Rs. 66, Rs.70 and Rs.72 for Barshitakli, Murtizapur, Badapur, Akot, Telhara and Patur respectively. Further more, in year 2010-11, daily wage rate increased to Rs.100, in year 2011-12 daily wage rate increased to Rs.127, in year 2012-13 daily wage rate increased to Rs.145/-, in the year 2013-14 daily wage rate increased to Rs. 168/- and in the year 2014-15 daily wage rate raised to Rs. 181/-

Hence, considering the increased figures of daily wage rate, it is clear that above hypothesis found to be true.

Majority of respondents are wage earners with minimum earning of Rs.10,000/- to Rs. 15000/- and maximum earning of Rs. 15000/- to Rs.20,000/- annually. second priority level is of Farming with same minimum and maximum earnings level as for wage earners. And for Livestock and Business as source of income, the rural people are less interested in the distribution of upto 20% for Livestock and upto 5% for Business.

Hence, MGNREGA does provide basic income assurance to a large number of beneficiaries. Net household income or income as a fraction of household income is considered as an indicator of the relevance of the scheme for the poor. And therefore, hypothesis is proved to be true.

MGNREGA provides the choice to demand work to a large number of rural households and person in nine years of MGNREGA implementation.

Conclusion

- More than 90% MGNREGA members accepted that the employment generated was for 80 to 100 days.
- Majority of respondents are wage earners with minimum earning of Rs.10,000/- to Rs. 15000/- and maximum earning of Rs. 15000/- to Rs.20,000/- annually. second priority level is of Farming with same minimum and maximum earnings level as for wage earners. And for Livestock and Business as source of income, the rural people are less interested in the distribution of upto 20% for Livestock and upto 5% for Business.
- MGNREGA does provide basic income assurance to a large number of beneficiaries. Net household income or income as a fraction of household income is considered as an indicator of the relevance of the scheme for the poor. A study observed that the share of MGNREGA in the income of the poor in Maharashtra is 7%.

- More than 50% of MGNREGA women were successful in development of their livelihood security as majority of them were covered in developed group of livelihood security index.

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