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IMPACT OF MGNREGS ON SOCIO-ECONOMIC CONDITIONS OF WORKERS

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Abstract
The scheme was launched in the beginning of 2006. Almost six years have elapsed since the inception of the scheme. The argument started then and continues till date about the viability, the real impact of the Act on the lives and occupation of the people, and usefulness of the MGNREGA. To what degree has the scheme bring changes in the existing circumstances of the populace? These are all some of the major issues which require a deep study and analysis. Such a study would be able to point out on the functioning of the scheme, the actual result against the expected result, the problems that are being faced in implementation of program and so on. This study has tried to do that. MGNREGA has completed its twelve years; rarely any of the studies have attempted to look into the actual performance and its contribution towards long term development and sustained employment generation in the villages of Andhra Pradesh.

Index Terms: MGNREGS, Socio-economic, Income, Employment, Expenditure.

Introduction

National Rural Employment Guarantee Act 2005 (or, NREGA later renamed as the "Mahatma Gandhi National Rural Employment Guarantee Act", MGNREGA), is an Indian labor law and social security measure that aims to guarantee the 'right to work'.

The MGNREGA was initiated with the objective of "enhancing 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". Another aim of MGNREGA is to create durable assets (such as roads, canals, ponds and wells). Employment is to be provided within 5 km of an applicant's residence, and minimum wages are to be paid. If work is not provided within 15 days of applying, applicants are entitled to an unemployment allowance. Thus, employment under MGNREGA is a legal entitlement.

MGNREGA is to be implemented mainly by gram panchayats (GPs). The involvement of contractors is banned. Labor-intensive tasks like creating infrastructure for water harvesting, drought relief and flood control are preferred. Apart from providing economic security and creating rural assets, NREGA can help in protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity, among others. The NDA government has decided to provide 150 days for rain hit areas.
The registration process involves an application to the Gram Panchayat and issue of job cards. The wage employment must be provided within 15 days of the date of application. The work entitlement of ‘120 days per household per year’ may be shared between different adult members of the same household.

The law also lists permissible works: water conservation and water harvesting; drought proofing including afforestation; irrigation works; restoration of traditional water bodies; land development; flood control; rural connectivity; and works notified by the government. The Act sets a minimum limit

to the wage-material ratio as 60:40. The provision of accredited engineers, worksite facilities and a weekly report on worksites is also mandated by the Act. Furthermore, the Act sets a minimum limit to the wages, to be paid with gender equality, either on a time-rate basis or on a piece-rate basis. The states are required to evolve a set of norms for the measurement of works and schedule of rates. Unemployment allowance must be paid if the work is not provided within the statutory limit of 15 days.

The law stipulates Gram Panchayats to have a single bank account for NREGA works which shall be subjected to public scrutiny. To promote transparency and accountability, the act mandates 'monthly squaring of accounts. To ensure public accountability through public vigilance, the NREGA designates 'social audits' as key to its implementation. The most detailed part of the Act (chapter 10 and 11) deals with transparency and accountability that lays out role of the state, the public vigilance and, above all, the social audits.

For evaluation of outcomes, the law also requires management of data and maintenance of records, like registers related to employment, job cards, assets, muster rolls and complaints, by the implementing agencies at the village, block and state level.

The legislation specifies the role of the state in ensuring transparency and accountability through upholding the right to information and disclosing information proactively, preparation of annual reports by CEGC for Parliament and SEGCs for state legislatures, undertaking mandatory financial audit by each district along with physical audit, taking action on audit reports, developing a Citizen's Charter, establishing vigilance and monitoring committees, and developing grievance redressal system.

The Act recommends establishment of 'Technical Resource Support Groups' at district, state and central level and active use of Information Technology, like creation of a 'Monitoring and Information System (MIS)' and a NREGA website, to assure quality in implementation of NREGA through technical support. The law allows convergence of NREGA with another program. As NREGA intends to create 'additional' employment, the convergence should not affect employment provided by another program.

Controversies and criticisms

A major criticism of the MGNREGA is that a lot of money disbursed by the government gets siphoned off by middlemen, thus leaving a number of MGNREGA workers either with unpaid wages or less than standard wages. Another criticism of NREGA is that it is making agriculture less profitable. Landholders often oppose it on these grounds. The big farmer's point of view can be summed up as follows: landless labor are lazy and they don't want to work on farms as they can get money without doing anything at NREGA worksites; farmers may have to sell their land, thereby laying foundation for the corporate farming.

