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Research Paper

Impact of MGNREGS on Income Generation : a Study of Women Workers in Chengannur, Kerala

Economics

KEYWORDS : MGNREGS, Alternative Income, Financial Security, Standard of Living, Freedom to Spend.

Keerthan Rose Alexon Puthukkeril — Ph.D Research Scholar (Economics), Department of Applied Economics, Cochin University Science and Technology Kochi, Kerala – 682 022 (INDIA)

Dr. Manoj P K — Assistant Professor, Department of Applied Economics, Cochin University Science and Technology Kochi, Kerala – 682 022 (INDIA)

ABSTRACT

This paper examines the perception of women labourers of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) about its impact on income generation. This is found out basically using nine indicators. The responses are measured either using a five-point scale or a two-point scale and corresponding scores are given to each of the responses, the average of the which gives the individual score. The study concludes that more than half of the respondents (52.38 per cent) perceive MGNREGS of having only less impact on income generation, followed by 23.81 per cent who thinks this scheme has got medium impact on income generation. Only a small number of respondents accounting to 8.57 per cent perceive MGNREGS of having high impact on income generation.

1. Introduction

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), previously called National Rural Employment Guarantee Act (NREGA), is a historic legislation passed by the Government of India in September 7, 2005. It was enacted in order to address the crucial issues of unemployment and poverty in rural India. The objective of the Act is to enhance livelihood security in rural areas by providing at least hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual labour. Wages are paid at an equal rate for both men and women. It is fundamentally different from all other wage employment programmes operating since 1980 in that these programmes do not guarantee employment as a legal right.

2. Significance and Relevance of the Study

Equity is a pre-condition for any development to be sustainable in the long run. The role of women empowerment, rural development etc. is cardinal in attaining equitable and sustained economic development. The pattern of MGNREGS implementation in Kerala is critically analyzed in this paper from the above perspective, taking a case study of Chengannur block in Southern Kerala.

3. Objectives of the Study

(i) To make an overall assessment of the relevance and development potential of MGNREGS of the Government of India;
(ii) To make an empirical study of the impact of MGNREGS on income generation and hence empowerment of women workers with reference to Chengannur Block in Kerala;
(iii) To make suggestions, based on the findings of the study, for more effective implementation of MGNREGS.

4. Methodology and Data Sources

The study is descriptive analytical. Both primary and secondary data are collected. A structured questionnaire is used for collection of primary data. One hundred and five respondents are interviewed by random sampling. Percentage analysis is used for analyzing the data. The data has been analyzed by giving scores for each response. The average score of each individual gives the impact of this programme on income generation concerning each of them. The effect of this scheme on each individual, on, whether this programme has been highly empowering or empowering or less empowering or not empowering them is computed, analyzed and findings drawn based on analysis.

Primary Data: Approximately 5 per cent of the total works undertaken in the surveyed period of December 2010 and January 2011 in each of the nine Panchayats were visited. Thus, except Thiruvanvandoor and Pandanad, where the researcher visited two worksites each, in all other Panchayats, one worksite each was visited. Out of the total labourers present in each of the visited worksites, 27 per cent of female labourers were interviewed through random sampling.

Secondary Data: Secondary data was mainly collected from the official website of MGNREGA, www.nrega.nic.in, various journals, hand-book of MGNREGS etc. Panchayat-level statistics was also referred.

5. Research Design

Concept of income generation: The perception of women labourers regarding the scheme on various aspects such as, impact on savings, freedom to spent, standard of living, health care spending etc. are summed up to get their view on income generation. This tells us how much each respondent is economically empowered due to this scheme.

Study Area: The study area is Chengannur block in Alappuzha District. Chengannur is one among the twelve blocks in Alappuzha District. It has nine Gram Panchayats namely Ala, Cheriyanad, Thiruvanvandoor, Pandanad, Puliyoor, Budhanoor, Mannar, Mulakkuzha and Venmony. MGNREGS is undertaken in these entire Gram Panchayats.

Measuring Scale: Indicators used for measuring the impact of MGNREGS on income generation of women workers are as follows:

(i) Ability to purchase durable assets with MGNREGS income
(ii) Minimum standard wage
(iii) Alternative income source
(iv) Savings
(vi) Freedom to spent
(vii) Sufficient to meet daily needs
(viii) Health-care spending
(ix) Standard of living
(x) Financial security

(The scoring pattern and other details regarding the measuring scale as above are given in Table I).

