

## Socio-economic Impact of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) on Beneficiaries : A Case Study in Coimbatore District of Tamil Nadu

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### ABSTRACT

*The present study conducted in the Coimbatore district of Tamil Nadu, has examined the socio-economic impact of MGNREGS on the rural poor who are mainly comprised of small and marginal farmers & agricultural labourers. The study is based on 120 respondents drawn by simple random sampling method from eight Gram Panchayats which had more MGNREGS beneficiaries selected from two randomly selected blocks in the district. The profile of MGNREGS beneficiaries revealed that all the respondents possessed job card, majority of beneficiaries were not members in Social Audit Committee, old aged, female, belonged to SC/ST category, married, illiterates, had only MGNREGS as their source of occupation, landless, had low to medium level of annual income, lived in nuclear family, had upto 5 members in a family. Their social participation was found to be at moderate level. With regard to the impact of MGNREGS, majority of the beneficiaries expressed that increased expenditure on food items and dresses, increased income level, cleared debts, increased outside contact, sent their children to schools earned respect from village and family members, increased spending on children's education, purchased household appliances, facilitated more contact with Block Development Officer, reduced migration were the major impacts created through MGNREGS.*

**Keywords :** Impact; Socio-economic; Beneficiaries

In India, despite a robust economic growth, poverty and unemployment continue to be the major economic problems with 75 per cent of the rural population living below poverty line and 74 per cent unemployed population hailing from rural India (Sanyal, 2011). The Government of India is deeply concerned with the widespread poverty and unemployment in the rural areas and has taken several initiatives including the implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (Anjani Kumar et al., 2011). The National Rural Employment Guarantee Act, (NREGA) was notified on September 7, 2005 which was later renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). The objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work (GOI, 2008).

Several studies about development programmes had focussed on its socioeconomic impact such as rural poverty alleviation, gender issues, self-esteem, livelihood and food security, and migration (Haberfeld, et al., 2011; Sankaran, 2011; Tiwari et al., 2011; Zorlu et al., 2003; Raju, 2011; Rogaly, 2011). Since its inception the MGNREGS has shown a significant improvement in different aspects. The number of households associated with MGNREGS works has been increasing consistently, the number of days for which employment has been provided have also increased. (Ahuja et al., 2011). MGNREGS participants consume more high-value commodities like milk, chicken and fish, as compared to MGNREGS

non-participants (Devi, 2011). MGNREGS induced significant changes in the annual per capita income, monthly per capita food expenditure, annual per child expenditure on education, per capita savings, condition of the dwelling houses, access to healthcare facility and possession of other assets or luxury items for those households which are regularly working in the scheme (Sarkar, et al., 2011). The demographic characteristics of farm households have great significance on the working of any employment scheme (Ahuja, et al., 2011). Wage-earners were the main focus of this scheme and it has enormous potential to uplift the socio-economic status of the rural poor who are mainly landless agricultural labourers and marginal/small farmers. Substantial increase in income will obviously lead to a better standard of living (Sarkar, et al., 2011). With this background the present study has examined the impact of MGNREGS on socio-economic conditions of beneficiaries. The study has also attempted to throw some light on the socio economic profile of MGNREGS beneficiaries in the study area.

### METHODOLOGY

Expost-facto research design was adopted for the study. It was purposively conducted in Coimbatore District of Tamil Nadu state as more number of beneficiaries relied upon MGNREGS. Moreover, the scheme was successfully operating in Coimbatore district. Among 12 blocks of Coimbatore District, Thondamuthur and Madukkarai blocks were randomly drawn. Based on maximum number of MGNREGS beneficiaries, four panchayat villages from each of the selected two blocks were selected. These panchayat

villages were viz., Perurchettipalayam, Ikkaraiboluvampatti, Theethipalayam, Madvarayapuram, Malumichampatti, Pichanur, Myleripalayam and Nachipalayam. In each village, 15 MGNREGS beneficiaries were selected randomly. Thus, a total number of 120 beneficiaries were selected as respondents for the study. The data was collected using well-structured and pre-tested interview schedule. Relevant data pertaining to the study was collected, analyzed using percentage analysis, interpreted and meaningful conclusions were drawn. Ten socio-economic indicators were identified in consultation with extension scientists and literature review to document the impact of MGNREGS. The socio-economic impact due to MGNREGS was studied. The socio-economic indicators identified as follows food habit, dressing pattern, housing, education to children, income and savings, personal changes, contact with development personnel, social participation, media participation, migration. The socio-economic impact of MGNREGS beneficiaries was studied based on the changes perceived in the indicators by the beneficiaries mentioned above.

