

**MGNREGS IN UTHAMAPALAYAM TALUK, THENI DISTRICT OF  
TAMILNADU- AN ECONOMIC ANALYSIS**

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**ABSTRACT**

Unemployment is almost a universal problem of all societies, only the extent and causes of it vary from country to country. In India, there has always been a serious degree of unemployment as well as under employment and it has constituted one of the most serious problems facing the country. Lack of employment has been rising year after year. India is mainly an agricultural country and the majority of unemployed and under employment are in the rural areas. Government accounts which are responsible for planning to create employment opportunities, and overseeing implementation. In this programme rural men and women are engaged in various activities like water conservation and tree plantation, including drainage in waterlogged areas; rural connectivity to provide all weather access, the construction of roads and any other work that may be notified by the central Government in construction with the state Government. MGNREGA is yielding better results compared to earlier poverty eradication programmes. So far (11 July 2011) it created 90.51 percent man days of work (Man day's means the average work turn out by a worker per day). 80 percent to 90 percent of rural households were economically benefited through this Act. This act is really a boon for the rural people.

**Keywords:** Employment Generation, Water Conservation, Poverty Eradication, Wage

## **INTRODUCTION**

Unemployment is almost a universal problem of all societies, only the extent and causes of it vary from country to country. In India, there, has always been serious degree of unemployment as well as under employment and it has constituted one of the most serious problems facing the country. Lack of employment has been rising year after year. India is mainly an agricultural country and the majority of unemployed and under employment are the rural areas. As for the urban areas the problem of unemployment is very actual among the educated. <sup>1</sup>For the past three decades, India has been implementing rural employment generation programmes. Different innovative schemes and programmes have been initiated and again in different five-year plans. Some have helped achieve goals, be it short or long-term, whereas others have faced technical and implementation snags. In 1989, the existing government merged the two schemes into one, refurbished the schemes and made Panchayat Raj Institutions (PRI) the medium of implementation and service delivery. By merging the NREF and RLEP – the Jawahar Rozgar yojana (JRY) was launched in 1989 For the first-time funds for implementation of the programme were directly disbursed to the village institutions accounts which are responsible for planning to create employment opportunities, and overseeing implementation. After few years of its initiation - political indifference, irregular fund flow created problems of implementation on the ground grass -root level resulting in a limited impact on rural employment. But in the year 1993, when the Employment Assurance Scheme (EAS) was introduced, the centralized fund-disbursement trend was followed, ignoring the essence of bottom-up approach in planning and implementation of rural employment programme is a result, the FAS showed its limitation on expansion of rural livelihood opportunities. In 2002, Jawahar Rozgar Yojana (JRY) and employment Assurance Scheme (EAS) were merged into Sampoorna Grameen Rozgar Yojana (SGRY).

<sup>2</sup>After two years, in 2004, the National Food for Work Programme (NFWP) was launched with an exclusive focus on the 150 identified backward districts. From an analytical review of the different strategies and programmes adopted from time to time towards rural employment generation - it is apparent that most of the schemes were incapable to bring about a desired impact on rural government growth due to a number of factors - (a) lack of need based planning b) lack of active participation of various stakeholders' in the planning and implementation process (c) irregular fund flow (d) lack of political will and (e) irregular monitoring.

While formulating most of the schemes, there is lack of enough information about the existing community resources which could have been properly utilized during the implementation phase by ensuring an active participation of the target population. Across all the schemes, the involvement of the local self-Govt. i.e. FRI in program-implementation were not satisfactory.

While assessing the success of any employment generation program, the amount of durable assets created as a result of the program has always been more important than the number of days employment opportunity given for creating rural employment. There is felt need to adopt a culture-bound approach while making the rural poor aware of the introduction of new schemes in terms of availability of proper information, particularly in rural areas.

<sup>3</sup>In this programme rural men and women are engaged in various activities like water conservation and tree plantation, including drainage in waterlogged areas; rural connectivity to provide all weather access, the construction of roads and any other work that may be notified by the central Government in construction with the state Government. MGNREGA is yielding better results compared to earlier poverty eradication programmes. So far (11 July 2011) it created 90.51 percent man days of work (Man day's means the average work turn out by a worker per day). 80 percent to 90 percent of rural households were economically benefited through this Act. This act is really a boon for the rural people. In Uthamapalayam block the MGNREG scheme is faced with the problems of low wages, delay in payment of wages, lack of co-operation among the public, favoritism in providing employment opportunities to the poor. This situation had induced the researcher to study the socio-economic condition of the beneficiaries of MGNREGS and the problems faced by them in Uthamapalayam block, Theni district.

