



## Income And Employment Generation Through Mgnrega: A Case Study In Vontimitta Mandal of Kadapa District

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### ABSTRACT

*The MGNREGA is an Indian job guarantee scheme and provides 100 days of employment for rural households with a minimum wage of Rs. 100 per day. The NREGS was implemented from February 2, 2006 in 200 identified districts of the country with an objective of providing 100 days of guaranteed unskilled wage employment to each rural household opting for it. In Vontimitta Mandal of Kadapa district, 3 villages have been selected and evaluated the performance of MGNREGA. About 40 respondents out of 90, a great majority have the annual income of less than Rs. 10000/-. Around 78 per cent of respondents expressed satisfaction and 86 per cent expressed improvement in their life style after joining MGNREGA shows all impact on income and employment generation*

### Keywords :

#### INTRODUCTION

The National Rural Employment Guarantee Act or NREGA is an Indian job guarantee scheme enacted by legislation on August 25, 2005. The scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work- related unskilled manual work at the statutory minimum wage of Rs.100 per day. The Central government outlay for the scheme is Rs.39, 100 crores (\$8 billion) in FY 2009-10. 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. The government is planning to open a call centre. Once operational, the call centre can be approached on the toll- free number, 1800 – 345- 22-44. It has been renamed as Mahatma Gandhi Rural Employment Guarantee Act on 2<sup>nd</sup> October, 2009.

#### 1.1 Political Background

The act was brought about by the UPA coalition government supported by the left parties. The promise of this project was one of the major factors that gained UPA victory in the Indian general elections, 2004.

Dr. Jean Dreze, a Belgian-born economist, at the Delhi School of Economics, has been a major influence on this project.

#### 1.2 The Plan

The NREGA is an act and can be amended only by the Parliament. The act directs state governments to implement NREGA "scheme". Under the NREGS, the Central Government meets the cost towards the payment of wage, ¾ of material cost and some percentage of administrative cost. State Governments meet the cost of unemployment allowance, 1/4 of material cost and administrative cost. Since the State Government pays the unemployment allowance, they are heavily incentivized to offer employment to workers. However, it is up to the State Government to decide the wage of unemployment allowance, subject to the stipulation that it not be less than ¼ the minimum wage for the first 30 days, and not less than ½ the minimum wage thereafter. Around 100 days of employment (or unemployment allowance) per household must be provided to able and willing workers every financial year.

#### 1.3 Poverty in India

Human society in India has been divided into different socio-economic classes. Socially upper classes, lower classes and economically developed and undeveloped. This socio-economic system made millions of people socially SC, ST and BC and economically landowners and landless people. Consequently, 80 per cent of people of India is remaining socially Nimna Jathulu and economically poor and dependent. The 20 per cent of upper castes and rich community in India made the 80 per cent of other classes dependent on them in their livelihood. Therefore, this system of socio-economic structure rendered millions of people of India poor and labourers. Be an agriculture country around 80 per cent of the poor are living in rural areas under poverty. It could be seen that poverty is universal phenomenon affecting the quality of life of the people in one form or the other. Poverty in India is multifaceted and resultant of multiplicity of factors. Analysis of the presence of poverty in India is a complex phenomenon. The basic objective of Indian planning is to develop the poorer sections of the society in their socio- economic uplift. The Government of India adopted various strategies to eradicate poverty. In order to eradicate poverty, several poverty alleviation programmes in terms of credit and non-credit linkages have been introduced over years in India. Due to committed activities of the Indian government, poverty has declined considerably. But still 36.35 per cent of rural people are living below the poverty line.

#### 2 ORIGIN OF MGNREGA

The launch of this ambitious scheme at the Center has been guided by the success of the Maharashtra Employment Guarantee Scheme (MEGS), which is being implemented for over last 30 years in Maharashtra, without decline in the demand for unskilled wage work. The experience gained in implementation of different wage employment programme like National Rural Employment Programme (NREP, 1980), Rural Landless Employment Guarantee Programme (RLEGP, 1983), Jawahar Rojgar Yojana (JRY, 1989), Employment Assurance Scheme (EAS, 1993), Jawahar Gram Samruddhi Yojana (1999), Sampoorna Grammeena Rojgar Yojana (2001) and National Food for Work Programme (NFFWP, 2004). During the past more two decades have also been taken into account

while formulating the Act.

