

## **Impact of MGNREGA on Rural Livelihoods: A Study in Karur Districts of Tamil Nadu**

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**Abstract:** *The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005 which is a rights-based flagship scheme of the Government of India with effect from 2 February, 2006, guarantees at least 100 days of wage employment in a given financial year to every rural household whose adult members volunteer to do unskilled manual work. The specific objectives of the study are to find the difference in the socio-economic status of rural households who adopt MGNREGA and who do not adopt MGNREGA for employment, and the reasons for non-adoption of MGNREGA. To find out the impact of MGNREGA on rural households in terms of employment, income, and loan repayment, the study was conducted in Karur district in Tamilnadu. Multi stage sampling technique was adopted for choosing the samples. 491 respondents were chosen as sample size i.e. 272 respondents at 3% on total registered NREGA Workers in each panjayaths and 219 respondents 2% on Non-NREGA workers from each panjayaths were selected randomly. The concept of sustainable livelihoods is increasingly important in research about regional development poverty alleviation, rural agriculture development and rural resource management. As poverty is multidimensional, it can be reduced by increasing purchasing power through providing employment. Through the scheme government inject money into the hands of the respondents whom are economically backward and social weaker section in the society.*

**Keywords:** Poverty alleviation, Sustainable livelihoods, Purchasing power, economically backward.

### **Introduction**

The NREGS was passed in 2005 with twin objectives in mind. First, it ensured the legal right to work for a hundred days to poor people whoever is willing to work at a minimum wage rate, particularly in the rural areas India's National Rural Employment Guarantee Scheme (NREGS), renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) from 2010 onwards. It is the biggest employment providing Programme ever started in a country for the development of its rural areas.

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### Objectives of MGNREGA

MGNREGA is a powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment.

1. Social protection for the most vulnerable people living in rural India through providing employment opportunities;
2. Livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity;
3. Drought-proofing and flood management in rural India;
4. Empowerment of the socially disadvantaged, especially women, Scheduled Castes (SCs) and Schedules Tribes (STs), through the processes of a rights-based legislation;
5. Strengthening decentralized, participatory planning through convergence of various anti-poverty and livelihoods initiatives;
6. Deepening democracy at the grass-roots by strengthening Panchayati Raj Institutions;
7. Effecting greater transparency and accountability in governance;

**Table 1: Time-Line of MGNREGA**

August 25th	2005 NREGA enacted by legalization
September 5th	2005 Assent of the President
September 7th	2005 Notified in the Gazette of India
February 2nd	2006 Came into force in 200 districts
April 1st	2007 113 more districts were notified
May 15th	2007 17 more districts were notified
April 1st	2008 Notified in the remaining rural districts
October 2nd	2009 Renamed as MGNREGA

**Source:** Compiled from various reports of MGNREGA

### Design of the Study

#### Statement of the Problem

This act has brought about a paradigm shift both in design and the approach of intervention mechanisms of wage employment programmes. However, MGNREGA is perceived as a part of the inclusive growth strategy which aims at reducing social and economic inequalities by providing gainful employment opportunities at the local level. There should be deep insight is needed to the problem to know the extent to which the intended programme has reached the people in terms of socio economic condition of the beneficiaries, livelihood security, sustainable asset creation, agricultural productivity. Therefore, an attempt has been made to study the impact of the scheme on rural livelihoods.

#### Objectives

The specific objectives of the study are

1. To find the difference in the socio-economic status of rural households who adopt MGNREGA and who do not adopt MGNREGA for employment, and the reasons for non-adoption of MGNREGA.
2. To find out the impact of MGNREGA on rural households in terms of employment, income, loan repayment, etc.

## Methodology

### Coverage

The study is largely empirical, based on a primary survey was conducted in the Karur districts of Tamilnadu. Karur is one among the leading high factor HDI in terms of literacy and sex ratio, in Karur district average literacy of the district was 81.71%, sex-ratio of 1,032 females for every 1,000 males, much above the national average of 929.

### The Sampling Framework

Multi stage sampling technique was adopted for choosing the samples. While considering better performing on Work completing Rate two blocks Krishnarayapuram and Kadavur from Karur district were selected on first stage. And on second stage, two panchayaths from each block were selected. On third stage totally 491 respondents were chosen as sample size i.e. 272 respondents at 3% on total registered NREGA Workers in each panjayaths and 219 respondents 2% on Non-NREGA workers from each panjayaths were selected randomly.

