

Socio-Economic Upliftment of the Rural Poor in Gobichettipalayam – A Case of Successful Implementation of MGNREGA Act

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Abstract: *Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), with a mandate to provide at least hundred days of guaranteed wage employment in a financial year to every rural household whose members above the age of eighteen years volunteer to do unskilled manual work. The main focus of the act is to facilitate the social protection for the people living in rural India by providing employment opportunities and therefore contributing towards the overall development of the local people. The present study was attempted to figure out the impact of MGNREGA on overall economic and social development of beneficiaries in Gobichettipalayam, Erode district of Tamilnadu.. The results found the MGNREGA has significantly improved their social and economic well-being. The study also has highlighted on the fact that agricultural wages have gone up after the introduction on MGNREGA scheme in the current area.*

Keywords: Gobichettipalayam, social well-being, economic well-being, MGNREGA, Erode, marginalised.

I. INTRODUCTION

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims to provide a steady source of income and livelihood security for the poor, vulnerable and marginalised. This chapter reviews the existing literature on the impact of MGNREGA on poverty and inclusive growth to assess the extent to which the Scheme has succeeded in meeting its objectives. Overall, evidence suggests that MGNREGA does provide basic income assurance to a large number of beneficiaries.

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is considered as a “Silver Bullet” for eradicating rural poverty and unemployment, by way of generating demand for productive labour force in villages. Rural poverty and unemployment in India have grown in an unprecedented manner during the last few decades. There is a growing incidence of illiteracy, blind faith, hungry people, mal-nourished children, anemic pregnant women, farmer suicides, starvation deaths, migration resulting from inadequate employment, poverty, and the failure of subsistence production during droughts. In order to make solution of these problems and to provide livelihood security to rural unemployed, Government of India (GOI) enacted the National Rural Employment Guarantee Act (NREGA) in 2005. (Kantharaju 2011) The study was conducted on Impact of MGNREGA towards Employment Generation and Assets creation among randomly selected 120 beneficiaries from 4 Taluks in Tumkur District of Karnataka State. The findings of the study revealed that, half 50 percent of the beneficiaries were middle aged, 53.33 per cent of the beneficiaries belonged to Other Backward Castes (OBCs), 33.33 percent of the beneficiaries were completed primary school, 61.67 percent of beneficiaries were small farmers, majority of the beneficiaries belonged to the above poverty line 65.83 percent, 14.17 per cent of the beneficiaries were member to self help group. Agriculture was the main occupation of cent per cent of the beneficiaries and had knowledge about the objectives of MGNREGA on providing 100 days of wage employment. About 23.33 percent of the beneficiaries got employment of 71-80 man days in a year,

the major individual farm works were horticultural planting 33.33 percent, 21.35 percent of the beneficiaries were participated in desolation of tanks and cleaning of community ponds in case of community assets creation. The variables such as education, urban contact, social participation and caste had positive and significant relationship with knowledge level and farm assets created by the beneficiaries. The variables such as caste, land holding annual income and urban contact had negative and significant relationship with employment generation and community assets created by the beneficiaries. Higher caste had significantly contributed in explaining the variation of knowledge, employment generation and assets creation by the beneficiaries. Delay in payment of wages, insufficient wage rate and creation of poor quality assets were the major constraints expressed by the beneficiaries. There is need to enhance the wage rate, transparency in evaluating the works undertaken under MGNREGA, wages should be paid in time and proper publicity for Grama Sabha were the major suggestions given by beneficiaries for successful implementation of MGNREGA.

A) Preference of MGNREGA

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. Prasanna et.al., (2017) 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 study has adopted the multi-stage sampling method. A well structured interview schedule has been used for the data collection. Xavier et.al., (2014) The study finds that the MGNREGA increases income and expenditure of the households compared over the pre MGNREGA period and the scheme significantly enhances the social and economic decision making power to women in the men dominated rural society. Hence the scheme ensures improved standard of living of the vulnerable poor, more specifically among women. It also finds that poor worksite facility, hot climate condition and reduction of leisure time put them much hardship during the working hours of MGNREGA.

