

Impact of MGNREGA Scheme on Employment and Income: A Case Study of Himachal Pradesh

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ABSTRACT

The present study evaluated the impact of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme on employment and income generation in Kangra district of Himachal Pradesh. Since the performance of the district in implementation of MNREGS has been lauded, therefore, it was felt imperative to examine the impact of scheme on employment, income and consumption pattern of beneficiaries and to see whether it has been able to uplift the living standards of the people or not. The primary data were collected from 90 households (60 beneficiaries and 30 non-beneficiaries) selected randomly in Chandropa panchayat of Panchrukhi block in Kangra district. The results indicated that all the mandatory guidelines of the scheme were found to be followed properly except for the provision of 100 days of employment and payment of wages on weekly basis to the workers. An increase of 78.47 per cent was noticed in the employment generated in case of beneficiary households. The income of beneficiary households was found to be higher by 12.29 per cent with working under MNREGS as compared to income without MNREGS. A reduction in the coefficient of variation with respect to employment (55.24 to 33.07 per cent), income (71.99 to 62.59 per cent) and pattern of consumption expenditure (29.15 to 26.09 per cent in physical terms and 28.23 to 26.57 per cent in monetary terms) was also observed. The pertinent problems pinpointed by local functionaries were insufficient and untimely flow of funds by higher authorities and were non-provision of 100 days employment and delay in payment of wages as reported by the households. Therefore, there is need to strengthen sufficient and timely release of funds to Panchayats by higher authorities and provision of 100 days employment and timely payment of wages to workers by the Panchayat representatives.

Keywords: MGNREGA, impact, wage payment, employment, consumption, income

The majority of poor in rural areas of the country depend mainly on the wages they earn through unskilled and casual labour. The Mahatma Gandhi National Rural Employment Guarantee Act is an important step towards realization of the right to work having a great potential for increasing the volume of employment among rural unemployed and under-employed and has the capacity to tap the under-utilized labour of women in developing rural India. The Act was notified on 7th September,

2005 and came into force on February 2, 2006. The Act was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on 2nd October, 2009. The Act aims at enhancing livelihood security of households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work, with equal wage rate for both male and female workers. The Act mandates 33

per cent participation for women in addition to the provision of facilities like drinking water, shade, first-aid box and crèche at the worksite. Besides multiple objectives of providing employment and sustaining income and consumption through wage works it also focuses on inclusive growth, rejuvenation of natural resources, generating productive assets, protecting the environment, empowering the rural women and reducing the rural-urban migration. In the state of Himachal Pradesh the scheme was implemented during phase-I of its implementation but it covered district Kangra during phase II. In the state about 4.35 lakh households have been provided employment while in the district 1.11 lakh households have been provided employment. In the district 14,832 works have been taken up out of which 7,658 works have been completed (www.nrega.nic.in 2014-15). Therefore, it was felt imperative to examine the impact of scheme on employment and income as well as on the living standards of the people. Keeping this background in view, the present study was undertaken to examine the impact of MNREGS on employment and income.

MATERIALS AND METHODS

Among various development blocks, Panchrukhi block in Kangra district of Himachal Pradesh was purposively selected for the study as it ranked fairly high with respect to education (second) and infrastructure development (first), yet with respect to livelihood and health indicators it ranked eleventh and tenth, respectively. Among various panchayats of Panchrukhi block, one panchayat namely, Chandropa was purposively selected after the detailed discussion with and feedback from block development officials. Both primary and secondary data were collected in order to accomplish the objectives of the study for the year 2013-14. A complete list of households in the panchayat was obtained from the panchayat office and from the list 90 households (60 beneficiaries and 30 non-beneficiaries) were selected randomly.

In order to achieve the objectives of the study, both tabular and mathematical techniques were computed for the analysis and interpretation of the data. The primary data collected on survey schedule were tabulated to work out averages, ratios and percentages.

