

RESEARCH ARTICLE

## Impact of MGNREGP on Poverty Alleviation in Rural India: A Case Study of Two Districts in Tamil Nadu

R. Kurinjimalar\* and N. Prasanna

Dept. of Economics, Bharathidasan University, Tiruchirappalli-620023, Tamil Nadu, India  
kurinjibdu@gmail.com\*; +91 9688186196

### Abstract

In India, the issue of poverty has remained a prevalent concern since its independence. Government of India has accelerated its pace of poverty alleviation strategies mobilizing greater budget resources, creating time frames for quantifiable deliverables, linking with global frameworks of action, such as the Millennium Development Goals (MDGs) which provide an umbrella approach for addressing multi-dimensional deprivations (UNDP, 2009). India's 11<sup>th</sup> five year plan, reiterating the country's commitment to the MDGs, had set the socio-economic target for inclusive growth and development (Planning Commission, 2009). In this regard, the Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP) was legislated, which is one of the most progressive legislations enacted in India since independence. It guarantees 100 days of employment to each household at a minimum prescribed rate. The Act aims to provide employment to more than 20 million households, out of which more than 50% of the beneficiaries come from scheduled castes/scheduled tribes (SC/ST) households. The Act envisages equal wages for both men and women. In all, MGNREGP promises to reduce the wandering of rural poor for their employment simultaneously addressing the problems of poverty and inequality. This study analyzed the impact of MGNREGP on poverty alleviation with special reference to Salem and Villupuram Districts of Tamil Nadu, India. The primary data was collected from the 480 beneficiaries from eight villages. The study has adopted the multi-stage sampling method. A well structured interview schedule has been used for the data collection. The secondary data were collected from the MGNREGP website. Primary data has been collected during the year 2012 and 2013. From this study we can conclude that the MGNREGP is a flagship programme and it is really a boon for the rural poor.

**Keywords:** Poverty alleviation, unemployment, daily wages, MGNREGP, Tamil Nadu.

### Introduction

Poverty is the greatest enemy of human development. Since independence, the issue of poverty within India has remained a prevalent concern. According to the common definition of poverty, when a person finds it difficult to meet the minimum requirement of acceptable living standards, he or she is considered poor. Millions of people in India are unable to meet the basic standards, and according to government estimates, in 2007 there were nearly 220.1 million people living below the poverty line. According to the World Bank Report (2010), India is on the track to meet its poverty reduction goals. According to the Census Report (2011), 83 million people continue to live below the poverty line in rural India. According to the National Sample Survey (2012), seven crore people are living without any employment opportunities in India. The total number of villages in India have increased from 6,38,588 (Census, 2001) to 6,40,867 (Census, 2011), an increase of 2279 villages. However, by 2015, an estimated 53 million people still live in extreme poverty and 23.6 per cent of the population still lives under \$1.25 per day. This number is expected to reduce to 20.3 per cent or 268 million people by 2020.

Nearly 21.1 per cent of the entire rural population and 15 per cent of the urban population of India exists in this difficult physical and financial predicament. A great deal of further effort is needed to create a hunger-free and poverty-free world. The removal of poverty is an essential condition for economic growth and sustainability. The problem of unemployment and underemployment is another important aspect and it has a close link with poverty. In this direction, in 2005, India's parliament passed the National Rural Employment Guarantee Act (NREGA), which is the central government's response to the constitutionally manifested right to work and a means to promote livelihood security in India's rural areas. To this end, the Act guarantees 100 days of manual employment at statutory minimum wage rates to any rural household whose adult member is willing to do unskilled manual work. The manual work needs to create sustainable assets that promote the economic and infrastructure development of the village. This Act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or unskilled 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. It was initially called the National Rural Employment Guarantee Act (NREGA) but it was renamed on 2<sup>nd</sup> October 2009, as Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP). India's MGNREGP, which began in 2006, is the largest public works employment project in the world. Rural poverty reduction is an explicit objective of the MGNREGP. The Employment Guarantee Act can also help to empower women, by giving them independent income earning opportunities. MGNREGP insists that 30 per cent of the employment provided, should be given to women. Implementation of MGNREGP has initiated certain strategies at women empowerment, particularly in the following aspects the work is to be organized by women's groups, the gender perspective gets built in automatically, and for the first time equal wages are paid to both men and women, which boosted the earnings of the women. The uniqueness of this act is that, it carries emphasis on issues like equality of wages for men and women, elimination of work contracting/middlemen/payment of wages only through bank and post office accounts to prevent corruption, creating transparency in workers' muster rolls, etc. Considering the above facts in view this study was aimed to analyze the impact of MGNREGP on poverty alleviation with special reference to Salem and Villupuram Districts of Tamil Nadu, India.

