



A STUDY ON NATURE AND THE EXTENT OF INEQUALITY IN THE DISTRIBUTION OF PER CAPITA INCOME OF BENEFICIARIES OF MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE PROGRAMME (MGNREGP) IN KRISHNAGIRI DISTRICT

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Abstract

The Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP) is one of the Government's flagship programmes within the overarching national development strategy, the 11th Five-Year Plan (2007- 2012). This plan focuses on measures of "inclusive growth" through a three-pronged strategy: economic growth, income poverty reduction through targeted programmes and human capital formation. On an average annual income of the beneficiaries after joining the MNREGP is Rs.42396.50, whereas an average annual income of the beneficiaries before joining the MNREGP is Rs.26017.85. By comparing the percentage share of per capita income in before the MGNREGP and after the MGNREGP, the extent of inequality is higher in the case of before the MGNREGP than in that of after the MGNREGP. The per capita income is positively and significantly associated with age and sources of livelihood and negatively correlated with size of family after the MGNREGP. The Government needs to amend the MGNREGP to provide more employment for unskilled manual work regularly. The skilled workers necessitate special employment opportunities so that they may do efficiently. Thus, the Government must re-think over the MGNREGP and provide guaranteed employment for more than 100 days and the urban peoples too must not be overlooked.

Key Words: Inequality, MGNREGP, Per Capita Income.

1. Introduction

The Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP) is one of the Government's flagship programmes within the overarching national development strategy, the 11th Five-Year Plan (2007- 2012). This plan focuses on measures of "inclusive growth" through a three-pronged strategy: economic growth, income poverty reduction through targeted programmes and human capital formation. There are three overarching goals in the MGNREGA: i) employment creation; ii) regeneration of the natural resource base and creation of productive assets in rural areas; and iii) strengthened grassroots processes of democracy through transparent and accountable governance (Singh, et. al., 2012).

The MGNREGP is designed as a "safety net" which will be instrumental in generating employment opportunities in rural labor markets during agricultural off-season and thereby reduce migration from villages. And it is designed in a manner which is different from other precursors. There are many pro-labour provisions in the MGNREGP like, the MGNREGP legally guarantees all rural household (Above Poverty Line or Below Poverty Line) up to 100 days of public-sector work in a financial year, at minimum wage. Thereby it's a rights based approach. Nature of work required would be unskilled manual, thereby posing no constraints on labour in terms of skills. Work under the MGNREGP focuses mainly on water conservation, land development, drought proofing and works related with rural infrastructure development.

Since the MGNREGP is an employment guarantee programme, it has an element of entitlement in it, promising empowerment via employment to India's most marginalized people – the rural Indian and without any bias for or against any section be it gender wise or ST / SC / Backwards. Wide employment generation taking place in rural India through the MGNREGP is supposed to help in reduction of poverty via income generation which in turn would help in banishment of hunger thus deaths taking place because of hunger and malnutrition.

The minimum wage varies from state to state, in some states it is Rs.80 whereas in other it is Rs.125 or Rs.120. According to the Act the minimum wage cannot be less than Rs.60. The 100 days of work figure was estimated because the agricultural season is only supposed to last roughly around 250 days and unskilled workers have no alternative source of income in the remaining parts of the year. Therefore, the present research is made to study the nature and the extent of inequality in the distribution of per capita income of beneficiaries of the Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP) in Krishnagiri District.

2. Methodology

Among different districts in Tamil Nadu, Krishnagiri district has been purposively selected for the present study. The beneficiaries of Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP) have been selected for



the present study by adopting random sampling technique. The data and information have been collected from 1250 beneficiaries of the Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP) in Krishnagiri district through pre-tested structured questionnaire. In order to understand the socio-demographic profile of beneficiaries and source wise average annual income of the beneficiaries of the MGNREGP, the frequency and percentage analysis have been carried out. In order to study the difference in average annual income of the beneficiaries before and after the MGNREGP, the paired t-test has been applied. In order to analyze the extent of inequality in the distribution of per capita income of beneficiaries of the MGNREGP, Lorenz Curve, Gini coefficient ratio and disparity ratio have been worked out. The correlation analysis has been used to study the relationship between per capita income and its determinates for after the MGNREGP.

3. Results and Discussion

3.1. Socio-Demographic Profile of Beneficiaries

The socio-demographic profile of beneficiaries of the MGNREGP was analyzed and the results are presented in Table-1. The results show that 62.80 per cent of beneficiaries are males and the remaining 37.20 per cent of beneficiaries are females and it is clear that 32.40 per cent of beneficiaries are in the age group of 41 – 50 years, 31.20 per cent of beneficiaries are in the age group of 31 – 40 years, 21.68 per cent of beneficiaries are in the age group of 21 – 30 years and 14.72 per cent of beneficiaries are in the age group of above 50 years.