Coefficient of variation (%)

To determine the degree of variability in employment, income and consumption pattern of beneficiaries with and without MNREGS, the coefficient of variation was computed by using the following formula:

$$C.V. = \frac{S.D.}{Mean} * 100$$

where,

C.V. = Coefficient of variation

S.D. = Standard deviation

RESULTS AND DISCUSSION

Employment pattern in Chandropa Panchayat

On an average, 1.44 members of the family were employed in various vocations without MNREGS which increased to 2.57 with MNREGS, showing an increase of 78.47 per cent. The reason may be the participation of more women depending upon the proximity to workplace. This increase in the number of persons employed per household implied a positive impact of MNREGS on employment generation in the Panchayat. As far as the employment pattern of non-beneficiaries is concerned, 1.83 members were employed. The variation in the employment of beneficiary and non-beneficiary households was calculated with the help of coefficient of variation. The coefficient of variation on beneficiary households without MNREGS was found to be 55.24 per cent which decreased to 33.07 per cent with MNREGS, indicating a decline in employment inequalities in the Panchayat due to MNREGS. However, for non-beneficiaries the coefficient of variation turned out to be 40.8 per cent. (Table 1)

Annual income of sample households

Without MNREGS, the daily paid labour (DPL) other than MNREGS was the major source of family income which accounted for 65.09 per cent followed by income from business which accounted for 15.75 per cent. However, in the average annual family income with MNREGS, DPL (other than MNREGS) accounted for 57.97 per cent and income from MNREGS accounted for 10.95 per cent. The

Table 1: Employment pattern of sample households (*Persons per household*)

Occupation	Beneficiaries		Non-beneficiaries
	Without MNREGS	With MNREGS	
Business	0.23 (15.97)	0.23(08.95)	0.80(43.71)
Government service	0.12 (08.34)	0.12(04.67)	0.53(28.98)
DPL* (other than MNREGS)	0.92 (63.89)	0.92 (35.80)	—
Pensions	0.17 (11.80)	0.17(06.61)	0.5(27.31)
MNREGS	—	1.13(43.97)	—
Total	1.44(100)	2.57(100)	1.83(100)
Per cent increase	—	78.47	—
Standard deviation (SD)	0.789	0.85	0.747
Coefficient of variation (%)	55.24	33.07	40.81

Figures in parentheses indicate percentages to the total in each category; *DPL= Daily paid labour

Table 2: Average annual family income of sample households (₹/family/annum)

Occupation	Beneficiaries		Non-beneficiaries
	Without MNREGS	With MNREGS	
Business	18216 (15.75)	18216 (14.02)	96000 (25.63)
Government service	14366 (12.42)	14366 (11.06)	223800 (59.74)
DPL* (other than MNREGS)	75300 (65.09)	75300 (57.97)	—
Pensions	7800 (6.74)	7800 (6.00)	54800 (14.63)
MNREGS	—	14219 (10.95)	—
Total	115683 (100.00)	129901 (100.00)	374600
Per cent increase		12.29	
Standard deviation (SD)	83286.01	82448.52	442103.20
Coefficient of variation (%)	71.99	62.59	118.02

Figures in parentheses indicate percentages to the total in each category; *DPL: Daily paid labour

average annual income of the family was ₹ 115683 without MNREGS, which increased to ₹ 129901 with MNREGS which depicts an increase of 12.29 per cent in income. This increase in the income of beneficiary households implied a positive impact of the scheme on income generation in the Panchayat. In case of non-beneficiaries, the average annual income of the family was found to be ₹ 374600. The coefficient of variation declined in case of beneficiaries to 62.59 per cent with MNREGS from 71.99 per cent without MNREGS. This clearly implied a reduction in income inequalities in the Panchayat on account of MNREGS. While for non-beneficiaries it was found to be 118.02 per cent (Table 2).

Pattern of consumption expenditure

The changes in consumption pattern of sample

households were examined in physical as well as monetary terms. The average annual consumption pattern of sample households for food items in physical terms is presented in Table 3 which indicates that annual quantity of food items consumed by beneficiary households increased in post MNREGS period.

The increase ranged from 2.08 per cent in milk to 26.09 per cent each in pulses and sugar. The coefficient of variation for beneficiaries turned out to be 26.87 per cent with MNREGS as compared to 29.15 per cent without MNREGS while for non-beneficiaries, it turned out to be 26.44 per cent. This reflected clearly that after MNREGS there has been a small decline in inequalities with respect to consumption.