### Materials and methods

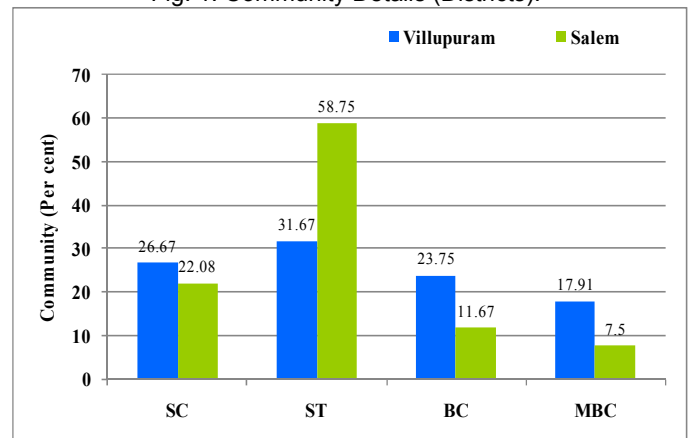
**Selection of study area:** MGNREGP was implemented in three phases in Tamil Nadu. The first phase was implemented in 2005 and 2006, the second phase was implemented in 2006 and 2007 and the third phase was implemented in 2008 and 2009. The present study has been conducted in two districts of Tamil Nadu, viz., Villupuram and Salem district was selected from the first and third phases, because of four reasons: one, is the largest district in Tamil Nadu. It is the least industrialized area and has a high proportion of SC and ST beneficiaries. The person days of women are high in the district. Salem district was chosen for the present study for the following three reasons: The percentage of ST beneficiaries is high. Participation of women is exceedingly high. The person day for both men and women was high in the district.

**Data collection and analysis:** The primary data was collected from the 480 beneficiaries from eight villages. The study has adopted the multi-stage sampling method. A well structured interview schedule has been used for the data collection. The secondary data were collected from the MGNREGP website. Primary data has been collected during the year 2012 and 2013. Data were analyzed using percentage and mean.

### Results and discussion

**Community details:** District-wise analysis reveals that in both the districts i.e., Villupuram and Salem, ST workers were highest in number.

Fig. 1. Community Details (Districts).



Villupuram had 31.67 per cent and Salem had 58.75 per cent of ST workers respectively (Fig. 1). The second spot was taken by SC workers (26.67 per cent) in Villupuram district while the same was taken by BC workers in Salem district (11.67 per cent). The BC workers in Villupuram district at a share of 23.75 per cent, while SC workers in Salem district at a share of 22.08 per cent. The MBC respondents had a share of 17.91 and 7.50 per cent in Villupuram and Salem districts respectively. Overall, it can be said that SC and ST workers were the highest among the different castes in both the districts put together. Even though other caste workers had job cards under this programme, SC and ST workers were more interested to work under this programme. Most of the other caste workers were not willing to work under this programme due to different reasons such as inacceptability of caste in differentiation in the works and wages, lower wages, prestige or superiority complex, etc. Similar findings were revealed by Sankari and Murugan (2009), Sharma *et al.* (2010), Govind (2011), Sharma and Sharma (2011) and Sarkar *et al.* (2011).

**Level of wages for earlier works:** At the district level, it can be seen that 0.83-2.92 per cent of the respondents received wages for earlier works in the range of Rs. 400 to 500 in Villupuram and Salem districts (Table 1). Observing the above data, it can be noted that the agricultural wage has increased year by year. The agricultural wages increased for both male and female workers. So, the MGNREGP workers expect more wages of about Rs. 200 per day. A study conducted by Sharma and Sharma (2011) arrived similar findings.