6. Review of Literature

The article, 'Women Workers and Perceptions of the National Rural Employment Guarantee Act' written by Reetika Khera, N.N. (2009), examines the socio-economic consequences of the NREGA for women workers based on fieldwork in six states in 2008. The paper also discusses barriers to women participation. The purpose of this paper is two-fold: one, to highlight the importance of the NREGA, as perceived by women workers, and two, to show that the full potential of this legislation is far from being realized. This paper presents some findings related to women NREGA workers from a field survey conducted in May-June 2008 in six north Indian states: Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan and Uttar Pradesh. 'Empowerment effects of the NREGS on women workers: a study in four states' is a special article from EPW written by Ashok Pankaj, R.T. (2010). Using a field survey, this paper examines the empowerment effects of the National Rural Employment Guarantee Scheme on rural women in Bihar, Jharkhand, Rajasthan and Himachal Pradesh. It argues that women workers have gained from the scheme primarily because of the paid employment opportunity, and benefits have been realized through income-consumption effects, intra-household effects, and the enhancement of choice and capability. Women have also gained to some extent in terms of realization of equal wages under the NREGS, with long-term implications for correcting gender skewness and gender discriminatory wages prevalent in the rural labour market of India. Despite the difficulties and hurdles for women, prospects lie, in their collective mobilization, more so in laggard states. A very recent study by Manoj P K (2012) has pointed out the vital significance if ICT (Information and Communication Technology) in the effective implementation of MGNREGS in India. The way ICT can ensure transparent and corruption-free implementation of the scheme and also the benefits by way of enhanced operational efficiency as guaranteed by ICT are discussed in the paper.

7. Analysis and Discussion

Ability to purchase durable assets: Response to whether the labourers were able to buy any cattle or land with the money they earned from MGNREGS. Here the researcher is trying to find out whether MGNREGS has helped in any kind of asset earnings in their personal lives. Only one respondent was positive to this question. She told she could buy one calf with the savings from working in this scheme. All others, accounting for 99.04 per cent told they had not been able to buy any personal assets with the MGNREGS income. This is either due to the fact that this scheme has started only since a few years, or it indicates that the money they earn is sufficient only to meet their daily needs and small scale savings. All 105 respondents answered this question. The average score obtained for this is 0.009, as only one respondent scored 1 and all others 0. Thus, MGNREGS income has nil or negligible impact on purchasing of durable assets. (The range of score is between 0 and 1). (Table II)

Reasons for Taking up Work under MGNREGS: A vast majority of 64.76 percent of the workers under study have taken up the MGNREGS work as an additional source of income while 24.76 percent of the workers have opted for work under this scheme for supporting children's education. Twenty percent of them have debt problems and MGNREGS income is used for repayment of their debt (Table III).

Nature of MGNREGS Income: To the question of whether the wage from this scheme is more than other wages, 94.29 per cent said MGNREGS wages are lower than other wages, if they had gone for other works. Only 4.76 per cent think MGNREGS is getting them income more than any outside work. Approximately one per cent left this question uncommitted. It is noted that in the study area viz. Chengannur Block in Southern Kerala, MGNREGS wages are often lower than other wages. (Table IV).

Availability of Alternate Income Sources while not working under MGNREGS: Only four respondents out of a total of 105, making it 3.81 per cent said they have other sources of income while not working under MGNREGS. Going for unskilled manual labour for daily wages, agriculture, cattle/poultry farming, tailoring, workshop work etc. were the other income sources indicated by them. Several others also indicated that they have some of these income sources as a side business. 95.24 per cent told MGNREGS was their only major income source. One respondent, making it 0.952 per cent left this question uncommitted. In fact, 104 respondents answered this question. The average score obtained for this proposal is 0.96. This shows MGNREGS has highly impacted on income generation of the sample population by being mostly the only source of income for these women folks. (The range of score is between 0 and 1).

Preferred Mode of Payment of Wages: It is noted that as high as 90.48 percent of the workers under MGNREGS prefer bank payment as the means of payment of their wages. Only 7.62 percent of them prefer daily cash wages. (Table IV).

MGNREGS Income and Savings: It is noted that 0.53 is the average score in this regard because 101 women responded to this question. This shows the impact of MGNREGS on savings is only slightly above average. (The range of score is between 0 and 1). (Table V)

Where the Respondents Save: It has been noted that as high as 42.86 percent of the respondents make their savings in banks, while 12.38 percent of them save in post office, and 10.48 percent do not save at all. Only 4.76 percent deal in Chitti schemes. As high as 29.52 percent are uncommitted in their savings.