## 2.1 National Rural Employment Guarantee Scheme-Andhra Pradesh

In Andhra Pradesh, several centrally and state sponsored employment programmes and poverty allocation programmes are available. Among all these programmes, one major and unique programme for poverty eradication through employment generation is the National Rural Employment Guarantee Programme (NREGP). The NREGP scheme was introduced in 2005 under the NREG Act passed in September, 2005. The NREGS was implemented from February 2, 2006 in 200 identified districts of the country with an objective of providing 100 days of guaranteed unskilled wage employment to each rural household opting for it. The ongoing programmes of SGRY and National Food for Work Programme (NFFWP) have been subsumed under NREGS in these districts. NREGS will cover all districts of the country within five years. The NREGS, a demand driven scheme, has its focus on works relating to water conservation, drought proofing (including a forestation/ tree plantation), land development, flood-control/ protection (including drainage as waterlogged areas) and rural connectivity in terms of all-weather roads. An amount of Rs.11, 300 crores allocated for 31, 3.47 crore job cards has been issued and of the 1.50 crore households who have demanded employment, 1.47 crore households have been provided employment. Under the schemes up to December 2006, of the 53.65 crore person-days of employment generated, 21.13 crore were for women and of about 5.81 lakhs works taken up, 2.34 lakhs were completed.

## 3 PERFORMANCE OF MGNREGA

The performance of MGNREGA in India during 2006-10 has

been evaluated and the results are presented in the Table-1.

The table shows that the performance of MGNREGS is very poor during the four years. An amount of Rs.83000 crore has been spent on MGBREGS and more than 4.79 crore person days of employment has been generated in the economy. The average person days or work per households has increased continuously from 43 days in 2006-07 to 42 days in 2007-08 to 48 days in 2008-09 to 51 days in 2009-10. The share of SC and ST households has been significant in all the four years, and the share of women has increased continuously reaching almost to 40 million asset, work have been up under MGNREGS, of which 16.20 lakh works have been completed. The share works every year continuously increased. Though there are several problems about the implementation of MGNREGS, there are some pockets of successes, sharing several positive impacts, such as reduction in distress, migration, increase in the local wage rate, improvement local agriculture and allied activities, women's empowerment and employment of the poor.

## 3.1 Performance of NREGS in Andhra Pradesh

The works, which are undertaken under the scheme, are social forestry, canal works, irrigation works, percolation and storage tanks and underground bandharas. Another important feature of the scheme is that only productive works are permitted. Under this scheme, almost priority is given to irrigation works, soil conservation, land development, rural road and flood protection and the scheme the wages are fixed on a piece rate basis. The beneficiaries are provided drinking water, shelter, First Aid Box etc. The performance of Employment Guarantee Scheme in Andhra Pradesh is presented in table 2.

**Table 1 Performance of MGNREGA in India during the year 2006-10**

Sl. No.	Inspired Element Lengthen Rush	Year			
		2006-07	2007-08	2008-09	2009-10 Up to Feb.10
1	No. of Districts	200	330	615	619
2	Employment provided to households (crore)	2.10	3.39	4.51	4.79
3	Person-days {in Crore} Total	90.5	143.59	216.32	244.74
	SCs	22.95(25%)	39.36(27%)	63.36(29%)	73.59(30%)
	STs	32.98(36%)	42.07(29%)	55.02(25%)	52.33(21%)
	Women	36.79(41%)	61.15(43%)	103.57(48%)	117.95(48%)
	Others	34.56(38%)	62.16(43%)	-	-
	Average person-day per household (days)	43	42	48	51
4	Financial details				
	Budget Outlay (In Rs. Crores)	11300	12000	30000	39100
	Central Release (In Rs. Crores)	8640.85	12610.39	29939.60	31306.31
	Total Available fund (Including OB) : In Rs. Crores	12073.55	19305.81	37397.06	46502.52
	Expenditure (In Rs. Crores)	8823.35	15856.89	27250.10	31490.79
	Average wage per day	65	75	84	89
	Average cost per day	97	110	126	130
5	Works Detail				

	Total works taken up (In lakhs)	8.35	17.88	27.75	39.95
	Works completed	3.87	8.22	12.14	16.20
	Water conservation	4.51(54%)	8.73(49%)	12.79(46%)	20.34(51%)
	Provision of irrigation facility to land owned by SC/ST/ BPL/s& MF and IAY beneficiaries	0.81 (10%)	2.63(15%)	5.67(20%)	6.49(16%)
	Rural connectivity	1.80(10%)	3.08(17%)	5.03(18%)	6.64(17%)
	Land development	0.89 (11%)	2.88(16%)	3.98(15%)	5.63(14%)
	Any other activity	0.34 (4%)	0.56(3%)	0.28(1%)	0.85(2%)

Source: 'Grammeen Bharat', A monthly Newsletter of the Ministry of Rural Development, Vol.8, Issue 71, May 2010.