**Income details from different sources:** At the district level, it can be seen that around 223-228 members averagely earned Rs. 3,929 to 4,144 per annum from other services in Villupuram and Salem districts. The main reason for respondents depending more on agriculture is traditionally involving in agricultural and allied activities. They don't prefer another works in other places (Table 2).

Table 1. Level of wages for earlier works.

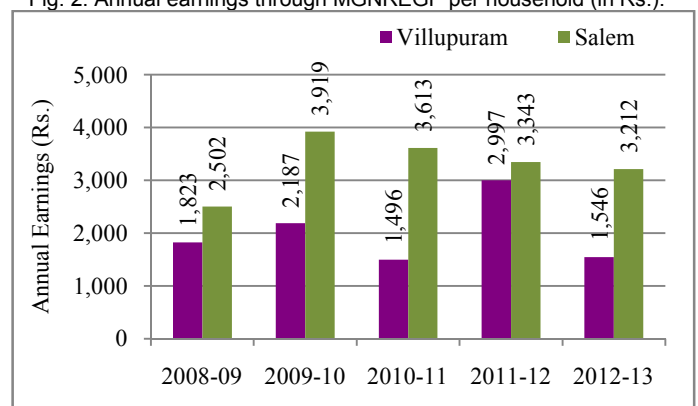
Sl. No	Wage	Villupuram		Salem	
		No. of Res.	Per cent	No. of Res.	Per cent
1	100-200	223	92.92	221	92.08
2	200-300	12	5.00	11	4.58
3	300-400	3	1.25	1	0.42
4	400-500	2	0.83	7	2.92
Total		240	100	240	100

Source: Computed from Primary Data

Table 2. Income details from different sources per annum.

Sl. No	Sources of income	Villupuram			Salem		
		No. of Res.	Income (Per Annum)	Average	No. of Res.	Income (Per Annum)	Average
1	Govt. Services	11	6,86,300	5,720	6	48,001	16,000
2	Priv. Services	25	12,33,000	49,320	21	40,32,001	2,12,211
3	Agri. Land	154	22,17,700	13,690	160	19,69,600	16,013
4	Non-Agri	71	32,24,400	45,414	45	21,49,500	36,432
5	Livestock	82	38,39,000	46,817	50	3,07,200	6,536
6	Agri. Wage	280	45,07,020	17,402	336	56,58,600	16,354
7	Non-Agri. Wage	46	11,50,500	31,958	16	4,29,000	35,750
8	Petty shop	4	59,200	14,800	1	12,000	12,000
9	Govt. Pension	2	1,32,000	66,000	0	0	0
10	NSAP Benef.	0	0	0	15	1,20,000	24,000
11	Trad. Serv.	4	97,500	24,375	0	0	0
12	Other Serv.	228	8,99,740	3,929	223	9,15,892	4,144
Total Earners		907	1,80,46,360	26,619	873	1,56,41,794	31,620

Fig. 2. Annual earnings through MGNREGP per household (in Rs.).



**Annual earnings through MGNREGP per household:** At the district level, it can be seen that the respondent's household members earned Rs.1,546 to Rs.3,212 in 2012-13 per annum in Villupuram and Salem districts. Between the two districts, Salem district respondent's household members earned more wages. The man days of employment, sufficient fund and cooperation among the respondents may be the reasons for more annual earnings in Salem district (Fig. 2).

**Average spending of MGNREGP income:** At the district level, it can be seen that around 8-18 per cent were MBC respondents and they averagely spent Rs.204 to Rs.309 per annum for food grains in Villupuram and Salem districts (Table 3).

**Opinion about MGNREGP:** At the district level it was found that in Salem, around 80 per cent of the respondents reported that they wanted to get 100 days of employment per head followed by 61% in Villupuram (Table 4). Similar findings can be seen in studies by Sanjoy (2009) and Barna (2009).

