

Magic of Employment Generation through MNREGS: Evidences from Kerala

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Abstract

The renamed Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) was introduced in India in 2006 as a flagship programme of the United Progressive Alliance (UPA) Government to provide employment to the rural households as part of the "right to work" enacted in the National Rural Employment Guarantee Act 2005. The scheme has now gained great momentum all over the country propagating its magical generation of employment for the poor and the resultant alleviation of rural poverty. The promise of 100 days of work for all rural households with a guarantee of unemployment allowance for the unmet demand for work is quite an innovative scheme different from the diverse wage employment programmes so far introduced in the country. Though the scheme is also not free from criticism, it has been operating everywhere in the country reporting stories of triumph. The state of Kerala, popularly known as the God's Own Country, started implementing the scheme since 2006 in a phased manner and by 2008 the rural households of the whole state were put under the cover of the scheme. As the unemployment rate is the highest in Kerala among other Indian states, wage employment schemes like MNREGS assume extreme importance to provisionally remedy the situation. The paper examines the intricacies of the scheme in one of the Grama Panchayats - Aikkaranadu - in Ernakulam district of Kerala.

Keywords: MNREGP; MNREGA; MNREGS; NREGP; NREGS; Rural employment; Employment guarantee programme; Wage employment programmes; Poverty alleviation; Right to work.

Introduction

India, as the father of the nation Mahatma Gandhi observed, has its soul in the rural villages. Being an agrarian economy wherein majority of the labour is primarily concentrated in agricultural activities, the poor performance of the country on the agricultural front is a matter of hot debate over years. Noticeably, whether sincere and concrete efforts to remedy the situation were initiated or not is still doubtful. The rural households in India comprise of 73.92 per cent of the total

households and the majority of them are landless and sustain entirely on wage employment.[1] The higher incidence of poverty of 28.7 per cent (national average) in the rural India is directly related to prevalence of unemployment and underemployment on a large scale.[2] It is true that the rural workforce in the country suffers due to excessive seasonality of employment, lack of wage employment opportunities and low wage rates. While the self employment programmes are intended to remove poverty on a sustainable basis, the wage employment programmes are targeting poverty as a short run strategy. Therefore, wage employment programmes as a short-run strategy for alleviation of rural poverty have been a major component of development planning in India.

The National Rural Employment Guarantee Act (NREGA) was passed in the Parliament in September 2005 for overcoming the demerits of the earlier wage employment programmes and for the alleviation of rural

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poverty. Later, in 2009, the Act was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA). The legal guarantee of 100 days of wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work and the assurance of unemployment allowance for the unmet demand for work guaranteed is the crux of the scheme. The work guarantee by the Act can also serve other objectives like generating productive assets, protecting environment, empowering rural women, reducing rural urban migration and fostering social equity. The Act provides for the wages to be indexed to the Consumer Price Index for agricultural labour. Against the MNREGA guaranteed not less than Rs. 60 per day wages, the actual wages given now are as high as Rs.191 per day in Haryana, Rs. 189 in Nicobar and Chandigarh, Rs. 178 in Andaman, Rs. 166 in Punjab and Rs.164 per day in Kerala. The wages are in the range of Rs. 122 to Rs. 158 per day in other states. Equal wages for both men and women and at least one-third of the beneficiaries shall be women who have registered and requested for work under the scheme are its notable features.

Kerala state: A background

Kerala, the *Gods Own Country*, is popular for its social development without much backing of economic development. It has the highest literacy rate (93.91 per cent) and recognized as one of the top tourist destinations in India. The industrial development in the state is tardy. Unemployment is one of the basic problems of the state.[3] The poverty in the state is estimated to be 13.2 per cent against the national rural average of 28.7 percentage.[2] But the figures on poverty are reported to be gross under estimates. The rural households as a percentage of total households in the state are 76.65 per cent against the national average of 73.92 per cent.[1] The higher rate of rural households in the state compared to the national average indicates how significant the

rural development programmes are to the state.