Such a study would be able to point out on the functioning of the scheme, the actual result against the expected result, the problems that are being faced in implementation of program and so on. This study has tried to do that. MNREGA has completed its twelve years; rarely any of the studies have attempted to look into the actual performance and its contribution towards long term development and sustained employment generation in the villages of Andhra Pradesh.

2. Objective of the Study

The main focus of the study is on analyzing the socio-economic impact of Mahatma Gandhi National Rural Employment Guarantee Scheme. More specifically, the study seeks to:

1. Critically analyze the impact of Mahatma Gandhi National Rural Employment Guarantee Scheme on Employment, Income and Expenditure

3. Research Methodology

The research methodology has been used to find out the impact of MGNREGS on poverty, income and employment. This research focuses on impact of MGNREGS on socio-economic conditions of workers in Gudur manadal of Kurnool district, Andhra Pradesh. The sample size for the study is 120 on simple random sample method.

Research Tool

For analysing the findings and to draw the inferences, the statistical and mathematical tools have been used like Mean Average, Chi square test and Paired T Test etc.

4. Data Analysis

Impact of MNREGS on Family Income, Savings and Expenditures

One of the major purposes of the MGNREGS is to increase the family earnings of the poor households in the rural areas. For analyzing the impact, the responses of sample beneficiaries have been obtained such as income, savings, expenditure, expenditure pattern etc. on three-point scale i.e., increased significantly, increased moderately and no change. The findings regarding the impact of MGNREGS on income, savings and expenditures have been depicted in the table 1, and described as follows:

Impact on Income: After the implementation of the scheme, average family income of the sample respondents is found to have increased, as about 31.66 per cent of the people reported to have seen significant increase and 63.34 per cent reported a moderate increase in their family income. Very few (5 per cent) experienced no change in family income.

Impact on Savings: Workers' household savings are also expected to increase with the additional flow of income to these households. Table 1 show that 25 per cent workers strongly accepted that savings has increased considerably and 65 per cent respondents agreed as moderate increase in savings. Very insignificant number of respondents (10 per cent) considered no change in savings.

Table 1: Impact of MGNREGS on Income, Savings and Expenditure

Sl. No.	Particulars	Significantly Increased		Increased moderately		No Change	
		No. of respondents	%	No. of respondents	%	No. of Respondents	%
1	**Impact on Family Income**	38	31.66	76	63.34	06	5.00
2	**Impact on Savings**	30	25.0	78	65.0	12	10.0
3	**Impact on Expenditure**	28	23.34	48	40.0	44	36.66
4	**Impact on Expenditure Pattern**						
A	**Food**	33	27.5	65	54.17	22	18.33
B	**Education**	19	15.83	31	25.83	70	58.34
C	**Fuel/Electricity**	16	13.33	06	5.00	98	81.67

D	**Health Expenditure**	33	27.5	44	36.66	43	35.84
E	**Clothing**	27	22.5	28	23.33	65	54.17
F	**Debt repayment**	02	1.67	106	88.33	12	10.0

Impact on Expenditure: It seems to be a positive impact on household expenditures as 23.34 percent beneficiaries reported significant increase in expenditure, while 40 per cent felt moderate increase in expenditure. However, 36.66 percent perceived no change. But overall impact can be taken as encouraging.

Impact on Expenditure Pattern: It was mostly observed that with the increase in income and expenditure pattern i.e., the distribution of expenditure on various items, also changes. This is evident from the study also. As the increase in MNREGS income is not so high to change the expenditure pattern of the households, so no effect in case of some items were observed.

***(a) Expenditure on Food Items*:** 27.5 percent household responded that their expenditure on food items has increased significantly, while 54.17 per cent indicated that it has increased to some extent, but 18.33 percent felt no change in expenditure on food items. However, the findings revealed maximum increase of expenditures in case of food items.

***(b) Impact on Educational Expenditure*:** Increase in Enrolment of children in schools was observed significantly by 15.83 percent and moderate increase by 25.83 percent of respondents. 58.34 percent respondents replied with no change in enrolment of children. It can't be supposed as negative, because to Andhra Pradesh government's scheme like mid-day meal programme had already increased enrolment in schools.

(c) Impact on Fuel and Electricity: Most of the respondents didn't felt a major change in fuel and electricity as 13.33 per cent and 5 per cent graded it as significant and moderate increase, while 81.67 percent feels no change.