MGNREGS Labourers and their Freedom to Spend: A large majority accounting to 70.48 per cent strongly agreed that this programme has given them the freedom to spend. After joining this programme, since they have started earning for themselves, they don't have to go to their husbands for their personal needs- they have got the freedom to spend from their own earnings. In this way, MGNREGS has helped them a lot to gain confidence in themselves. Around 24 per cent agrees to the proposal. Approximately 2 per cent neither agreed nor disagreed. While 1.90 per cent disagreed, another 1.90 per cent strongly disagreed to the statement. It is noted that 0.9 is the average score obtained by 105 respondents regarding their freedom to spend because of earning through MGNREGS. (The range of score is between 0 and 1). This shows the high importance the women workers attach to the income from MGNREGS work in giving them the due freedom to spend.

Whether MGNREGS has Helped in Increasing the Income from Other Sources by Ensuring a Minimum Wage: MGNREGS guarantees a wage of Rs. 150 (from January 2011 onwards) per day to all labourers. Thus, it puts a minimum standard to the wages for unskilled manual labour especially, in agriculture. By asking this question, the researcher is trying to find out if this wage standard has in anyway helped them in setting a minimum definite level for any unskilled manual labour other than MGNREGS. Around 63 per cent agreed to the proposal and 36.19 per cent disagreed to the proposal. Around one per cent left this question unanswered. The influence of this scheme in setting a minimum standard wage for unskilled manual labour as perceived by the women labourers is scored 0.63. (The range of score is between 0 and 1). This shows an above average of women workers from the 104 respondents who answered this question think that MGNREGS has contributed significantly in fixing a minimum standard wage in the society.

Income from MGNRES and Standard of Living of the Beneficiaries (Workers): The impact of MGNREGS income on standard of living of the respondents was measured through three different variables. They were asked whether this income is sufficient to meet their households' daily needs, whether this had supported heath care spending and a direct question on whether the MGNREGS had helped in raising their standard of living. Majority of the respondents either strongly agreed or agreed to these proposals. To the question of whether MGNREGS has been sufficient in meeting the daily needs of their households, the average score obtained by the 100 respondents who attempted this question is 0.57. This shows that the impact of this scheme in giving freedom to spend is only slightly above average. (The range of score is between 0 and 1). On how much this scheme has contributed towards health care spending, the average score obtained is 0.52 by 102 respondents who answered this question. This shows that the impact of this scheme on health care spending is only average.(The range of score is between 0 and 1). On how much this scheme has impacted on raising the labourers' standard of living, the average score obtained by the women folks is 0.74. (The range of score between 0 and 1). This shows that the influence of MGNREGS in raising their standard of living is well above average. (Table VIII).

MGNREGS and Other Allowances: The major allowance that the

MGNREGS labourers can avail is 10 kg. of rice per month at the rate of Rs. 2/kg for every APL card holder who has completed 50 days of MGNREGS work in a financial year. Smartcards giving free health insurance is also another allowance available for all MGNREGS workers. Around 90 per cent responded that they don't get any kind of allowance while working in this scheme. Only 1.90 per cent said 'yes' to this question. Around 8 per cent left this question uncommitted. This is a serious offence from the part of the government authorities. This matter of not providing any allowance to majority of respondents in Chengannur, needs to be seriously looked into. (Table IX).

MGNREGS and Financial Security: Thirty two respondents strongly agreed and fifty six respondents agreed with the fact that MGNREGS had given them financial security. The extent to which MGNREGS has contributed in giving a feeling of financial security to the women labourers is calculated to be 0.78 from among the responses of 104 women who responded to this proposal. This means, MGNREGS has strongly impacted on financial security. (The range of score is between 0 and 1).

Overall Impact of MGNREGS: On a whole, the perception of women labourers regarding the impact of MGNREGS on income generation in Chengannur block (Table XI) can be summed up as follows: (i) Only 11.57 percent of the total women workers have experienced high level of income generation because of MGNREGS employment, that is, not even one out of a dozen women; (ii) Only 23.81 percent of the women have had the experience of medium level of income generation, that is, roughly one-fourth of the women workers; (iii) as high as 52.38 percent of the women workers have had low impact on their income generation because of MGNREGS employment, that is, more than half of them; and (iv) the balance of 15.24 percent women workers, that is, less than one out of seven women workers, have had no impact because of engagement in MGNREGS employment. A little more consideration would suggest that roughly about two-third of the women workers (ie. 67.62 percent, to be specific) have had either low or nil impact on income generation because of MGNREGS employment whereas nearly one-third of them (ie. 32.38 percent, to be specific) have had either medium or high income because of MGNREGS employment.