District	Block	Panjayath	Total Population	No.Of Register NREGA Workers (Sample Size @3%)	No of Non- NREGA Workers (Sample Size @2%)
Karur	Krishnarayapuram	Pappakkappatti	5354	2139(64)	3215(64)
		Balarajapuram	5720	2344(70)	3376(68)
	Kadavur	Sembiyanatham	5766	3071(92)	2695(54)
		Devarmalai	4184	2548(76)	1636(33)
	<b>Total</b>			<b>272</b>	<b>219</b>
				<b>491</b>	

Source: NREGA official website and block censuses hand book.

### Data Collection

The present study is designed to use mainly primary data. The sampling method is based on two sets of interview schedule. One was administered over the workers in the scheme and the other one for Non-workers in MGNREGA at present in the study area. A semi- structured questionnaire was used to elicit the required information from the respondents. Secondary data is also used in order to support the primary data analysis. Qualitative data were also collected through focus group discussions (FGDs) with the villagers and NGOs. Discussions were held with the key officials involved in the implementation to learn their views and the difficulties faced in implementation of the programme.

### Reference Year

From the selected sample households, primary data were collected in the year 2014-15.

### Data Analysis

The survey data, after editing and coding has been entered into SPSS spread sheets. After verification of the data, frequency table have been prepared. Moreover, data have been analysed with appropriate statistical tools like percentage and average.

### Trend and Progress of NREGA in Tamilnadu

The National Rural Employment Guarantee Scheme was initially implemented in six districts, viz., Cuddalore, Dindigul, Nagapattinam, Sivagangai, Tiruvannamalai and Villupuram from

02.02.2006 onwards and in four more districts viz. Thanjavur, Tiruvarur, Tirunelveli and Karur from 01.04.2007 onwards. From 01.04.2008 onwards, the scheme was extended to the remaining twenty districts of the State. During the first year of its implementation, 5.79 lakh households demanded employment and all of them have been provided employment. Moreover, 800 households have completed the 100 days of guaranteed employment provided in the Act in the first year period of implementation

Tamil Nadu is one among the few states running successfully to achieve the target of providing 100 days employment in rural people. The table 2 explains that the share of Scheduled Caste in total households, in terms of person days of employment generated for the year 2008-09 is 60.27 percent and but in continuous years it declines and reaches 28.94 in 2014 -15. However the proportion was declined to about 27.91 percent in the year 2012-13. However in the case of ST employment their proportion to household is found very minimal at an average 1.5 percent during the year taken for the study. This may be due to the ST household in Tamil Nadu not in a sizeable share in the total households. As far as the participation of women is concerned, their share is found much higher at an average 81 percent from 2006-07 to 2010-11, however it recorded a marginal decrease to the year 2011-12 to 2012-13 accounted for 74 percent. The proportion of SC and Women employment is higher than over all India Figure. The above results are clear indication that the state of Tamil Nadu is doing much better in implementing the scheme.

**Table 2: An overview of Performance of MGNREGA in Tamil Nadu**

	2008-09 (All Rural Districts)	2009-10 (All Rural Districts)	2010-11 (All Rural Districts)	2011-12 (All Rural Districts)	2012-13 (All Rural Districts)	2013-14 (All Rural Districts)	2014-15 (All Rural Districts)
*Number of HH provided employment	3345650	4373257	4969140	6376449	7098688	6275642	5531794
*Number of HH provided employment	3345648	4373257	4969140	6344466	7054997	6239073	5498035
<b>Persondays (in lakhs)</b>							
SC-days	725.39	1412.24	1550.07	870.58	1139.88	1081.31	690.76
% SC-days	60.27%	59.07%	57.71%	28.88%	27.94%	29.58%	28.94
ST-days	20.93	59.66	58.7	38.63	54.11	46.96	26.24
% ST-days	1.74%	2.50%	2.19%	1.28%	1.33%	1.28	1.10%
Women-day	958.87	1982.06	2218.41	2231.01	3025.61	3072.03	2045.62
% Women-days	79.67%	82.91%	82.59%	74.02%	74.17%	84.04%	85.69%
Others	457.27	918.84	1077.16	2104.94	2885.46	2527.18	1670.13
% Others	37.99%	38.43%	40.10%	69.84%	70.73%	82.26%	69.96%
<b>Financial Details</b>							
*Funds Available	179459	241132	281029	354641	459513	473152	449846
*Central Release(Sanctioned)	140952	137119	137546	0	0	469021	378180
*Total Expenditure	100406	176123	232332	288650	409416	385954	335170
<b>Works (In lakh)</b>							
Works Ongoing	26199	33099	38124	110819	60469	148117	257097
%	67.42%	61.29%	54.84%	80.18%	45.05%	51.57%	41.32%
Works Completed	12663	20909	31391	27394	73769	139076	365079
%	32.58%	38.71%	45.16%	19.82%	54.95%	48.42%	58.67%
Total Works	38862	54008	69515	138213	134238	287193	622176