### **OBJECTIVES OF THE STUDY**

- ❖ To find out the changes in the income and savings pattern of the respondents before and after the implementation of MGNREGS.
- ❖ To analyze the problems faced by the beneficiaries in the implementation of this programme, and
- ❖ To offer suitable suggestions for the effective implementation of the programme.

### **REVIEW OF LITERATURE**

<sup>4</sup>Emerlson Moses V.J.R, in his paper highlights the goals, salient features background plan, history and implementation of National Rural Employment Guarantee Act. This act was introduced with the aim of improving the purchasing power of the rural people, primarily semi or un-skilled work to people living in rural India, whether or not they are below the poverty line. Around one-third of the stipulated work force is women.

<sup>5</sup>Subhashree Sanyal, find out "Rural Employment Generation programmes In India An Analytical Review" Taking into consideration the limitation of earlier rural employment programs, in recent years the government has taken a historic move by enacting the MGNREGA.

It is perhaps the largest employment generating program in the world ensuring a one-step-ahead move towards guaranteeing the right to work in a country with a population over a billion - created in old spirits but new letters with an ambition to build durable assets and basic rural infrastructure in the country.

<sup>6</sup>Kamala Sankaran, find out "NREGA Wages: Ensuring Decent Work" While for several decades now there has been an unresolved debate about the feasibility of having a national minimum wage, the National Rural Employment Guarantee Act with its provision for a country-wide wage" rate has placed the possibility to do so squarely on the agenda. The NREGA wage rate must logically be a need-based national minimum wage under the Minimum Wages Act. Declaring a need-based minimum wage rate under NREGPs which is linked to the schedule of rates allows for sufficient flexibility to account for regional/ geographical variation.

<sup>7</sup>Chanchal Charan, conducted study on "Through these programs, this scheme will try to provide food-security to every APL and BPL household. The villagers have to apply to the Gram Panchayat for registration. Gram Panchayat issues a job-card within 15 days after the registration. If Employment is not provided within 15 days daily unemployment allowance in cash has to be paid Besides, this, it is also mentioned that at least one third of persons to whom work is allotted have to be women Panchayat Raj institutions have a principal role in planning and implementation as it is said that work should ordinarily be provided within 5km radius of these villages".

## **RESEARCH METHODOLOGY**

The vital purpose of the study is to know the functioning of MGNREGS and its beneficiaries. The research design and the formulation of the research operations are actually performed by the researcher for the need of accuracy. The researcher considers the plan of his study time duration, problems etc., to conduct the research.

### **Sample Design**

The researcher is proposed to use the satisfied random sampling method to select the sample size for the present day. The study area covers four villages. The researcher has been 40 samples from wards, 10 samples from each. The researcher has divided the population into two group's namely agricultural labourers and non-agricultural labourers.

### **Sources of Data Collection**

For the present study both primary as well as secondary data are used. Primary Sources Interview Schedule the primary data were collected through interview schedule. The interview method was used to know the people perception. The researcher collected the relevant information for secondary data from the reports of the government of India, Government of Tamil Nadu office records of Panchayat Union, Journals and Newspaper, Magazines, books, NREGA website etc.

### **Statistical Tools**

#### **Trend Analysis**

The researcher analyses the growth pattern of MGNREGA fund allocation in India during 2005 - 06 to 2010 - 11, by fitting straight line trend for given variables. To fit the straight line the model of the following type has been used:

$$Y = a + bt$$

Where,

Y = MGNREGA fund allocation in crores and

I = Time trend variable taking variables (1,2,3,.....6)

‘a’ is the intercept term and ‘b’ is the regression co-efficient showing the annual growth or decline in concerned variable.