8. Major Findings and Suggestions

In view of the foregoing, it is noted that only less than about one-third of the women have had the experience of high or medium level of income generation because of MGNREGS employment and the vast majority of over two-third have had either low or nil level of impact on their income generation. Besides, virtually none of the women workers could buy any personal assets (like, cattle, furniture etc.) out of MGNREGS income. Majority of them take up the work under this scheme as an additional source of income, roughly one-fourth of them use the income for supporting children's education while one-fifth of them use the same to repay their debts. Almost all of them have felt that MGNREGS income is lower than their income from other employment avenues. However, almost all of them do not have alternate sources of income than MGNREGS employment. More than 90 percent of them prefer bank payments as the payment mode and only about have taken up MGNREGS employment as an additional source. Only about 7.62 percent of them prefer daily payment of wages. Roughly 46 percent of the women believe that income from MGNREGS employment has resulted in savings, the rest either disagree with this or do not have any opinion. Almost all of the women under study have opined that income from MGNREGS has given them the freedom to spend. Majority or at least near about half of the total women believe that income from MGNREGS has been sufficient to meet the daily needs of the household (49.52 percent); has resulted in improved healthcare spending (49.53 percent); and raising their standard of living (79.05 percent). Almost all of them, that is over 92 percent, believe that they are not getting any extra allowances from MGNREGS scheme. Nearly 84 percent of them have opined that MGNREGS income has resulted in their financial security. In view of the foregoing, the following are the suggestions have been made to make MGNREGS more effective in empowering women through enhanced income generation:

For smoother implementation of MGNREGS, the model followed by Kerala's initiative of engaging the Government's poverty alleviation programme viz. 'Kudumbashree' is appreciable. This initiative has become a role model for other states in India. However, some more efforts are required in Kerala to make the bond even stronger, and also to free the initiative from political interventions.

Better decentralization of powers during MGNREGS implementation, entrusting the central role of implementation to the local self government organizations, accrediting external technicians and engineers (ie. those from outside the regular job / contract employment under the scheme) on adhoc basis for engaging in MGNREGS activities etc. seem to be quite desirable to make the scheme more effective.

Regular monitoring and follow up of the system, minimizing the bureaucratic interventions are quite essential for the success of the scheme.

Further modification and refinement in the operational formalities, like, for example, changing the mode of payment to bank payment mode, as desired by the workers, would be advisable.

Further, it may be pointed out that more effective utilization of ICT (Information and Communication Technology) can improve the transparency of all financial transactions and minimise the incidence of corrupt practices. As MGNREGS in Kerala has been linked to 'Kudumbashree' and Kerala has already got an impeccable track-record of e-Governance adoption in various government departments including in local self-government institutions, extending this infrastructure to MGNREGS would be quite meaningful and relatively easy too. Moreover, such an initiative would enhance the operational efficiency apart from improving transparency.

9. Concluding Remarks

Concluding the paper, it may be opined that MGNREGS has been reasonably effective in empowering women through ensuring enhanced income generation. It is noted that at least one-third of them have derived significant benefits out of the income from MGNREGS employment. Vast majority of them have experienced increased freedom to spend and enhanced financial security. Besides, sizeable percentage of them, roughly 25 to 50 percent have reported benefits like improved healthcare spending, better standard of living, sufficiency to meet day to day domestic expenses, financial capability to support children's education etc. MGNREGS scheme as such is quite meaningful and is powerful for rural development and women empowerment. The problem, if any, lies not in the scheme per se, but in its defective implementation. The prospects of MGNREGS seem to be quite bright in Kerala, provided it is properly executed and closely monitored.

Table I: Construction of the Measurement Scale

S. No	Indicators	Responses					
1	Ability to purchase durable assets with MGNREGS income	Yes		No		NA	
		1		0		-	
2	Minimum standard wage	1		0		-	
3	Alternative income source*	0		1		-	
4	Savings	SA	A	ND	D	SD	NA
		1 (4)	0.75 (3)	0.5 (2)	0.25 (1)	0	-
5	Freedom to spent	1 (4)	0.75 (3)	0.5 (2)	0.25 (1)	0	-
6	Sufficient to meet daily needs	1 (4)	0.75 (3)	0.5 (2)	0.25 (1)	0	-
7	Health-care spending	1 (4)	0.75 (3)	0.5 (2)	0.25 (1)	0	-

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8	Standard of living	1 (4)	0.75 (3)	0.5 (2)	0.25 (1)	0	-
9	Financial security	1 (4)	0.75 (3)	0.5 (2)	0.25 (1)	0	-

[Legends: SA - Strongly Agree; A - Agree; ND - Neither agree nor disagree; D - Disagree; SD - Strongly Disagree; NA- Not answered.]