The NSSO survey 2008-09 revealed that among the Indian States, Kerala has the highest unemployment rate (16.7 per cent) followed by Nagaland (15 per cent). In Kerala the unemployment rate among male is 12.7 per cent and that of female 25.9 per cent. In the rural areas of the state, the rate is estimated at 17.3 per cent (male 12.9 per cent and female 27.4 per cent); whereas in urban area it is estimated at 14.8% (male 12.1per cent and female 21.3per cent). Kerala's unemployment problem is not only a problem of educated unemployed but also a serious problem of unskilled workers. As the above report states, the unemployment is acute among women than men. Even though, several employment programmes like Food for Work Programme (FWP), National Rural Employment Programme (NREP), Rural Landless Employment Guarantee Programme (RLEGP), Jawahar Rojgar Yojana (JRY), Jawahar Gram Samridhi Yojana (JGSY), Sampoorna Grameen Rojgar Yojana (SGRY) etc. were operating in Kerala long back, none of them could bring the desired result.[4] The consistent higher unemployment rate in the state, to a great extent, is the strong evidence for the poor performance of these programmes.

Initially, the MNREGA (erstwhile NREGA) came into force in Kerala on 2nd February 2006 in the two most backwards districts namely Palakkad and Wayanad. In the year 2007-08, it was extended to two more districts - Kasargod and Idukki. Later it was implemented in all the remaining districts from April 2008. The Local Self Governments are implementing the scheme through the *Kudumbashree*¹ and the poor have a stake in the work right from the beginning. During the year 2011-12, the number of households registered for employment figures 14,18,056 and 99.88 per cent have been provided with employment. However, provision of 100 days employment was possible only to 1,24,317 households (8.77 per cent of the registered households).

Objectives and Hypotheses of the Study

a) Objectives

1. Assess the magnitude of employment generation through MNREGS to the beneficiaries in the Aikkaranad Grama Panchayat².
2. Examine the economic and non-economic changes in the beneficiaries of MNREGS in the Panchayat after joining MNREGS.
3. Measure the satisfaction level of the beneficiaries of MNREGS in the Panchayat about the implementation of the scheme.

b) Hypotheses

1. Significant difference can be observed in the family income from employment of the MNREGS beneficiaries after joining the scheme.
2. Moderate improvements in the non-economic aspects of life can be observed among the MNREGS beneficiaries after joining the scheme.
3. The beneficiaries have moderate satisfaction about the implementation aspects of the scheme.

c) Operational definitions

1. *Moderate improvement in non-economic aspects of life:* It is a condition that the mean value of the summated score of the opinion of the respondents regarding the variables assessing non-economic aspects of life being equal to central value of the expected score (*i.e.* 2).
2. *Moderate satisfaction about implementation aspects of the scheme:* It is a condition that the mean value of the summated score of the opinion of the respondents regarding the variables assessing the level of satisfaction about the implementation aspects of the scheme being equal to

central value of the expected score (*i.e.* 2).

Methodology

The study is descriptive in nature conducted in one of the Grama Panchayats, *viz.* Aikkararanadu in the Ernakulam district (comprises of 89 Grama Panchayats) of Kerala. The selected panchayat comprised of fourteen wards and of which three wards were selected at random to constitute the sample respondents. Out of the three wards selected, twenty families were selected at random from among the families registered for employment under MNREGA. Families were selected from the list of registered families for employment for the year 2008-09. Then a sample of sixty respondents, one each from each family, was drawn from the selected sixty families (Table 1). The primary data for the study were collected using a structured survey schedule and the secondary data were collected from the reports of the panchayat and other published records. Tools such as percentage and average were primarily used to examine the data. The Student's t test was applied to test the hypotheses.

Results and Discussion

The results obtained from the examination of the data are presented in the following pages chasing the discussions on it. A brief profile of the respondents precedes the core results and discussions.

