



Impact of MGNREGA on Socio-Economic Up liftment of the Beneficiaries: A Case Study of Chhindwara District of M.P.

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Abstract

The initiation and countrywide implementation of the Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA) represents a milestone in social policy and employment creation with its right based approach and focus on livelihood security- The flagship programme has benefitted millions of marginalized rural households by providing them unskilled work and led to prevention of stress migration from rural areas, in lean agricultural seasons. It aims at creating sustainable rural livelihood through regeneration of the natural resource–base. MGNREGA has the potential to transform rural economy and social relations at many levels. The present study was conducted in Chhindwara district in Madhya Pradesh (India) to examine the socio-economic impact of MGNREGA on the rural poor. The study is based on a random sample of 250 respondents of different villages.

Keywords: MGNREGA, Socio-economic conditions, Rural Employment, Households.

Introduction

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) enacted by Government of India, is the largest employment programme ever started in a country with a huge public investment. The prime focus of the scheme is to provide 100 days of wage employment to every rural household who wishes to work and asks for unskilled manual work. It aims at creating sustainable rural livelihood through regeneration of the natural resource–base, i.e. augmenting productivity and supporting creation of durable assets and strengthening rural governance through decentralization and processes of transparency and accountability. Gram Panchayats are involved in the planning and implementation of the scheme and creation of durable assets for sustainable development of the rural areas.

The MGNREGA Scheme is also an important strategy in the economic context. Fiscal policy that provides more income directly to unskilled workers in the rural areas is likely to be much more effective in increasing aggregate incomes than other forms of public spending. The MGNREGA is completely different in concept from the earlier government employment schemes since it treats employment as a right and the programme is initiated to be demand-driven. The right-based framework of the programme makes the government legally bound to extend employment to those who demand it. It is also being increasingly recognized that the MGNREGA has the potential to transform rural economy and social relations at many levels.

The performance of the scheme has shown a consistent improvement almost in every aspect. The number of households who have been provided employment under MGNREGA has increased rapidly which shows a wide coverage of the scheme. The other important points to be noticed are the increasing participation of women, the increasing person-days employment per household and the average wage per person-day. All these indicate that substantial income is being provided to the households working under the Scheme. Wage-earners are 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 laborers and marginal and small farmers. Substantial increase in income will obviously lead to a better standard of living. Keeping all this into account,



the present study has examined the impact of MGNREGA on rural poverty reduction and improving socio-economic conditions of the rural poor.

Economic Development

Economic development refers to increases in the standard of living of a nation's population associated with sustained growth from a simple, low-income economy to a modern, high-income economy. Its scope includes the process and policies by which a nation improves the economic, political, and social well-being of its people.

Objectives of the Study

To study the socio economic impact of MGNREGA on the Rural beneficiaries of MGNREGA in Chhindwara district.

Review of Literature

Sankari.V and Dr.Sivamurugan C. (2009), in their article entitled 'Economic impact of NREGA on employment generation', have analyzed that, in India unemployment is the main reason for the existence of poverty in rural areas. With the launching of the NREGA it has improved the economic condition of the poor people by giving employment opportunities to the rural poor in the country, with a special social safety needs, helping in reduction of poverty and improves the rural infrastructure in many ways.

Anandharaja. R, et al. (2010), in their article entitled 'Rural Road Development in India through NREGA' depicted that a well- developed infrastructure is a prerequisite for capital formation and for the economic development.

Venkata Naidu. G, et al. (2010), in their article entitled 'Impact of MGNREGA on the living condition of rural poor' pointed-out that, NREGA came in to effect to enhance the livelihood security of people in rural areas by generating wage employment.

Gundegowda and Nagaraju G.H. (2012) in their article entitled 'Impact of MGNREGA Programme and Poverty: A Case Study' focused that the family income improved by NREGA in sample Panchayats. Besides, the study reveals that the income of the families also shown increasing in all the three Grama Panchayats. The author suggests that the present wage rate is very poor so wage should be increased in relation to inflation rate.

Suman Pamecha & Indu Sharma (2015) revealed in the study 'Socio-Economic Impact of MGNREGA- A Study Undertaken among Beneficiaries of 20 Villages of Dungarpur District of Rajasthan', that the increase in income has profound impact on the expenditure pattern. Now people are spending money on mobile sets, TV sets, motorcycle and electricity connection. But the other side of the picture revealed that 83% households don't have gas connection and 90% of the sample households have no toilet facilities.