**Usefulness of MGNREGP:** At the district level, it was found that only in Villupuram, around 2 per cent of the respondents reported that they can't say anything about the usefulness of MGNREGP (Fig. 3). Similar findings have been arrived by Shah and Mohanty (2010).

Fig. 3. Usefulness of MGNREGP.

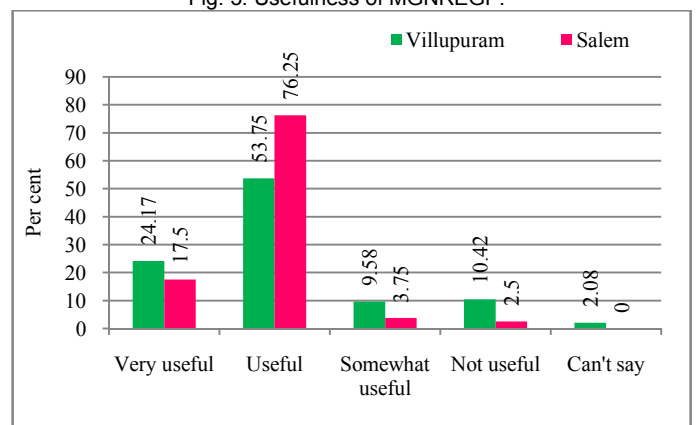


Table 3. Average spending of MGNREGP income.

Item of Expenditure	Villupuram					Salem				
	SC	ST	BC	MBC	Total	SC	ST	BC	MBC	Total
	64 (26.67)	76 (31.67)	57 (23.75)	43 (17.91)	240 (100)	53 (22.08)	141 (58.75)	28 (11.67)	18 (7.5)	240 (100)
Food Grains	381	959	1,448	309	774	582	740	460	204	496
Children's Education	75	55	856	97	271	195	177	290	197	215
Health and Medicine	153	91	583	160	246	255	412	581	160	352
Household Durables	0	8	64	2	18	0	8	6	0	4
Festivals & Ceremonies	82	1,028	912	83	526	132	66	145	20	91
Purchase of Livestock	0	4	6	9	5	0	13	113	0	31
Debt Repayment	34	4	0	27	16	47	17	19	0	21
Maintenance of House	126	1,306	469	162	516	234	209	314	146	226
Savings	17	1	27	29	19	29	54	6	114	50
Purchase of House	0	0	0	4	1	0	0	0	45	11
Total	87	345	436	88	239	147	169	193	89	150

Table 4. Opinion about MGNREGP.

Sl. No	Particulars	Villupuram				Salem			
		Yes	Per cent	No	Per cent	Yes	Per cent	No	Per cent
1	Work Satisfied	177	73.75	63	26.25	222	92.5	18	7.5
2	Affected Agricultural Labourers	87	36.25	153	63.75	100	41.67	140	58.33
3	Shortage of Labourers	69	28.75	171	71.25	125	52.09	115	47.91
4	Need to Pay more Wages	182	75.83	58	24.17	141	58.75	99	41.25
5	Day Provide Sufficient	77	32.09	163	67.91	83	34.59	157	65.41
6	Provide to Individual	148	61.67	92	38.33	193	80.41	47	19.59
Total		240(100)				240(100)			

**Benefits of MGNREGP:** At the district level, it was found that in Villupuram, only 0.8 per cent of the respondents reported that the MGNREGP did not help in anyway (Fig. 4). So, MGNREGP helps in good transportation, helps to market their products, to meet emergency and children's education. Similar findings can be seen in a study by Shah and Mohanty (2010).

### Conclusion

From the study we noted that SC and ST people have keen interest to do MGNRRGP works. MGNREGP fulfilled their basic needs like food consumption, medicine, children's education and small savings like SHGs. Under this programme people enjoy the infrastructural facilities like road, water conservation and irrigation facilities. Some of the criticisms related to MGNREGP are delay in wage payments, lethargic level of local authorities, lack of awareness among the people, non-cooperation among the workers and local authorities. So, Government should take necessary steps to avoid these drawbacks. From this study, we can conclude that MGNREGP is a flagship programme and it is really a boon for the rural poor.

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