(i) Profile of respondents

Majority of the workers (55 per cent) turning out for job under the scheme belong to the age groups '50 to 60 years' and 'above 60 years'. Noticeably, no worker aged below 30 years joined for job. Similarly, significant majority were lady workers (91.7 per cent), deeming the scheme primarily for females though not

Table 1: Sample Selection Process

Stage 1 Selection of Wards (3 Wards out of the 14)	Stage 2 Selection of Families			Stage 3 Selection of Respondents
	Ward Number	Total No. of Families	No. of Families Registered under MNREGS	
Ward 1	598	150	20	20
Ward 3	578	160	20	20
Ward 5	457	164	20	20
Total	1633	474	60	60

Table 2: Profile of the MNREGS Workers

Sl. No.	Profile	Frequency	Per cent	
1	Age of Respondents (Yrs)	Below 30	0	0
		30-40	12	20
		40-50	15	25
		50-60	29	48.33
		Above 60	4	6.67
		Total	60	100
2	Sex	Male	5	8.3
		Female	55	91.7
		Total	60	100.0
3	Education	LP	13	21.7
		UP	19	31.7
		HS	22	36.7
		HSS	4	6.67
		UG	2	3.33
		Total	60	100.0
4	Marital Status	Married	58	96.7
		Unmarried	2	3.3
		Total	60	100.0
5	Number of Members in the Family	Up to 3	14	23.33
		4-5	40	66.67
		Above 5	6	10
		Total	60	100
6	Prime Earning Member of family	MNREGS Worker	4	6.67
		Others	56	93.33
		Total	60	1000
7	Main Occupation of the Family Head	Private Employment	2	3.3
		Daily Skilled Work	10	16.7
		Daily Un-skilled work	48	80.0
		Total	60	100.0
8	Association with MNREGS	Above Three Yrs.	16	26.7
		Two to Three Yrs.	33	55.0
		Less than Two Yrs.	11	18.3
		Total	60	100
9	Number of Members Registered/Family	1 Member Only	27	45.0
		2 Members	22	36.7
		3 Members	11	18.3
		Total	60	100

Source: Authors' Data

Table 3: Number of Days of Employment Received

No. of days of Employment	2008-2009		2009-2010		2010-2011	
	Received	Percent	Received	Percent	Received	Percent
Less than 20	11	68.75	7	14.29	17	28.33
20-40	5	31.25	18	36.74	19	31.67
40-60	0	0	13	26.53	13	21.67
60-80	0	0	5	10.20	9	15
80-100	0	0	6	12.24	2	3.33
Total	16	100	49	100	60	100

Source: Authors' Data

Table 4: Number of Working Members in Families

Number of Working Members	Before Joining MNREGS		After Joining in MNREGS	
	No. of family	Percentage	No. of family	Percentage
1	44	73.3	9	15.0
2	15	25.0	43	71.7
3	1	1.7	7	11.7
4	0	0	1	1.7
Total	60	100.0	60	100

Source: Authors' Data

Table 5: Average Monthly Non-MNREGS Employment

No. of man-days of Non-MNREGS employment/month	Before Joining MNREGS		After Joining in MNREGS	
	Frequency	Percent	Frequency	Percent
Up to 15	13	21.67	13	21.67
16-30	33	55	33	55
31-45	13	21.67	13	21.67
Above 45	1	1.66	1	1.66
Total	60	100	60	100

Source: Authors' Data

Table 6: Average Monthly Income from Employment

Average Monthly Income of the Family (Rs)	Before Joining MNREGS		After Joining MNREGS	
	Frequency	Percent	Frequency	Percent
3000-4000	2	3.33	1	1.67
4000-5000	13	21.67	11	18.33
5000-6000	13	21.67	11	18.33
6000-7000	8	13.33	12	20
7000-8000	14	23.33	12	20
8000-9000	9	15.00	10	16.67
9000-10000	0	0	2	3.33
10000-11000	0	0	0	0
11000-12000	0	0	0	0
12000-13000	1	1.67	1	1.67
13000-14000	0	0	0	0
Total	60	100	60	100
Average (Rs.)	6195		6629	

Note: Based on average income from employment of the families during 2008-09 to 2010-11
Source: Authors' Data

Table 7: Paired sample T test on the Changes in Family Income

Income from Employment	Mean	S.D	Paired Difference		t value	Degree of freedom	P-value
			Mean	S.D			
Before Joining MNREGS	6195.83	1774.88	-433.18	275.04	-12.20	59	0.000
After Joining MNREGS	6629.02	1771.75					

Source: Computed using SPSS from Authors' Data

true. Regarding education, significant majority (90 per cent) had schooling only and a few had higher education (Table 2).