Methodology

The data has been collected both from primary and secondary sources. The primary data is gathered directly from concerned authorities and beneficiaries through structured interview and questionnaire. The secondary data is collected from published sources such as various articles, MGNREGA report, books, journals and periodicals. This study is conducted through random sampling method. Sample size is 250 respondents.

Limitations of the study

This study is mainly conducted in Chhindwara district of Madhya Pradesh. The District is divided into 11 Development Blocks. From socio-economic point of view Chhindwara is a backward district. The result may not be universal.

Impact of MGNREGA on Socio-economic Conditions of Beneficiaries of Chhindwara District

The impact of programme on different socio-economic variables has been observed for beneficiaries. The combined effect of additional employment generated by MGNREGS and the increased rate of wage in both MGNREGS and agricultural labour had made significant changes

in the annual per capita income of beneficiaries. The following table shows that the annual per capita income of the beneficiaries had increased.

Table 1: Income Increased due to MGNREGA

	Income Increased	Frequency	Percent	Cumulative Percent
Valid	Less Than 5000	3	1.2	
	5000-10000	59	23.6	24.8
	10000-15000	139	55.6	80.4
	More Than 15000	49	19.6	100.0
	Total	250	100.0	

Source: Field survey

The changes in annual per capita non-food expenditure, per capita value of total asset and per capita annual healthcare expenses were all found insignificant at five per cent level of significance in households. The percentage increase in annual per capita income and monthly per capita expenditure on food consumption was 9.5%.

Education of children was given prime importance by some of the beneficiaries and a significant portion of additional income was spent on it. The per capita savings of beneficiaries had also increased.

Table 2: Cross tabulation of Impact of MGNREGA on Income and Savings of Beneficiaries

		Family savings has increased		Total	
		Yes	No		
standard of living has increased because you got work in MGNREGA	Yes	Count	230	13	243
		% of Total	92%	5.2%	97.2%
	No	Count	2	5	7
		% of Total	0.8%	2%	2.8%
Total	Count	232	18	250	
	% of Total	93.0%	7.0%	100.0%	

Source: Field survey

Chi-Square Test, $\chi^2 (1, 1, N = 250) = 79.399$ and $p < 0.05$. It shows there is an association exists in whether respondent's standard of living has increased because they got work in MGNREGA and their family savings has increased.

The table following shows Cross-Tabulation between Caste and whether the position respondent has been elevated in the society in society after MGNREGA. This shows that the most of the respondents about 95% feels that their position in the society has been elevated after MGNREGA.

Table 3: Cross tabulation of Caste and position in society after MGNREGA

		Does your position in society has been elevated after MGNREGA		Total	
		Yes	No		
Caste	General	Count	1	0	1
		% of Total	0.4%	0.0%	0.4%
	Backward Class	Count	49	2	51
		% of Total	19.8%	0.6%	20.4%
	Scheduled Caste	Count	56	2	58
		% of Total	22.4%	0.8%	23.2%
	Scheduled Tribe	Count	133	7	140
		% of Total	53.2%	2.8%	56.0%
Total	Count	239	11	250	
	% of Total	95.8%	4.2%	100.0%	



The table following shows result of Chi-Square Test. $\chi^2 (3, 1, N = 250) = 1.098, p < 0.05$. There is an association exists in Caste and whether the position respondent has been elevated in the society in society after MGNREGA.

Table 4: Chi-Square Tests									
	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	95% Confidence Interval		Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	1.098	3	.037	.036	.583	.693			
Likelihood Ratio	1.213	3	.037	.036	.583	.693			

Conclusion

MGNREGP is one of the largest rural development programme implemented in India. The present study aimed at quantifying and generating empirical evidence on the potential of MGNREGA in creating rural employment and rural development. The empirical evidence from the study area representing that MGNREGP is generating multiple benefits in creating employment and also acting as a part in overall development of rural area this leading to improved water availability and soil fertility resulting in increased crop production, a forestation, infrastructure development, socio-economic development, environmental protection etc. This shows that this programme is helping towards the achievement of financial inclusion and inclusive growth in rural area. But still there are number of loopholes are there. This scheme virtually attempts to convert the dream of Mahatma Gandhi. In brief, the scheme works with a Gandhian doctrine of gram panchayat driven raj is real swaraj with socio-economic perspective. However, the possibility of the scheme becoming a distant dream for the bottom of the pyramid cannot be ruled out due to the awareness problems associated with its implementation. So if the GOI has taken action for proper implementation of the programme then really the country will get fruitful benefit and helps to overcome from unemployment, reduced migration reduces poverty etc. Then only one can proudly say that the 'MGNREGA is Hope of the Poor'.

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