B) Benefits of MGNREGA

MGNREGA can be considered as a growth engine. This study was undertaken to assess the impact of the scheme on change in their income, savings pattern and extent of employment after the implementation of the scheme in Kalaburagi district of Karnataka state. Divakar et.al., (2016) This study was undertaken to assess the impact of the scheme on change in the income, savings pattern and extent of employment after the implementation of the scheme in Kalaburagi district of Karnataka state. Kalaburagi district was covered during the third phase of implementation of MGNREGA which was selected for the study with the pre set objective of analyzing the impact of MGNREGA on the participant households. For evaluating the specific objectives designed for the study, required primary data was collected from the participants for the agriculture year 2013-14. MGNREGA fully implemented village farmers 18718/year) were earning significantly higher income 74.48 percent than that of partially implemented MGNREGA village farmers 4775/year. The average amount of savings made in SHGs was 2,380, in fully implemented MGNREGA villages, whereas in partially implemented MGNREGA villages it was 1,543. The savings was made in banks 12, 000 by the participants in fully implemented MGNREGA villages. Whereas, in case of partially implemented MGNREGA villages the savings was made by participants 8,120 it was less compared to fully implemented MGNREGA villages.

II. RESEARCH METHODOLOGY

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 Gobichettipalayam, Erode district of Tamil Nadu, majorly because many of the residents here depended on agro-based occupations for their livelihood. The area also had a significant amount of SC and ST residents who have been benefitting from the scheme.

A) Data collection and analysis

Multi stage sampling was used and data was collected from 200 beneficiaries. Personal interview based on a structured interview schedule was used to elicit information from the respondents. The study has adopted the multi-stage sampling method. A well structured interview schedule has been used for the data collection. The secondary data was collected from the MGNREGP website. Primary data has been collected during the August 2019- December 2019 . The data so collected was analysed using tools of descriptive statistics (frequency analysis) and inferential statistics like path analysis.

B) Objectives of the study

1. To investigate if the preference for MGNREGA has benefitted the respondents significantly and has enhanced their standard of living.

III. RESULTS AND DISCUSSION

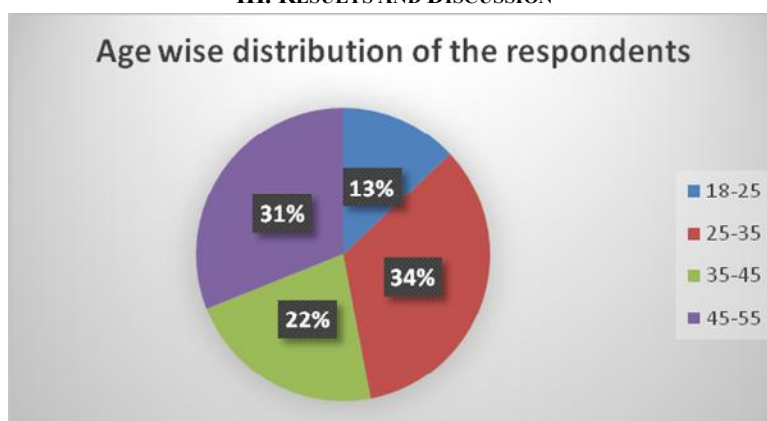


Figure 1: Age wise distribution of the respondents

Source: Estimation based on field survey, 2019

Majority of the respondents (31 and 34 per cent) belonged to the age group of 25-35 and 45-55. While only a few (13 percent) were from the youngest age group.

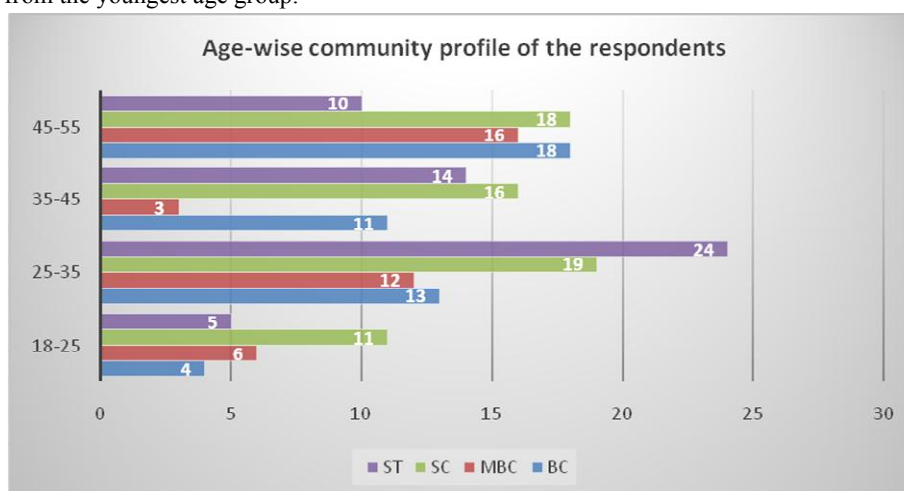


Figure 2: Age-wise community profile of the respondents

Source: Estimation based on field survey, 2019

Majority of the respondents (thirty two percent) belonged to the scheduled tribe community, while twenty seven percent of them belonged to the scheduled caste. Twenty three percent of the respondents belonged to the Backward community while only a few (a little less than nineteen percent) of them belonged to the most backward community.