**Table 2**  
**NREGS progress during the year 2008-09 and 2009-10 in Andhra Pradesh**

Sl.No.	Items	2008-09	2009-10
1	Employment provided household (in lakhs)	53.7387	51.58493
2	Person-days (in lakhs) total	1838.04	4044.3
3	Expenditure(Rs. in crores)	2062.46	4509.18
4	SC as % total beneficiaries	486.57(26.46)	998 (24.68)
5	ST as % of total beneficiaries	239.36 (13.02)	594.8 (14.1)
6	Women as % total beneficiaries	1067.68 (58.09)	2349.6 58.11)
7	Others	1112.11 (60.51)	2451.5 (60.62)
8	Total works taken up	578157	1026080
9	Works completed	161112	532673
10	Works in progress	417045	492407
11	Labour wise pay order (no. of persons)	54631555	-

Source: WWW.http://nrega.ap.gov.in

As shown in table 2, during the year 2008-09, the total employment generated under NREGA is 1838.04 lakh person days and it increased to 4044.3 lakh person days employment. The SCs employment is 486.57 lakh person-days which are 26.47 per cent and STs employment is 239.36 lakh person days accounting for 13.02 per cent. The female participation (women employment ratio) in NREGS is 58 per cent. This gainful employment has helped in raising the income levels of the weaker sections in the state, particularly SCs and STs and women. It is observed that the total numbers of works completed are 532673 up to 2010. The labour wise pay order in the state was 54631555 persons which are 3.8 per cent under the scheme up to October 2009, of the Rs.2062.46 crore spent and of about 578157 works taken up and 161112 were completed.

#### 1.4 OBJECTIVES

The following objectives have been set for the present study.

1. To study the socio-economic profile of the sample respondent under MGNREGA.
2. To study the increasing of additional employment generation through MGNREGA.
3. To areas the change in the income levels of rural poor households through MGNREGA in Salabad, Vontimitta and Nadim Palle villages.

#### 1.5 METHODOLOGY

For the present study, three gram panchayat from Vontimitta Mandal of Kadapa District were selected on the basis of simple random sampling method. For the purpose of the evaluation of MGNREGA Programme in Vontimitta Mandal 90 households were selected from different categories on the basis of simple random sampling method. The socio- economic conditions of the respondent households have been discussed.

#### 1.6 RESULTS AND DISCUSSION

##### 1.6.1 Demographic profile of Respondents

Demographic profile has been evaluated on gender, age and community of the respondents and discussed below.

##### 1.6.1.1 Gender

Gender is one of the important variables of demographic characters. The Gender classification of the respondents has been presented in the Table 3.

**Table 3**  
**Sex- wise Classification of the Sample Respondents**

Sl.No.	Gender	Number of respondents	Percentage to total
1	Male	54	60
2	Female	36	40
Total		90	100

Source: Primary data

According to the table, the percentage of male respondents is more than 60 and the percentage of the female respondents is 40 in all the panchayats owing to the nature of work undertaken in MGNREGA. Males outnumber females.

##### 1.6.1.2 Age

Age of one of key components of demographic variables and indicates strength and maturity. The age of the respondents has been presented in the Table 4.

**Table4**  
**Age- wise Composition of the Sample Respondents**

Sl.No.	Age	Numbers of respondents	Percentage to total
1	Below-20 years	14	15.5
2	21- 30 years	30	33.3
3	31-40 years	22	24.2
4	41-50 years	17	19
5	51 and above years	7	8
Total		90	100

Source: Primary data

The table presents the age of respondent households in the all the selected gram panchayats. It is vivid from the table that there are 14 respondents below 20 year, 30 respondents in 21 to 30 years, 22 respondents in 31 to 40 years, 17 respondents in 41 to 50 years and only 7 respondents in 51 and above years. It is inferred that the highest percentage of respondents to 21 to 30 years belong 33.3, the lowest percentage to 51 and above years 8.

### 1.6.1.3 Community

Community indicates the social status and one of the important demographic variables. The respondents have been classified based on community and the details are presented in the Table 5.

**Table 5**  
**Caste –wise Classification of the Sample Respondents in the Study Area**

Sl.No.	Caste	Number of respondents	Percentage to total
1	OC	20	22.2
2	BC	32	35.5
3	SC	25	28
4	ST	13	14.3
Total		90	100

Source: Primary data

It is observed from the table that out of 90 respondents, 22.2 per cent are OCs, 35.5 per cent are BCs, 28 per cent are SCs and 14.3 per cent STs in all the three panchayats. By and large, majority of the respondents, i.e. 36 per cent belong to BC community.