Table-1. Socio-Demographic Profile of Beneficiaries of the MGNREGP

Socio-Demographic Profile	Frequency	Percentage
Gender		
Male	465	37.20
Female	785	62.80
Age Group		
21 – 30 years	271	21.68
31 – 40 years	390	31.20
41 – 50 years	405	32.40
Above 50 years	184	14.72
Educational Qualification		
Illiterate	378	30.24
Primary	405	32.40
Secondary	201	16.08
Higher Secondary	170	13.60
Graduation	96	7.68
Source of Livelihood		
Service	141	11.28
Owner-cultivator	276	22.08
Farm labour	482	38.56
Non-farm labour	289	23.12
Others	62	4.96
Socio-Demographic Profile		
Marital Status		
Married	717	57.36
Unmarried	388	31.04
Divorced	78	6.24
Widow / Widower	67	5.36
Type of Family		
Joint family	835	66.80
Nuclear family	415	33.20

The results indicate that that 32.40 per cent of beneficiaries have primary education, 30.24 per cent of beneficiaries are illiterates, 16.08 per cent of beneficiaries have secondary education, 13.60 per cent of beneficiaries have higher secondary education and 7.68 per cent of beneficiaries are graduates and it is observed that farm labour is the main source of livelihood for 38.56 per cent of beneficiaries, non-farm labour is the main source of livelihood for 23.12 per cent of beneficiaries,



owner-cultivator is the main source of livelihood for 22.08 per cent of beneficiaries, service is the main source of livelihood for 11.28 per cent of beneficiaries and others are the main source of livelihood for 4.96 per cent of beneficiaries.

The results reveal that 57.36 per cent of beneficiaries are married, 31.04 per cent of beneficiaries are unmarried, 6.24 per cent of beneficiaries are divorced and 5.36 per cent of beneficiaries are widow / widower and it is apparent that 66.80 per cent of beneficiaries belong to the joint family and 33.20 per cent of beneficiaries belong to the nuclear family.

3.2. Average Annual Income of the Beneficiaries

The source wise average annual income of the beneficiaries of the MGNREGP was analyzed and the results are presented in Table-2.

Table-2 Average Annual Income of the Beneficiaries of the MGNREGP (Rs.)

Sources of Income	Before MNREGP	After MNREGP	t-Value	Sig.
Wage income from MGNREGP	-	10950.00		
Agricultural Income	12700.50	14630.75		
Income from services	6954.60	9325.45	29.184**	.000
Income from others	6362.75	7490.30		
Total	26017.85	42396.50		

** indicates significant at one per cent level

The results show that on an average annual income of the beneficiaries after joining the MNREGP is Rs.42396.50, whereas an average annual income of the beneficiaries before joining the MNREGP is Rs.26017.85. It reveals that there is considerable improvement is noted in after joining the MNREGP. Hence, it is observed that the role of the MGNREGP is very important one for poverty eradication of beneficiaries through the wage income from the MGNREGP.

The t-value of 29.184 is significant at one per cent level which indicates that there is significant difference in average annual income of the beneficiaries before and after the MGNREGP. Therefore, the null hypothesis of there is no significant difference in average annual income of the beneficiaries before and after the MGNREGP is rejected.

3.3. Nature and the Extent of Inequality in the Distribution of Per Capita Income of Beneficiaries

In order to analyze the extent of inequality in the distribution of per capita income of beneficiaries of the MGNREGP, Lorenz Curve has been used. The beneficiaries are arranged by ascending order according to their per capita income and then classifying them into ten decile groups. The share of the total per capita income for each decile group was calculated and the cumulative percentages computed and the results are presented in Table-3.

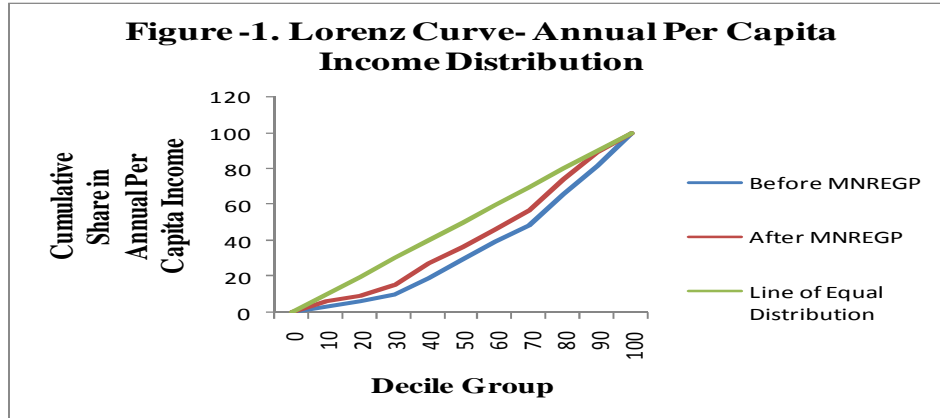
Table-3 Decile Distribution of Per Capita Income of the Beneficiaries of the MGNREGP