## RESULTS AND DISCUSSION

### Socio economic profile of MGNREGS beneficiaries

Socio economic profile of MGNREGS beneficiaries in terms of job card, age, gender, caste, marital status, educational status, occupational status, farm size, etc., are presented in Table 1.

All the MGNREGS beneficiaries (100 %) possessed job cards. It implies that guidelines given by the act were followed without any discrepancy by the officials who implement the programme in the study area. It was found that only 13.33 per cent of the beneficiaries were members in social audit committee while more than three fourth (86.67 %) of the beneficiaries were not members of the social audit committee. For being member in social audit committee he/she should have studied upto tenth standard or must be member in SHG (Self Help Group) or must have completed 50 days of work and also only

nine members could be members of social audit committee in a panchayat, in that three members were to be selected from reservation category. This is why there is no more membership in social audit committee. It is evident from the table 1 that 42.50 per cent beneficiaries was found to belong to old age group followed by 30.83 and 26.67 per cent in the young and middle age groups respectively and it may be due to participation of more old aged people in the study area as it provides suitable occupation to them. It has been observed that in the Coimbatore district, 95.00 per cent of the beneficiaries were female while only 5.00 per cent of the beneficiaries were male. The beneficiaries received a maximum of 120 rupees/day in MGNREGS employment since this money is not sufficient to run a family, men do not prefer MGNREGS and this is the probable reason why majority of women participated in MGNREGS.

Most of the beneficiaries (90.00 %) belong to lower caste (SCs and OBCs). This may be due to the fact that mostly poor families work in MGNREGS. It could be seen from the Table 1 that majority of the MGNREGS beneficiaries (94.17 %) were married while unmarried and other status constituted very less proportion. The educational status of the beneficiaries was low as 32.50 per cent of beneficiaries were illiterates while 30.00 per cent had educated upto primary level. Exactly one-fourth of the beneficiaries (25.00 %) had education upto middle school level while five per cent of the beneficiaries had secondary education. Functionally literates constituted 2.50 per cent and none of the beneficiaries had education at collegiate level. By analyzing the data on occupational distribution (Table1), it was found that about 55 per cent of the beneficiaries had MGNREGS as their sole occupation while more than one-third of the beneficiaries (36.67%) had MGNREGS and wage earning as their source of income. Only 7.50 per cent had agriculture as their main occupation, inferring thereby that farmers who had land were less inclined to work in this scheme. source of income. Only 7.50 per cent had agriculture as their main occupation, inferring thereby that farmers who had land were less inclined to work in this scheme.

**Table 1. Distribution of respondents according to socio-economic profile of MGNREGS beneficiaries (N = 120)**

S.No.	Category	Number	Per cent
<b>I.</b>	<b>Job card</b>		
1.	Possessed job card	120	100
<b>II.</b>	<b>Member in social audit committee</b>		
1.	Member	16	13.33
2.	Non member	104	86.67

<b>III.</b>	<b>Age</b>		
1.	Young (Up to 35 years)	37	30.83
2.	Middle (Above 35 up to 45 years)	32	26.67
3.	Old (More than 45 years)	51	42.50
<b>IV.</b>	<b>Gender</b>		
1.	Male	6	5.00
2.	Female	114	95.00
<b>V.</b>	<b>Caste</b>		
1.	SC/STs	61	50.83
2.	OBCs	47	39.17
3.	General	12	10.00
<b>VI.</b>	<b>Marital status</b>		
1.	Married	113	94.17
2.	Unmarried	2	1.67
3.	Other status	5	4.17
<b>VII.</b>	<b>Educational status</b>		
1.	Illiterate	39	32.50
2.	Functionally literate	3	2.50
3.	Primary education	36	30.00
4.	Middle education	30	25.00
5.	Secondary education	12	10.00
<b>VIII.</b>	<b>Occupational status</b>		
1.	MGNREGS only	67	55.83
2.	MGNREGS+ Wage earners	44	36.67
3.	MGNREGS+ Farming	9	7.50
<b>IX.</b>	<b>Land ownership</b>		
1.	Landless	111	92.50
2.	Marginal farmers	8	6.67
3.	Small farmers	1	0.83
<b>X.</b>	<b>Annual income</b>		
1.	Less than 12,000	47	39.17
2.	12,001 to 31,000	45	37.50
3.	More than 31,001	28	23.33
<b>XI.</b>	<b>Family type</b>		
1.	Nuclear	115	96.67
2.	Joint	5	3.33
<b>XII.</b>	<b>Family size</b>		
1.	Up to 5 members	103	85.83
2.	More than 5 members	17	14.17
<b>XIII.</b>	<b>Social participation</b>		
1.	Low	37	30.83
2.	Moderate	67	55.83
3.	High	16	13.33