### 1.6.2 Evaluation of MGNREGA

The performance of MGNREGA has been evaluated basing on the variables such as number of days worked, annual income satisfaction over MGNREGA and change of life style of the respondents.

#### 1.6.2.1 Number of Days worked under MGNREGA

Work is for workers and work pays income. Higher the number of working days higher will be the income of the respondents. The details of number of days worked by the respondents under MGNREGA are presented in the Table 6.

**Table 6**  
**Employment Details of the Sample Respondents**

Sl.No.	No. of days	Numbers of members	Percentage to Total
1	Below 50	20	22.2
2	51-100	40	44.3
3	1001-125	15	17
4	126-150	10	11
5	151 and above days	5	5.5
Total		90	100

Source: Primary data

It is observed from the table that out of 90 respondents from all the three panchayats, 22.2 per cent of the respondents worked below for 50 days, 44.3 per cent for 51 to 100 days, 17 per cent for 100 to 125 days, 11 per cent for 126 to 150 days and 5.5 per cent for 151 and above days during 2009-10. By and large, it is concluded that more than 44 per cent of the respondents work for 51-100 days.

#### 1.6.2.2 Annual Income

Income is an essential part of life which gives livelihood, food and comforts. Higher the income higher will be comforts and social status. More over the income of the respondents indi-

cates pride in the society. The details of total wages received by the respondents as annual income are presented in the Table 7.

**Table 7**  
**Annual Income of the Sample Respondents in the Study Area**

Sl.No.	Income levels (Rs.)	Number of respondents	Percentage to total
1	Below 5000	33	37
2	5001 to10000	22	24
3	10001 to 15000	20	22
4	15001 and above	15	17
Total		90	100

Source: Primary data

Total wages received under MGNREGA works during 2009-10 in three panchayat show that out of 90 respondents, 37 per cent received an amount of below Rs.5000, 24 per cent received between Rs.5001 and Rs. 10000, 22 per cent received between Rs.10001 and Rs. 15000 and only 17 per cent received above Rs.15001. It is concluded that majority of the respondents (61%) are getting an annual income of less than Rs.10000.

#### 1.6.2.3 MGNREGA programme and the respondent's satisfaction

The details of the satisfaction of the respondents over the performance of MGNREGA programme are presented in the Table 8.

**Table 8**  
**Satisfaction on with the NREGS Programme**

Sl.No.	Satisfied	Numbers of respondents	Percentage to total
1	Yes	70	78
2	No	20	22
Total		90	100

Source: Primary data

Panchayat-wise MGNREGA works satisfaction on the performance of MGNREGA programmes shows that out of 90 respondents, 78 per cent are satisfied and 22 per cent not satisfied with MGNREGA programme.

#### 1.6.2.4 Change of Life

The details of the change of life style after implementation of MGNREGA are presented in the Table 9.

**Table 9**  
**Change Life style after Implementation of MGNREGAS**

Sl.No.	Life style	Number of Respondents	Percentage to total
1	Yes	77	86
2	No	13	14
Total		90	100

Source: Primary data

It is from the table observed that there is a change life style after implementation of MGNREGA. It is observed that out of 90 respondents, 77 respondents (86 %) changed their life style and 13 respondents (14%) could not change their are life styles and the reaming even, after implementation of MGNREGA. It is concluded that majority of the respondents, after the implementation of MGNREGA, could improve the socio- economic background and family social life.

## CONCLUSION

The National Rural Employment Guarantee Act or NREGA is an Indian job guarantee scheme enacted by legislation on August 25, 2005. The scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household. During the year 2008-09, total employment generated under NREGA is 1838.04 lakh person-days and it increased to 4044.3 lakh person-days employment. The SCs employment is 486.57 lakh person-days which is 26.47 per cent and STs employment is 239.36 lakh person days accounting for 13.02 per

cent. There are 54 males and 36 females and majority are BCs of 21-30 years. About 40 respondents (44.3%) got 51-100 work days. Majority of the respondents (37%) have an annual income of below Rs.10000. About 78 per cent have derived satisfaction over the programme and 86 per cent of the respondents could change their life style after the implementation of MGNREGA in the 3 villages in Vontimitta of the Kadapa district. But yet the number of man-days and annual income of the respondents have to be increased in order to increase the performance of MGNREGA.

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