Table 3: Consumption pattern of food items of sample households (Quantity/family/annum)

Food items	Quantity		Per cent increase	Non-beneficiaries
	Without MNREGS	With MNREGS		
Rice (kg)	184	194	5.43	230
Wheat (kg)	233	244	4.72	275
Mustard oil (litre)	56	67	19.64	55
Vegetables (kg)	277	292	5.42	320
Pulses (kg)	46	58	26.09	64
Sugar (kg)	46	58	26.09	63
Milk (litre)	192	196	2.08	250
Standard deviation (SD)	301.18	298.12	—	401.20
Coefficient of variation (%)	29.15	26.87	—	26.44

Figures in parentheses indicate percentages to the total in each category

Table 4: Consumption expenditure on food and non-food items (₹/family/annum)

Particulars	Expenditure		Per cent increase	Non-beneficiaries
	Without MNREGS	With MNREGS		
Rice	4536 (14.05)	4694 (14.02)	3.37	5000 (13.11)
Wheat	3728 (11.55)	3892 (11.63)	4.21	4800 (12.58)
Mustard oil	4657 (14.43)	4984 (14.89)	6.56	5500 (14.42)
Vegetables	6573 (20.36)	6872 (20.53)	4.35	7500 (19.65)
Pulses	4604 (14.26)	4670 (13.95)	1.41	4950 (12.98)
Sugar	2423 (7.51)	2490 (7.44)	2.69	2900 (7.60)
Milk	5760 (17.84)	5874 (17.55)	1.94	7500 (19.66)
Sub-total	32281 (100.00)	33476 (100.00)	3.57	38150 (100.00)
Non-food items				
Clothings	12920 (32.47)	27520 (39.33)	53.05	26000 (29.98)
Education	14360 (36.09)	23220 (33.19)	38.16	41955 (48.38)
Medical expenses	1930 (4.85)	3770 (5.39)	38.16	2700 (3.11)
Electricity	2120 (5.33)	2916 (4.17)	27.30	3219 (3.71)
Fuel/Gas	6660 (16.74)	9782 (13.98)	31.92	11070 (12.76)
Entertainment	1800 (4.52)	2760 (3.94)	34.78	1779 (2.05)
Sub-total	39790 (100.00)	69968 (100.00)	43.13	86725 (100.00)
Total	72070 (100.00)	103443 (100.00)	30.33	124875
Standard deviation (SD)	10010.80	10421.67	—	14406.13
Coefficient of variation (%)	28.23	26.57		32.49

Figures in parentheses indicate percentages to the total in each category

The average annual consumption expenditure of sample households on food and non-food items in monetary terms is presented in Table 4 which shows that without MNREGS average annual consumption expenditure on food items by the beneficiary households was ₹ 32,281 which increased to ₹ 33,476

with MNREGS showing an increase of 3.57 per cent with 1.94 per cent increase in expenditure of milk and 6.56 per cent on mustard oil. While for non-food items without MNREGS the expenditure was ₹ 39,790 which increased to ₹ 69,968 with MNREGS indicating an increase of 43.13 per cent with highest

per cent increase (53.05 per cent) on clothing followed by education and medical expenses (36.18 per cent each) each. The coefficient of variation without MNREGS was found to be 28.23 per cent and with MNREGS declined to 26.57 per cent clearly indicating reduction in inequalities with respect to consumption expenditure. In case of non-beneficiaries, the average annual consumption on food items was found to be 38,150 and on non-food items it was 1, 24,875. The coefficient of variation turned out to be 32.49 per cent. Similar results for the impact of MNREGS on consumption pattern of the beneficiary households were also reported by Bemniya (2012).

Impact of MNREGS on income

The beneficiaries' response about the impact of MNREGS on their income is presented in the Table 5. It can be seen from the table that 100 per cent of beneficiaries reported that they used to earn more than ₹ 50,000 from farm and non-farm activities before MNREGS. As far as income earned from MNREGS was concerned, 87 per cent of beneficiaries reported that they earned ₹ 10,001-20,000 while 13 per cent reported that they earned ₹ 20001-40000. The table further shows that 22 per cent of the beneficiaries reported that their income had increased considerably while 78 per cent reported that their income had increased to some extent.