Decile Group	Before the MGNREGP		After the MGNREGP	
	Percentage Share in Annual Per Capita Income	Cumulative Share in Annual Per Capita Income	Percentage Share in Annual Per Capita Income	Cumulative Share in Annual Per Capita Income
0-10 (I)	2.97	2.97	5.71	5.71
10-20 (II)	3.43	6.40	3.39	9.10
20-30 (III)	3.10	9.50	6.20	15.30
30-40 (IV)	9.46	18.96	11.68	26.98
40-50 (V)	10.54	29.50	9.26	36.24
50-60 (VI)	9.52	39.02	9.62	45.86
60-70 (VII)	9.77	48.79	10.80	56.66
70-80 (VIII)	17.49	66.28	17.52	74.18
80-90 (IX)	15.90	82.18	14.96	89.14
90-100 (X)	17.82	100.00	10.86	100.00

The above table reveals that the bottom per capita income groups, 30 per cent (decile group I to III) of the beneficiaries receive 9.50 per cent and 15.30 per cent of the total per capita income in before and after the MGNREGP respectively. Of the total sample beneficiaries, 60 per cent of them (decile group I to VI) share 39.02 per cent and 45.86 per cent in before and



after the MGNREGP respectively. The remaining 60.98 per cent of before the MGNREGP and 54.14 per cent of after the MGNREGP is enjoyed by 40 per cent (decile group VII to X). By comparing the percentage share of per capita income in before the MGNREGP and after the MGNREGP, the extent of inequality is higher in the case of before the MGNREGP than in that of after the MGNREGP. Lorenz curve has also been drawn by using Table-3 to know about the extent of inequality in before and after the MGNREGP (Figure 1).



The Gini coefficient ratio was estimated and the results are presented in Table-4.

Table-4. Gini Co-Efficient for Before and After the MGNREGP

Classification	Gini Coefficient
Before the MGNREGP	0.2218
After the MGNREGP	0.0926

From the above table, it is clear that the estimated value of Gini ratio is 0.2218 for beneficiaries under before the MGNREGP and 0.0926 for beneficiaries under after the MGNREGP. It shows that the numerical value in the case of before the MGNREGP is higher than that of the after the MGNREGP. This reveals that the inequality in the distribution of per capita income is higher in before the MGNREGP than after the MGNREGP.

The disparity ratio was computed and the results are presented in Table-5.

Table-5. Disparity Ratio for Before and After the MGNREGP

Classification	Disparity Ratio
Before the MGNREGP	1: 1.84
After the MGNREGP	1:5.12

The above table shows that the disparity ratio before and after the MGNREGP is 1: 1.84 and 1:5.12 respectively. This indicates that there is a higher disparity in before the MGNREGP than in after the MGNREGP.

3.4. Relationship between Per Capita Income and Its Determinants for After the MGNREGP

The relationship between per capita income and its determinates for after the MGNREGP was analyzed by employing correlation analysis and the results are presented in Table-6.

Table-6. Relationship between Per Capita Income and Its Determinants for After the MGNREGP

Particulars	Per Capita Income	Age Group	Source of Livelihood	Size of Family
Per Capita Income	1.00			
Age Group	0.46**	1.00		
Source of Livelihood	0.55**	0.45	1.00	
Size of Family	-0.49**	0.24	0.51**	1.00

** indicates significant at one per cent level

The above table reveals that the per capita income is positively and significantly associated with age group (0.46) and sources of livelihood (0.55) and negatively correlated with size of family (-0.49) after the MGNREGP. Therefore, the null hypothesis of there is no significant relationship between per capita income and its determinates for after the MGNREGP is rejected.



4. Conclusion

The foregoing analysis reveals that the majority of beneficiaries are females and the major portion of beneficiaries is in the age group of 41 – 50 years. Majority of beneficiaries have primary education and farm labour is the main source of livelihood for majority of beneficiaries. The major portion of beneficiaries is married and the majority of beneficiaries belong to the joint family.

On an average annual income of the beneficiaries after joining the MNREGP is Rs.42396.50, whereas an average annual income of the beneficiaries before joining MNREGP is Rs.26017.85. By comparing the percentage share of per capita income in before the MGNREGP and after the MGNREGP, the extent of inequality is higher in the case of before the MGNREGP than in that of after the MGNREGP. The per capita income is positively and significantly associated with age and sources of livelihood and negatively correlated with size of family after the MGNREGP.

The Government needs to amend the MGNREGP to provide more employment for unskilled manual work regularly. The skilled workers necessitate special employment opportunities so that they may do efficiently. Thus, the Government must re-think over the MGNREGP and provide guaranteed employment for more than 100 days and the urban peoples too must not be overlooked. The overall awareness of the MNREGP and information related to the various works should be widespread for better participation through different mass media. The awareness campaigns with a focus on details of the provisions, rules and regulations and entitlement of the MNREGP should be launched by targeting the potential beneficiaries.

Moreover, the MGNREGP in its present form (i.e. endorsing unskilled work) cannot continue indefinitely because the source of projects undertaken under the aegis of the MGNREGP currently will deplete soon. Therefore, the MGNREGP should incorporate some new activities like construction of highways, laying of railway tracks, fisheries, carpentry (work becomes more discretely measurable) and so on, linkage of the work of other ministries with the MGNREGP, moreover use of machinery should be allowed as it would concentrate on capital formation in villages which would mean escalation from unskilled to semi-skilled work, and thus enhances the scope of work which can be provided under the MGNREGP and therefore its viability and feasibility in the long run.

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