#### **Compound Growth Rate**

One of the objectives of this study is to analyze the growth pattern of MGNREGA fund allocation during 2005 - 06 to 2010 -11. The best measure available for such an exercise is the compound growth rate. The compound, growth rate (r) is worked out from the least square estimate of slope co-efficient (b,) in the semi log model.

#### **Semi-log Model**

$$\text{Log } y_t = b_1 + b_2t + U_1$$

$$\text{Compound Growth Rate} = (\log b_2 - 1 \times 100)$$

Model like these are called semi log model because only one variable appear in logarithmic form. For descriptive purpose a model in which regression is logarithmic will be called log-in model.

## ANALYSIS AND INTERPRETATION

### Allocation of Funds to MGNREGA

During the financial year 2012-13 Rs.11,000 Crores, during 2016-17Rs.39,100 Crores, and during 2017-18 Rs.40,100 Crores (while Rs.79387 were allotted during this financial year to rural development, more than 50% of this were allotted to MGNREGA) were allotted.

**Table 1: MGNREGA Fund Allocation 2012-13 TO 2017-2018**

| Year        | MGNREGA Fund Allocation (Rs. in Crores) |
|-------------|---|
| 2012 – 2013 | 11,000                                  |
| 2013 – 2014 | 11,300                                  |
| 2014 – 2015 | 12,000                                  |
| 2015 – 2016 | 30,000                                  |
| 2016-2017   | 39,100                                  |
| 2017-2018   | 40,100                                  |

Source: Theni District DRDA Office

**Table 2: Regression Results of MGNREGS**

| Model          | Year      | a        | b        | t      | R <sup>2</sup> | Absolute Growth | CGR.  |
|----------------|-----------|----------|----------|--------|----------------|-----------------|-------|
| Linear         | 2005-2011 | -773.333 | 7054.286 | 5.245  | 0.87           | 7054            | -     |
| Semi-log model | –         | 8.808    | 0.317    | 5.0.35 | 0.86           | –               | 37.35 |

Source: Estimated by the Researchers

In the above table shows that, the value of the slope co-efficient was estimated to be 7054.286. This clearly discloses the fact that, the MGNREGS had increased annually by Rs.7054 Crores over the semi year period just before the introduction of the structural changes in India.

The value of  $R^2$  was 0.87 which had disclosed that 87 percent of the variations in the MGNREGS variable had seen explained by the independent variable. The estimate of Y was found to be statistically significant as it was estimated to be 5.245. In the growth model the value of the regression coefficient was 0.317 and the value of  $R^2$  was estimated to be was 0.86. The compound growth rate in the whole period was 37.35.

**Impact of MGNREGA on the Beneficiaries**

The main objective of the MGNREGA has been to generate gainful employment opportunities for unemployed and under employed persons through the creation of durable community assets and increase the level of income of the rural people. The first section of this chapter focuses on the socio-economic status of the beneficiaries of MGNREGA in Cumbum Town, Bodi, Chinnamanur,

Theni District for instance the community, family status, programme. From these their leaving conditions are put forth. So that the real position of the beneficiaries could be understand and true by their potentially could probably and fully utilized and also improved.

**Table 3: Impact of MGNREGA on Employment**

| Category                | Before MGNREGA | After MGNREGA | Employment in MGNREGA | percentage in Employment |
|-------------------------|----------------|---------------|-----------------------|--------------------------|
| Agricultural Labour     | 95             | 132           | 37                    | 19.57                    |
| Non-Agricultural Labour | 108            | 141           | 33                    | 15.28                    |
| All Beneficiaries       | 203            | 273           | 70                    | 34.85                    |

Source: Primary Data

Analyzing the employment generation before and after the scheme for the beneficiaries at highest increase in employment generation to the extent of 19.57 percent of agricultural activities. This was following by the non-agricultural activities with the increase of 15.28

percent. There is much difference between the category of agricultural and non-agricultural activities.

### **Impact of MGNREGA on Income**

The category wise average additional income generated in the households of beneficiaries is given in the table 3.5 average additional income generated in the households of the beneficiaries before and after MGNREGA.