(d) Impact on Health Expenditure: The employment generation has increased their income and now the workers have more money in hand. Hence, they are able to spend somewhat on the health of their family members by going to the town for better treatment. The additional income, especially payments in cash for the daily wages, immensely helps poor families to spend it on health issues. (PACS 2007).The findings reveal the significant increase by 27.5 percent households, moderate increase by 36.66 percent respondents on health expenditure, while 35.84 per cent experienced no change in expenditure on health.

(e) Impact on Clothing*:* No change in expenditure on clothing was experienced by majority (54.17 per cent) of the workers. However less than 50 percent respondents observed significant change (22.5 per cent) or moderate change (23.33 per cent) in expenditure on clothing.

(f) Impact on the Repayment of Debt: 1.67 percent workers perceived that the income received through the scheme has significantly increased repayment of loan, 88.33 per cent agreed that it has reduces their liability moderately. Very few workers (10 per cent) felt that income received through the scheme has not helped at all in reducing their household indebtedness. In fact, most of the respondents replied that

with extra earnings from MNREGS, their main priority is to repay the loan and this income has helped in fulfilling this priority.

Test of Hypothesis

H_0: There is no significant impact of MGNREGS on Income, Expenditure and Savings of the sample respondents

H_A: There is significant impact of MGNREGS on Income, Expenditure and Savings of the sample respondents

The details of Hypothesis testing are as follows:

The survey included taking the views of households regarding impact of MGNREGS on issues like savings, expenditure on various essential components like food, education, clothing etc.

I. The response was categorized as 'Significant increase', 'Moderate increase' and 'No change'. The numbers indicated under each category in the Table 1 is the number of respondents in that category.

II. To verify the significance of the MGNREGS impact on income, saving and expenditure, Pearson chi-squared statistical instrument, χ^2 (test) has been used, where the numbers listed in each category is considered as the observed frequency.

Table 2: Chi Square Test for Impact of MNREGS on Income, Expenditure and Savings

Sl. No.	**Particulars**	**Value**	**Df**	**P Value**	**Remarks**
1.	Impact on Family Income	321.015	2	< .001	Moderate Increase
2.	Impact on Savings	264.298	2	< .001	Moderate Increase
3.	Impact on Expenditure	48.736	2	< .001	Moderate Increase
4.	Impact on Expenditure Pattern				
5.	Food	145.784	2	< .001	Moderate Increase
6.	Education	192.147	2	< .001	Moderate Increase
7.	Fuel/Electricity	652.14	2	< .001	No Change
8.	Health Expenditure	14.201	2	0.0045	No Change
9.	Clothing	89.193	2	< .001	No Change
10.	Debt repayment	726.98	2	< .001	Moderate Increase

Since no presumptions were there regarding the views and preferences of the sample households, therefore, assume that there is an equal probability that a respondent will lie in any of the three categories. Thus, the expected frequency is taken as the sample size divided by 3 for each category i.e., 40.

Decision Rule: Reject Ho if p- value is < 0.05 asymp. Sig (2 sided);

It is clear that calculated value of χ^2 is greater than p value, therefore null hypothesis, that there is no significance of divergence between observed frequency and expected frequency is rejected.

From the above statistical analysis we can state that-

There is moderate increase in income, savings and expenditure due to MNREGS as per the responses of the subjects.

If analyzed about expenditure pattern, then no change can be stated on expenditure on fuel/ electricity, health and clothing while moderate increase has been found on food, education and debt repayment.
We can conclude by saying that impact of MGNREGS is moderate rather than significant.

5. Conclusions

Villagers consider MGNREGA as promising to be a boon for improving rural livelihood. The workers regarded MGNREGA income as a substantial supportive income supplementing other sources of irregular earnings. Provision of job within the village is very much encouraging to villagers. MGNREGA also ensured gender equality in rural Andhra Pradesh. The program employed a very good proportion of scheduled caste and backward caste people. Financial inclusion strategies like bank account opening for MGNREGS beneficiaries has resulted in multiplier effects of savings, financial safety, hassle free wage disbursements and ease of money withdrawal.

The scheme was successful enough in raising the level of employment and income of the rural households, thereby enhancing their purchasing power. It has substantially increased their credit worthiness. Workers get commodities on credit from the nearby grocery shops because sellers are aware of the assured income from MGNREGA. The MGNREGA earnings were spent on everything from food items to the payment of old debts. Some repairs and maintenance on their homes was also financed. MGNREGA has benefited the social and financial status of the poor households.

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