## Impact of MGNREGA on Rural Livelihoods: A Study in Karur Districts of Tamil Nadu

**Source:** MGNREGA official website

**Note:** \*in Lakhs

**Table 3: Employment Generated During the FY 2011 – 2012 to 2014-15 in Karur District**

S. NO	INDICATORS (Karur)	2011 – 12	2012 - 13	2013-14	2014-15	
1	No of Blocks	8	8	8	8	
2	Cumulative No of HH issued job card	SC	38171	44141	40318	38226
		ST	130	97	82	94
		Others	111166	117016	113347	107965
		<b>Total</b>	<b>149467</b>	<b>161254</b>	<b>153747</b>	<b>146285</b>
3	No of HH Demanded Employment	104205	127127	98102	78793	
4	No of HH Provided Employment	103492	125865	97878	78394	
5	Cumulative Persondays Generated	SC	1106955	1797858	1489498	809222
		ST	1837	2722	3523	2266
		OTHER	2997748	4549802	4325464	2641532
		<b>Total</b>	<b>4106540</b>	<b>6350382</b>	<b>5818485</b>	<b>3453020</b>
		Women	2824531	4019216	5079334	3029145
6	No of person days Completed 100 days	4744	13115	13011	1975	

**Source:** MGNREGA official website.

### Employment Generated During the FY 2010-11 to 2013-14 in Karur District

The following table 3 reveals that the employment generated during the financial year 2011-12 to 2014-15 in Karur district. During the year 2011-12 in the total cumulative number of household job card was 149467, number of households demanded employment was 104205, number of household provided employment was 103492, and the total cumulative persondays generated was 4106540. It decreased and created the total cumulative number of household job card was 146285, number of households demanded employment was 78793, number of household provided employment was 78394, and the total cumulative persondays generated was 3453020 in the financial year 2014-15. This slop was due to government initiation taken for eliminating un-worked and fake job card.

**Table 4: Distribution of the Respondents on the Basis of Background Characteristics**

Attributes	Karur	
	MGNREGA	Non-MGNREGA
<b>Pattern 1 : Age (Years)</b>		
Below 30	12(4.4)	9(4.1)
31-50	163(59.9)	133(60.7)
Above 51	97(35.7)	77(35.2)
<b>Pattern 2 : Gender</b>		
Male	64(23.5)	137(62.6)
Female	208(76.5)	82(37.4)
<b>Pattern 3 : Education</b>		
No Formal Education	151(55.5)	59(26.9)
Primary level	55(20.2)	62(28.3)
Secondary Level	47(17.3)	71(32.4)
Higher Secondary	16(5.9)	25(11.4)
Degree / Diploma	3(1.1)	2(.9)

<b>Pattern 4 : Religion</b>		
Hindu	258(94.9)	209(95.4)
Christian	14(5.1)	9(4.1)
Muslims	0(0)	1(.5)
<b>Pattern 5 : Community</b>		
SC	148(54.4)	74(33.8)
ST	0(0)	0(0)
BC	29(10.7)	29(13.2)
MBC/DNC	95(34.9)	116(53.0)
<b>Pattern 6 : Marital Status</b>		
Unmarried	3(1.1)	2(0.9)
Married	255(93.8)	203(92.7)
Widow/ Separated	14(5.1)	14(6.4)
<b>Pattern 7 : Size of the family</b>		
2 to 4 members	62(22.8)	97(44.3)
5 to 6 members	194(71.3)	93(42.5)
7 to 8 members	16(5.9)	29(13.2)
<b>Pattern 8 : Occupational Background of Family</b>		
Farming	77(28.3)	62(28.3)
Agricultural Labour	117(43.0)	93(42.5)
Nonfarm Works <sup>1</sup>	67(24.6)	56(25.60)
Self Employed	11(4.0)	8(3.7)
<b>Total</b>	<b>272(100)</b>	<b>219(100)</b>

**Source:** Primary survey.

**Note:** <sup>1</sup> employee,

### Socio-Economic background of Respondents

In any economic activity, the socio economic status of respondents is said to have a greater bearing on the performance in the activity selected. The indicators are age, sex, marital status, education level, and origin of birth, caste, religion, marital status, educational qualification and occupation of family are presented in table. 4