**Table 4: Impact of MGNREGA on Income**

| <b>Category</b>         | <b>Before MGNREGA</b> | <b>After MGNREGA</b> | <b>Employment in MGNREGA</b> | <b>Percentage in Employment</b> |
|-------------------------|-----------------------|----------------------|------------------------------|---------------------------------|
| Agricultural Labour     | 7199                  | 9781                 | 2583                         | 17.94                           |
| Non-Agricultural Labour | 8974                  | 11286                | 2312                         | 12.88                           |
| All beneficiaries       | 8087                  | 50767                | 24473                        | 30.82                           |

**Source: Primary Data**

This table 4 reveals that the average annual income of the beneficiaries was Rs- 8087 per household and Rs. 101534 per household before and after the implementation of the programme respectively. At the gross level the changes in the average annual income was Rs. 24473 per household. At the changes in the average annual income was Rs.24473 per household. As the category level it was Rs. 2583 for the agricultural activities and Rs. 424 for the non-agricultural activities. It is clear that the contribution of MGNREGA for the people doing agriculture labourers was higher than the non-agricultural labourers.

The percentage increase in the annual income of the beneficiaries as a whole was about 30.82 per cent that this original income of the household at average. The annual household average income of the agricultural labourers increased by 17.94 per cent and it increased by 12.88 for the non-agricultural labourers. The impact was more on the agricultural labourers than the non-agricultural labourers.



**Table 5: Impact of MGNREGA on Expenses**

| Average Expenses | Men             |               | Women           |               |
|------------------|-----------------|---------------|-----------------|---------------|
|                  | No. Respondents | of Percentage | No. Respondents | of Percentage |
| Below 5000       | 18.9            | 30            | 21.10           | 35            |
| 5001 - 10,000    | 15.8            | 25            | 27.14           | 45            |
| Above 10000      | 27.13           | 45            | 12.6            | 20            |
|                  | 60.30           | 100           | 60.30           | 100           |

**Source: Primary Data**

The table 5 reveals that 30 per cent respondents are male and 35 percent respondents are female of the beneficiaries below 5000, 15 percent respondents are male and 45 percent respondents are female of the beneficiaries are between 5001 to 10,000, 45 percent respondents are male and 20 percent respondents are female of the average expenses above 10,000 category.

Saving per Year for MGNREGA Respondents.

**FINDINGS**

Most of the respondents are married and their level of income is below Rs. 5000. All are aware about the programme strategy and most of them know all the details about the scheme. Television is the main source of information in propagating the scheme details among the respondents. The programme has been implemented more than six months to 1 year. Among the works that has been undertaken by the scheme, most of the respondents are engaged in participating digging pounds and supplying of canals. Among the respondents most of them are aware about the other rural development programme. Most of the beneficiaries are feeling satisfactory by the efficiency of the scheme.

Most of the respondents were said that the scheme helps to improve their standard of living. Sexual discrimination has been found in the work place among the beneficiaries and most of them are facing wage discrimination in the work place. Mostly in these two villages the

efficiency of the programmes is moderately satisfied to the beneficiaries. All of them are actively participated in the process of its working pattern. The village presidents play a vital role in implementing the rural development programmes and make it a grand success even though they are having some problems in the administrative process. The beneficiaries are mostly illiterate, so they are not able to understand the technical aspects of the programme, this make quarrel among them.

## **SUGGESTIONS**

The government has to appoint a well-educated person to monitor the implementation process at villages' level. It is the responsibility of the government to give proper orientation to the people about the scheme to reach its goal. <sup>8</sup>The fund has to be transfer to the authorities within time and mal practices should be banned. The supervisor should belong to another block; this has to be done to avoid the omission of work in the work site. A commission has to be formed to review the works of the panchayat, time duration should be mentioned to complete a work by which makes people to work effectively.

Above all the people should be aware of the welfare programmes and utilize them to improve their standard of living. They should be in a position to question the authorities and claim their rights.

## **CONCLUSION**

As a whole finally to conclude, we can say the programme reaches the rural masses and it helps to promote their standard of living in the aspects of" socio-economic condition and social infrastructure of the beneficiaries. In general, the villages are under the development of social and economic condition. Our government has taken several steps to improve the standard of living by implementing various forms of programmes. In this process the villages presidents are playing the intermediately role between the administrator and the rural mass. They are promoting the living standard of the people.

Ethical Clearance : Completed

Source of Funding : Self

Conflict of Interest : Nil

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