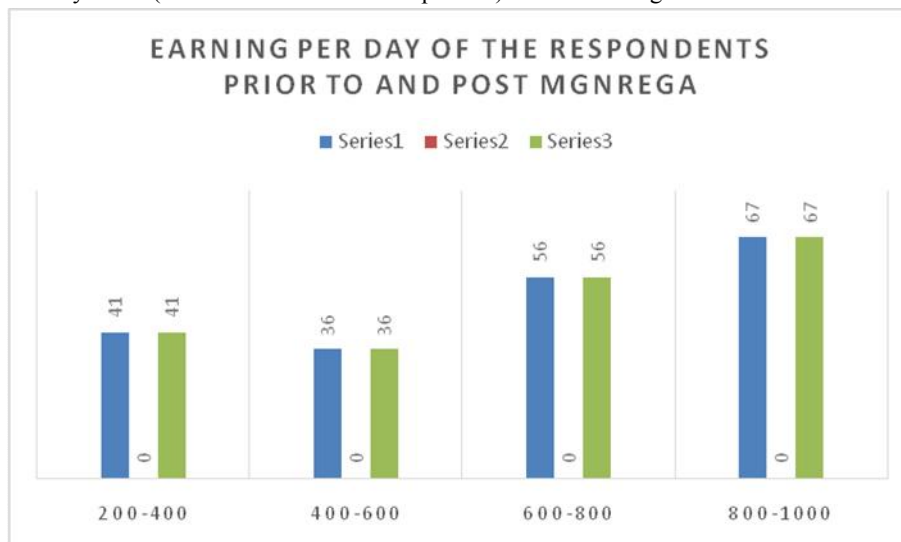


Figure 3: Earning per day of the respondents prior to and post MGNREGA

Source: Estimation based on field survey, 2019

The above figure, shows, on implementation of the MGNREGA, the income level of the respondents went up from Rs 200- Rs 400, from Rs 400 to 600, Rs 600 to Rs 800 and from Rs800- Rs 1000.

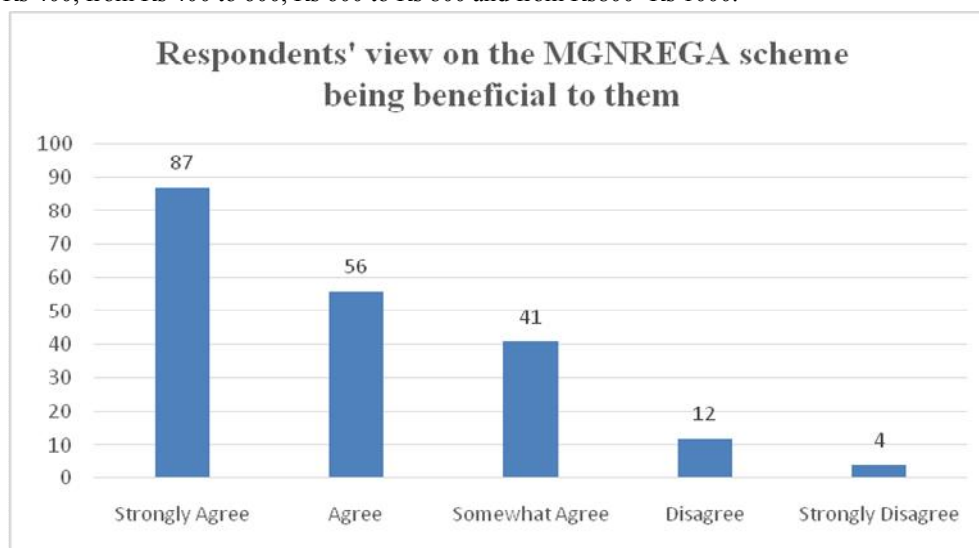


Figure 4: Respondents' view on the MGNREGA scheme being beneficial to them

Source: Estimation based on field survey, 2019

The above figure shows the beneficiaries views on how beneficial was the MGNREGA Act was in raising the earnings and standard of living of the respondents. Most of the respondents (84 per cent) opined that the scheme had helped them generate additional income for themselves, which made them feel financially more comfortable than they used to feel.