- ❖ More than fifty percent of the respondents in both MGNREGA beneficiaries and non-MGNREGA beneficiaries are in *the age group* of 31 to 50 years.
- ❖ Nearly seven out of ten respondents in MGNREGA beneficiaries are *female*, where as in non-MGNREGA respondents six out of ten respondents are male
- ❖ More than 50 percent MGNREGA beneficiaries in the study area are *not attain formal education*
- ❖ Vast majorities almost 95 percent of them are *Hindus*.
- ❖ More than 50 percent of MGNREGA beneficiaries are *Scheduled Caste community*, where as in Non-MGNREGA they are belonging to MBC/DNC.
- ❖ Almost 90 percent of the respondents are married.
- ❖ Majority of the MGNREGA beneficiaries family size is 5 – 6 members,
- ❖ 43 percent of the MGNREGA Beneficiaries are Agricultural labours. 42 percent of the non-MGNREGA is Agricultural labours.

**Table 5: Distribution of the Respondents on The Basis of Monthly Family Income Before and After Join MGNREGA Employment**

Income level	Income Before Join MGNREGA	Income After Join MGNREGA
less than 2000	46(17.0)	16(5.9)
2001 - 4000	104(38.2)	60(22.0)
4001 - 6000	109(40.0)	100(36.7)
6001 - 8000	13(4.8)	84(30.9)
above 8001	0(0)	12(4.5)
<b>Total</b>	<b>272(100)</b>	<b>272(100)</b>
<b>Average</b>	<b>37889.1</b>	<b>5147.1</b>

**Effect of MGNREGA on Monthly Family income before and after join MGNREGA Employment**

Before joining MGNREGA 17 percent of the respondents monthly family income was below Rs. 2000, 38.2 percent of the respondents income was below Rs 4000 Non of the respondents family income was not over Rs 8000, but after having employment oppurtunity within their village their income rose. The average income of the respondnts before join MGNREGA was Rs 3788 and after join MGNREGA it was Rs 5147.

**Table 6: Distribution of Respondents on Impact of NREGA on Debt**

Attributes	Karur
<b>Pattern 1 :- Outstanding loan at Present</b>	
Yes	198(72.8)
No	74(27.2)
<b>Total</b>	<b>272(100)</b>
<b>Pattern 2 :- Source for outstanding loan</b>	
Relative/Neighbors/Friend	17(8.66)
Local Money lenders	85(42.9)
Commercial bank	11(5.6)
Microcredit	55(27.8)
Mortgage Jewel	9(4.5)
Agricultural co-op credit societies	21(10.6)
<b>Pattern 3 :- Major Purpose of current Borrowing</b>	
Family maintenance	96(48.5)
Agriculture operational works	21(10.6)
Children education	62(31.3)
Medical Expenditure	9(4.5)
Un expected expenditures	10(5.1)
<b>Pattern 4 :- Present level of loan after NREGA</b>	
No changes in loan amount	84(42.4)
Able to repay small amount only	43(21.7)
Major portion of the loan repaid	38(19.3)
Only it helps to settle interest rate of the loan	33(16.6)
<b>Total</b>	<b>198(100)</b>

**Source:** Primary survey. *Note; Figures in the parenthesis represent percentage*

### **Effect of MGNREGA on access to Credit facility**

Providing the poor with access to finance might have larger returns than that of non poor because starting from low or no access to credit, the poor will have increasing marginal utility from credit.

- ❖ Nearly one third of the MGNREGA Beneficiaries having outstanding loan at present
- ❖ 42.9 percent of the respondents brought credit from local money lenders, next to 27.8 percent brought loan from micro credit where these two sources are easily availing credit facilities.
- ❖ 48.5 percent of the respondents borrow for their family maintenance, 31.3 percent of the respondents borrow for their childrens education.
- ❖ 42.4 percent of the respondents reported that they not able to repay the loan amount, 21.7 percent reported that they repay smaller part of the loan amount 19 percent reported that major part of the loan amount were repayed.

### **Conclusion**

The overall observations and suggestions, the research has highlighted the importance of socio – economic and rural development, the MGNREGA has resulted in positive impact on the empowerment of the beneficiaries, within the context of the concept adopted for the study, and this has made possible due to regular and consistent participation of the MGNREGA beneficiaries and access to provisions under the MGNREGA. As poverty is multidimensional, it can be reduced by increasing purchasing power through providing employment. Through the scheme government inject money into the hands of the respondents whom are economically backward and social weaker section in the society. But to fasten the rate of improvement some developmental initiative can be integrated with the scheme mainly targeting those who are working regularly under the scheme for long periods.

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