Land resources affect the employment significantly. Therefore ownership of land pattern was analyzed and the results are presented in Table 1. Majority of the beneficiaries (92.50 %) were reported to be landless. Very meager proportion of beneficiaries (6.67 %) had marginal sized farms while 0.83 per cent had operated small sized farm. Annual income of the beneficiaries was analyzed and reported in Table 1. The annual income of the beneficiaries was very low as the average annual income was Rs. 25,175. Most of the beneficiaries (76.67 %) come under the category of less than Rs. 31,000. Only 23.00 per cent of beneficiaries had annual income of more than Rs. 31,000.

From the above result, it could be revealed that implementation of the program was largely effective. The household regularly taking part in the programme were the real needful people from the vulnerable section of the rural society. This finding is similar to the observations made by Jha et al., (2008).

Almost all the beneficiaries (96.67 %) were found to live in nuclear family. Very few (3.33 %) of the beneficiaries had joint family. It is evident from the table that 85.83 per cent of beneficiaries had upto five members in a family whereas only 14.17 per cent had more than five members per family. More than half of the beneficiaries (55.83 %) were reported to have moderate level of social participation followed by 30.83 and 13.33 per cent at low and high levels of social participation respectively.

#### **Impact of MGNREGS on socio-economic condition of beneficiaries**

The impact of programme on different socioeconomic variables has been presented for beneficiaries in Table 2. When the income of a worker increases, it has a profound impact on family

expenditure as well as savings. It could be inferred from table 2 that nearly half of the beneficiaries' (45.83 %) expenditure on food items increased and also frequency of taking non-vegetarian foods (20.83 %) and drinking tea/coffee (10.00 %) increased. Further 16.00 per cent of beneficiaries had consumed more number of eggs. From this it could be inferred that MGNREGS beneficiaries gradually improved their food intake. Further, 26.67 per cent of beneficiaries had spent more on purchasing dress after participating in MGNREGS as a result they possessed more set of dresses (17.50 per cent). It could be understood that MGNREGS has increased the buying capacity of its beneficiaries. Before employment under MGNREG programme, their main source of income was derived from agricultural activities. However, total income of the workers was not enough to meet their basic needs and hence there was no scope for saving, and sometimes they had to borrow to maintain their routine life. The additional employment generated by MGNREGS had made significant changes in the annual per capita income of the beneficiaries. It is very much encouraging to note that the income level of beneficiaries (72.50 %) had significantly increased and due to this more than one-third of the MGNREGS beneficiaries (37.50 %) cleared their debts. It has also encouraged the saving behavior among beneficiaries (24.17 %). Thus, MGNREGS increased beneficiaries' income, savings and helped to clear debts.

These results are in conformity with the findings of Ramesh and Krishnakumar (2009) who stated that MNREGS had increased the income and expenditure of the workers and reduced their debt burden to some extent.

**Table 2. Socio-economic impact encountered by the beneficiaries as a result of MGNREGS (N = 120)**

S. No.	Particulars	Number	Per cent
<b>A.</b>	<b>Food habits</b>		
1.	Expenditure on food items increased	55	45.83
2.	Frequency of non-vegetarian foods taken/month	25	20.83
3.	Number of times tea or coffee taken/moth/head	20	16.67
4.	No. of eggs taken/month/head	10	8.33
<b>B.</b>	<b>Dressing pattern</b>		
1.	Types of dress used	17	14.17
2.	No. of sets of dresses possessed increased	21	17.50
3.	Amount spent on dressing is increased	32	26.67
<b>C.</b>	<b>Income and savings</b>		
1.	Income/month increased	87	72.50
2.	Debts cleared	45	37.50
3.	Savings increased	29	24.17