A) Standard of Living and MGNREGA

A standard of living is the level of wealth, comfort, material goods, and necessities available to a certain socioeconomic class or a certain geographic area. The standard of living includes basic material factors such as income, gross domestic product (GDP), life expectancy, and economic opportunity. The standard of living is closely related to quality of life, which can also include factors such as economic and political stability, political and religious freedom, environmental quality, climate, and safety. Jana et.al., (2013), in their paper titled “Socio Economic Determinants of Participation in MGNREGA: A Study in Bankura District of Rural West Bengal” attempted to review the current status of implementation of MGNREGA in Bankura district, WestBengal and to identify the emerging strengths and weaknesses for wider dialogue for improvements. 200 households were chosen from two backward and demographically diversified blocks on stratified random sampling technique. The respondents were asked through open ended questionnaire on several aspects of MGNREGA. The study found that there was a low awareness among the beneficiaries about the scheme under MGNREGA as well as some institutional gaps. The study also observed some irregularities in the implementation of the scheme. The beneficiaries believed that if the scheme was effectively implemented, NREGA will be a more effective instrument for eradicating poverty. Roy (2013), in his study titled “Right Based Approach in Accessing Social Sector Services- A Case Study of MGNREGA” attempted to study the right based employment guarantee scheme with social safety net for the rural poor. Under this Act if work is not provided within 15 days time frame from the date of registration for employment then the applicant is eligible for unemployment allowance. The study also highlighted the characteristics of MGNREGA as a right based approach and evaluated how far the right based programme is able to give scope in accessing social services to the beneficiaries in India with special reference to North East. The study found that the scheme is very effective in addressing the problem of poverty in India which is the main cause of vulnerability of life. By generating income it has been act as a helpline in accessing social services for MGNREGA workers. Bebart (2013), in a research work titled “Impact of MGNREGA in the Lives of Tribal People: A Study of Rayagada Block in Gajapati District” assessed the implementation of MGNREGA and its impact on the lives of tribal people in the Rayagoda block in the district of Gajapati of Odisha. As known the MGNREGA provides guarantee employment to the rural households, it also empowers the marginalized rural mass through decentralized planning which ensures the livelihood security by creating durable assets. The study was based on a random sample of 50 tribal households covering awareness related to the different provisions of MGNREGA and its impact viz., socio-economic condition, livelihood security, sustainable asset creation, agricultural productivity, migration and social empowerment. The study found that the tribal households in the Gajapati district have been benefited from MGNREGA in many ways as it has increased their income resulting into multiple impacts in their social and economic life; however there is still a long way to fulfill the purpose and objectives of MGNREGA and to ensure the livelihood security of the rural and tribal households.

H1: There is significant (positive or negative) relationship between Standard of Living and MGNREGA

Since the variables like Need for MGNREGA, Preference of MGNREGA and Benefit of MGNREGA were based on Likert scale, the researcher attempted to compute the reliability of the same with the help of Cronbach's alpha and the estimated values are presented in table

Cronbach alpha		
Preference of MGNREGA	Benefit of MGNREGA	Standard of Living
0.711	0.728	.713

Table1: Eliability Statistics

Source: Estimation based on field survey, 2019

Table 1, above shows Cronbach's alpha with respect to need for MGNREGA, Preference of MGNREGA and Benefit of MGNREGA was greater than 0.7, indicting the internal consistency in the scale used for measuring financial attitude, financial behavior and economic empowerment

The variable shows the need for MGNREGA was calculated based on a test containing 6 multiple choice questions on conceptual need for MGNREGA.

The interrelationship between need for MGNREGA, Preference of MGNREGA, benefit of MGNREGA and Standard of Living was examined by applying the Structural Equation Model (SEM) analysis. Towards this, initially, a default model was drawn. The model depicted was a conceptual model, not a representation of a specific structural equation modeling to be tested. It was based on preliminary work conducted by the researcher to reflect the available variables in the study.