* If the respondents have alternative income sources in the absence of this scheme, the impact of this scheme to income generation is 0, otherwise, 1.

Individual Income Generation Measure = Total score / n,

Where, 'n' is the total number of indicators. Here, n = 9.

Table II: Ability to Purchase Durable Assets

Options	No: of respondents	Percentage of respondents
Yes	1	0.952
No	104	99.04
Total	105	100

(Source: Field Survey)

Table III: Economical and Personal Reasons for Taking up Work under MGNREGS

Reasons	No: of respondents	Percentage of respondents
Additional income to the household	68	64.76
For children's education	26	24.76
Debt	21	20
Poverty	10	9.52
Ill-health of any family member	8	7.62
Financial insufficiency	4	3.81
Insecurity due to divorced	1	0.952
Not responded	1	0.952

(Source: Field Survey)

Table IV: Preferred Mode of Payment of Wages

Options	No: of respondents	Percentage of respondents
Bank payment	95	90.48
Daily wages	8	7.62
Not responded	2	1.9
Total	105	100

(Source: Field Survey)

Table V: Response on whether MGNREGS has Helped in Savings

Options	No: of respondents	Percentage of respondents
Strongly agree	35	33.33
Agree	13	12.38
Neither agree nor disagree	6	5.71
Disagree	32	30.48
Strongly disagree	15	14.29
Uncommitted	4	3.81
Total	105	100

(Source: Field Survey)

Table VI: Where the Respondents Save

Options	No: of respondents	Percentage of respondents
Post office	13	12.38
Bank	45	42.86
Chitti	5	4.76
Don't save	11	10.48
Uncommitted	31	29.52
Total	105	100

(Source: Field Survey)

Table VII: Whether MGNREGS Income has Given the Freedom to Spend

Options	No: of respondents	Percentage of respondents
Strongly agree	74	70.48
Agree	25	23.81
Neither agree nor disagree	2	1.9
Disagree	2	1.9
Strongly disagree	2	1.9
Not responded	0	0
Total	105	100

(Source: Field Survey)

Table VIII: Income from MGNREGS and Standard of Living of the Beneficiaries (Workers)

Options	Whether this income is sufficient to meet the household's daily needs	Whether MGNREGS has impacted on healthcare spending	Whether MGNREGS has helped in raising the labourers' standard of living
Strongly Agree	35(33.33)	24(22.86)	33(31.43)
Agree	17(16.19)	28(26.67)	50(47.62)
Neither agree nor disagree	9(8.57)	7(6.67)	13(12.38)
Disagree	19(18.09)	19(18.09)	4(3.81)
Strongly disagree	20(19.05)	24(22.86)	5(4.76)
Not responded	5(4.76)	3(2.86)	0
Total	105(100)	105(100)	105(100)

(Source: Field Survey) Numbers- No: of: respondents; * in parenthesis ( ) – percentage of total respondents

Table IX: Whether the Respondents get any Extra Allowance from MGNREGS

Options	No: of respondents	Percentage of respondents
Yes	2	1.9
No	95	90.48
Uncommitted	8	7.62
Total	105	100

Source: Primary Data

Table X: MGNREGS and Financial Security

Options	No: of respondents	Percentage of respondents
Strongly agree	32	30.48
Agree	56	53.33
Neither agree nor disagree	11	10.48
Disagree	4	3.81
Strongly disagree	1	0.952
Uncommitted	1	0.952
Total	105	100

(Source: Field Survey)

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Table XI: Overall Impact of MGNREGS on Women Empowerment

Sl. No.	Category	Score range	No of respondents	Percentage of respondents	
1	No impact on income generation	0.0 – 0.5	16	15.24	67.62 (two-third, roughly)
2	Less impact on income generation	0.5 – 0.7	55	52.38	
3	Medium impact on income generation	0.7 – 0.8	25	23.81	32.38 (one-third, roughly)
4	High impact on income generation	0.8 – 1.0	09	08.57	

(Source: Field Survey)

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