<b>D.</b>	<b>Education to children</b>		
1.	Children sent to local school	17	14.17
2.	Children sent to school outside the village	20	16.67
<b>E.</b>	<b>Housing</b>		
1.	Own house/rented house/dwelling in landlords farm shed	9	7.50
2.	Renovated the house	5	4.17
3.	Family with household latrine/without latrine	12	10.00
<b>F.</b>	<b>Personal changes</b>		
1.	Outside contact increased	26	21.67
2.	Gained respect from village	18	15.00
3.	Gained respect from family members	40	33.33
4.	Expenditure on ceremonies increased	23	19.17
5.	Expenditure on festivals increased	21	17.50
6.	Expenditure on children's education increased	35	29.17
7.	Opened account in bank/post office	54	45.00
8.	Household appliances purchased	30	25.00
<b>G.</b>	<b>Contact with development personnel</b>		
1.	Block development officer	85	70.83
2.	Bank officer	15	12.50
3.	Village president	45	37.50
4.	A.O	28	23.33
5.	Official from insurance	35	29.17
<b>H.</b>	<b>Social participation</b>		
1.	Membership in one organization	25	20.83
<b>I.</b>	<b>Media participation</b>		
1.	Cable TV subscription	45	37.50
<b>J.</b>	<b>Migration</b>		
1.	Establishment of MGNREGS help in preventing you or your family members to migrate to other villages/ town for work	44	36.67

The type of construction and material used in making floors, walls and roofs revealed considerable improvement in the condition of dwelling houses of the beneficiaries. MGNREGS beneficiaries were residing in roof/thatched houses. There is less impact on housing. Only 10.00 and 4.17 per cent of beneficiaries had household latrine and renovated their house respectively.

Education of children was given prime importance by the beneficiaries and a significant portion of additional income was spent on it. According to beneficiaries in study area, the drop out ratio was substantially reduced since MGNREGS acts as an additional source of income to beneficiaries' families. So, most of the beneficiaries had sent their children to schools. About one-third (30.87%) of beneficiaries had sent their children to either local schools or outside the village after participating in MGNREGS.

A verifying magnitude of beneficiaries had brought out changes like increased outside contact (21.67%), earned respect from village (15.00%) and family members (33.33%), spent more on festivals

(17.50%) and ceremonies (19.17%), increased spending on children's education (29.17%), purchased household appliances (25.00%). Among personal changes, it is important to see that 45.00 per cent of the beneficiaries opened new account in bank/post office. It implies that nearly half of the beneficiaries were financially included. A varied proportion of beneficiaries had started to contact development personnel as MGNREGS served as a platform where number of development personnel was placed to enhance the participation of beneficiaries. Majority of the beneficiaries (70.83%) had got an opportunity to interact with Block Development Officer after participating in MGNREGS.

Comparatively higher percentage of beneficiaries was already members in few social organizations. Only 20.83 per cent of beneficiaries become member of Self help group (SHG) after taking part in MGNREGS. Cable TV had been subscribed by significant percentage (37.50%) since cable has been the source of information, education and entertainment to a large number of people. MGNREGS is preventing



people from migrating to other places for want of job as it gave job guarantee for 100 days. In this study also, one-third of beneficiaries (36.67 %) felt that it helped in preventing them to migrate to other villages or towns for work. To sum up, it can be noted that the MGNREGS had brought in many positive and desirable changes among the beneficiaries in the study locale.

### CONCLUSION AND SUGGESTIONS

The study has revealed that all the MGNREGS beneficiaries possessed job cards and the participation in social audit committee is low among the beneficiaries. Most of the beneficiaries belong to old aged category and almost all of them were female. Caste wise distribution shows that beneficiaries were of lower caste (SCs and OBCs). The study also revealed that most of them were married and their educational status was low. MGNREGS employment is the main source of income and most of them found to be landless. Their average income ranged from low to medium. Beneficiaries mostly lived in nuclear family and had upto 5 members in a family.

The study found that beneficiaries' expenditure on food items and dress increased. It is evident from the study that considerable improvements in the income, savings and outstanding debts were cleared. The drop-out ratio was reduced marginally and beneficiaries purchased household appliances from

their savings. MGNREGS facilitated contact with developmental personnel. The study also found that the migration is checked upto some extent.

It was understood that landless agricultural labourers were highly depending on the MGNREGS during the off season for subsistence living. Hence it is necessary that the government should implement the scheme effectively only in the off season. It will help to reduce labour scarcity for agricultural operations during crop season and in addition to ensuring income to the beneficiaries throughout the year. The study also found that the overall livelihood status of MGNREGS beneficiaries had improved over the last three years. Hence, the government should encourage more people to participate in the scheme.

It is also felt that the effective planning, targeting, implementation and monitoring of the MGNREGS are important to coordinate and control various activities. Besides, it is suggested to consider enhancing the staff strength in the scheme. One Block Development Officer is monitoring the scheme in ten villages per day at present. As a result there is scope for laxity in the work due to higher work load which may ultimately leads to some inefficiency.

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