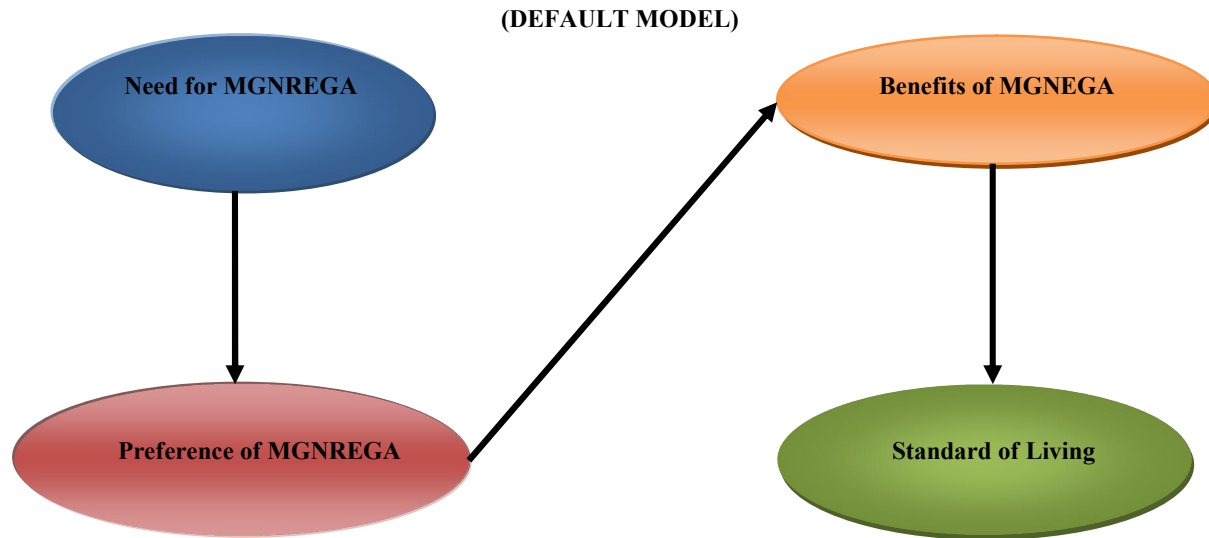


Figure 4: Impact of Mgnrega - Model

Table 2 shows summary value of various measures used in evaluating the model fitness.

Fit Indices	Results	Suggested values
Chi square in AMOS(CMIN)	0.605 (0.739)	≤ 5.00 (Hair et al., 1998)
Comparative Fit index (CFI)	1.00	>0.90 (Hu and Bentler, 1999)
Goodness of Fit Index (GFI)	.999	>0.90 (Hair et al. 2006)
Adjusted Goodness of Fit Index (AGFI)	.997	> 0.90 (Daire et al., 2008)
Normated Fit Index (NFI)	1.00	≥ 0.90 (Hu and Bentler, 1999)
Incremental Fit Index (IFI)	1.00	Approaches 1
Root mean square error of Approximation (RMSEA)	.000	< 0.08 (Hair et al., 2006)

**Computed through Amos output*

Table 2: Model Fit Summary of Structural Equation Model

From the table 2 the model result computed through Amos demonstrated that cmin was achieved with the probability level of 0.739 which was greater than 0.05 which indicates perfect fit of the model. In other words, it explained that the perfect fit of the Impact of MGNREGA model. Goodness of Fit Index (GFI) value (.999) and Adjusted Goodness of Fit Index (AGFI) value (.997) was greater than 0.9 representing a good fit. The calculated Normated Fit Index (NFI) value (1.00) and Comparative Fit Index (CFI) value (1.00) indicates that it was a perfectly fit and also it was found that Root Mean square Residuals (RMR) and Root Mean Square Error of Approximation (RMSEA) value was 0.000 which was less than 0.08 which indicate a perfect fit. Thus, the Goodness of fit indices support the model fit and these indices indicate the acceptability of the structural model.