Table 5: Impact of MNREGS on income – opinion of beneficiaries

Particulars/Statement	Response	
	Yes (%)	No (%)
Income from farm and non-farm activities before MNREGS (annual)		
< ₹ 10000	—	
₹ 10001-20000	—	
₹ 20001-40000	—	
₹ 40001-50000	—	
> ₹ 50000	100.00	
Income earned from MNREGS activities last year		
< ₹ 10000	—	
₹ 10001-20000	87.00	
₹ 20001-40000	13.00	
₹ 40001-50000	—	
> ₹ 50000	—	

Change in income	
Considerably increased	22.00
Increased somewhat	78.00
Not increased & remained same	—
Decreased	—

Impact of MNREGS on livelihood, expenditure and savings

The opinion of beneficiaries regarding impact of MNREGS on livelihood, expenditure and saving is presented in Table 6. It can be seen from the table that 100 per cent of beneficiaries reported that the scheme had impact on livelihood, expenditure and saving. The table further shows that 15 per cent of beneficiaries reported that they had account with the bank before MNREGS while 85 per cent reported that they didn't have any account with the bank before MNREGS. As far as saving amount of beneficiaries was concerned, 90 per cent of beneficiaries reported that they had saving amount of less than ₹ 10000 while 10 per cent reported that they had saving amount of ₹ 20000-50000.

Table 6: Impact of MNREGS on livelihoods, expenditure and saving – opinion of beneficiaries

Particulars/Statement	Response	
	Yes (%)	No (%)
Livelihood	100.00	
Assets	100.00	
Expenditure	100.00	
Savings	27.00	73.00
Saving account with bank before MNREGS	15.00	85.00
Have started saving in bank.	45.00	55.00
Saving amount		
< ₹ 10000	90.00	
₹ 20000-50000	10.00	
> ₹ 50000		
Save per month		
₹ 500-1000	85.00	
₹ 1001-2000	15.00	

About 85 per cent of beneficiaries reported that they used to save ₹ 500-1000 per month while 15 per cent reported that they used to save ₹ 1001-2000 per month. Similar results for impact of

MNREGS on socio-economic variables like annual food expenditure, annual per child expenditure on education and saving were also reported by Sarkar and Kumar (2011).

Impact of MNREGS on children education and empowerment

The impact of MNREGS on education of children and empowerment of beneficiaries is presented in Table 7. It can be observed from the table that 82 per cent of beneficiaries reported that children were attending school while 18 per cent reported that children were not attending school in their family. As far as impact of scheme on education of children was concerned, 42 per cent beneficiaries reported that there was no drop out of their children after they started working under the scheme while 25 per cent of beneficiaries reported that they had changed their decision of opting higher education for their children and 33 per cent reported no change in education of their children.

Table 7: Impact of MNREGS on children education and empowerment – opinion of beneficiaries

Particulars/Statement	Response	
	Yes (%)	No (%)
Children attending school	82.00	18.00
Serving all desires of children	98.00	2.00
Impact on their education	—	—
No drop out of children	42.00	—
Change in decision for opting higher education	25.00	—
No change	—	33.00
MNREGS helped in raising social status	65.00	35.00
Empowerment of women	100.00	—
Improvement in conditions of poor in the village/Panchayat due to MNREGS.	100.00	—

About 65 per cent of beneficiaries felt that the scheme had increased their social status while 35 per cent reported no impact of scheme on their social status. A positive impact of scheme on empowerment of women and improving the conditions of the poor was also reported by 100 per cent of beneficiaries. Similar results for impact of MNREGS on empowerment of women were also reported by Singh (2012).

CONCLUSION

The present study highlighted a gap between demand for work and availability of work, delay in payment of wages and workdays for complete 100 days. The reason for this gap being insufficient and untimely release of funds from Programme Officer to the Panchayat. The study further revealed that an increase of about 78.47 per cent and 12.29 per cent was noticed in the employment and income pattern of beneficiaries with MNREGS. It was also observed that without MNREGS average annual consumption expenditure on food items by the beneficiary households was ₹ 32,281 which increased to ₹ 33,476 with MNREGS showing an increase of 3.57 per cent while for non-food items it increased to ₹ 69,968 with MNREGS from 39,790 without MNREGS indicating an increase of 43.13 per cent. Women participation rate was observed to be much higher than the provision mandated for women (33 per cent) under the scheme. On an average 84 person days were generated under the scheme in the Panchayat which is much higher than the national average (35 days, 2013-14) and the person days generated in the state (41 days, 2013-14). Since, the work was not provided for complete 100 days due to insufficient and untimely flow of funds by the higher authorities to the Panchayat, therefore, emphasis should be given on adequate and sustained regular flow of funds and efforts should be made for timely payment of wages to the workers.

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