Figure 6 exhibited the standardized solution for the variables under Impact of MGNREGA Model. Structural equation modeling was computed from the perspective of the respondents of Gobichettipalayam

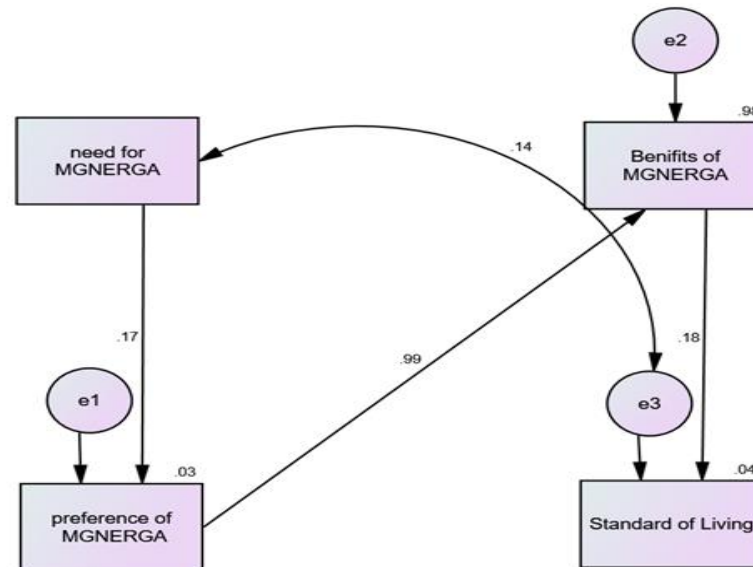


Figure 6: Standardised Solution of Impact of Mgnrega Model

Table 3 exhibit path coefficients in extracted model. The table enlists the relationship between variables and standardized coefficient with 'p' values. Along with these, whether the concerned hypotheses could be accepted or rejected is also provided.

Path Coefficients			Estimate	Standardised Estimate	S.E.	C.R.	P	Hypothesis
Preference of MGNREGA	<---	Need for MGNREGA	0.17	0.252	.067	3.776	.000	Accepted
Benefits of MGNREGA	<---	Preference of MGNREGA	0.99	0.983	.007	147.125	.000	Accepted
Standard of Living	<---	Benefits of MGNREGA	0.18	0.184	.044	4.165	.000	Accepted

Table 3: Path Coefficients In Extracted Model

Source: Estimated from field survey, 2019.

The path coefficient between Benefits of MGNREGA and Preference of MGNREGA was 0.99 indicating that benefits positively influences preference of MGNREGA. The path coefficient also showed a high causal effect of benefits on preference of MGNREGA. This also shows that there is a significant relationship between benefits on preference of MGNREGA. The finding of the study is consistent with Prasanna et.al., (2017) who found that, MGNREGA is beneficial to the respondents.

The finding of this study as presented on figure..... also showed that the correlation between Need for MGNREGA and standard of living was positive and moderate and the standardized covariance was 0.14.

The path coefficient also showed that need and Preference of MGNREGA has direct and significant positive effect ($\beta=0.17$). This finding is in agreement with the earlier findings by Sanjoy (2009) and Barna (2009)

The finding of the study showed that there was a significant relationship between Benefits of MGNREGA and standard of living. The coefficient of determination of 0.18 indicated that 18 % of standard of living is accounted by impact of Benefits of MGNREGA.

The unidirectional arrows (without origin) pointing to the latent factors of Preference of MGNREGA, Benefits of MGNREGA and Standard of Living represent unexplained (residual) variances for these three factors. Result on figure ... showed that 3% of the variation in Preference of MGNREGA is unexplained while 97% of the variation in Preference

of MGNREGA is explained by need of MGNREGA. Also 98 % of the variation is unexplained and only 2% is explained by the predictors Preference and Benefits of MGNREGA. Also 4% of variation is unexplained in Standard of Living and Benefits of MGNREGA.

The total effect on need of MGNREGA on standard of living is 0.030, the direct effect of preference of MGNREGA on standard of living is 0.178. Results on figure ... indicated the magnitude of the path coefficient of each predictor variable and all the predictor variables made a statistically significant contribution to the determination of standard of living, since all the significant values on table ... are lesser than 0.05.

From the standardized values for the variables, it was evident that the exogenous variable, need for MGNREGA had strong impact on Preference of MGNREGA (0.252, $p=0.000$). Preference of MGNREGA was found to exhibit very strong impact on benefits of MGNREGA (0.983, $p=0.000$). Benefit of MGNREGA was found to exhibit very strong impact on Standard of living (0.184, $p = .000$) From this, it could be concluded that the combined working of preference of MGNREGA, benefit of MGNREGA and Standard of living which together constitute impact of MGNREGA result in increased standard of living.

IV. CONCLUSION

The above results prove that the MGNREGA Act was thoroughly successful in enhancing the standard of living of the rural lot and was very beneficial to them financially.

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