(ii) Employment generation

The magnitude of employment received by the respondents through MNREGS during the three years from 2008-09 to 2010-11 revealed that significant year to year increase in the employment generation was possible since the inception of the scheme in the state (Table 3). Though provision of employment was not possible to all the registered families during the initial years of the scheme, the situation is getting improved so as to provide employment to all the registered families at varied rate.

(a) Number of working members in families

Significant increase in the number of persons going for employment has occurred in families after joining the scheme. Out of the 60 families, 44 families (73.3 per cent) had single member going for employment before joining MNREGS. However, after joining the scheme, now 43 families (71.7 per cent) have two members going for employment. Similarly, the number of families where three members are going for employment has also increased from one (1.7 per cent) to seven (11.7 per cent).

(b) Employment other than MNREGS employment

The unchanging average monthly non-MNREGS employment possible by the family of the respondents before and after joining MNREGS (Table 5) is something unbelievable. The magnitude of non-MNREGS employment of the family which remained constant without any reduction hints the scheme's utility in creating additional employment for the families.

(iii) Economic and non-economic improvements

(a). Monthly income from employment

The increase in the average monthly income of the families from employment before and after joining MNREGS (Table 6) is found to be significant (P-value 0.000; Table 7). The average income which was Rs. 6195 before joining MNREGS magnified to Rs. 6629 registering an absolute increase of Rs. 434 per month.

(b) Change in asset position

Large majority of the families (90 per cent) reported increase in their amount of bank balance after joining MNREGA (Table 8). Considerable number of families could make

Table 8: Change in Asset Position of the Families

Change	Assets									
	Bank Balance		Gold Ornaments		Private Savings		Insurance		Home Appliances	
	No.	%	No.	%	No.	%	No.	%	No.	%
Increase	54	90	18	30	16	27	2	3.3	26	43.3
Stable	6	10	42	70	44	73	58	96.7	34	56.7
Total	60	100	60	100	60	100	60	100	60	100

Source: Authors' Data

Table 9: Non-economic Improvement Score

No	CRITERIA	Mean
1	Workability in a Group	2.97
2	Personal Interaction with Others	2.98
3	Involvement in Social Activities	2.35
4	Involvement in Political Activities	1.35
5	Recognition in Family	2.27
6	Mutual Help	2.00
7	Familiarity to Financial Institution	2.43
8	Courage to Hold Position	1.95
	Summated Mean	2.28

increase in their home appliances (43.3 per cent), gold ornaments (30 per cent) and private savings (27 per cent).

(c) Non-economic improvement

The non-economic improvement achieved by the respondents after joining the scheme measured on the basis of the opinion of the respondents on eight variables collected on a three-point scale undoubtedly indicates that considerable overall improvement has been achieved by the respondents since joining the scheme (Summated Mean Score 2.28; P-value 0.000 – Table 9 and Table 10).

(iv) Satisfaction of beneficiaries on implementation

The satisfaction of the respondents regarding the implementation of the scheme at the beneficiary level grabbed on a three-point scale on a set of eleven variables proves, unquestionably, that the respondents have above moderate satisfaction on the implementation of the scheme (Summated mean score 2.42; P-value 0.000 – Table 11 and Table 12). Though the overall score is significantly higher than the central value of the three-point scale (*i.e.* 2), a lower average satisfaction score of 1.23 regarding wage rate is quite disappointing and a solid evidence for the discontent on the existing wage rate under

Table 11: Satisfaction Score on Implementation of the Scheme

No	Criteria	Mean
1	Registration Formalities	2.73
2	Allocation of Job	2.82
3	Place of Job	2.83
4	Travel Allowance	2.00
5	Time Schedule of Job	2.15
6	Wage rate	1.23
7	Mode of Payment of Wages	2.42
8	Time lag in Wage Payment	1.80
9	Type of Work	2.72
10	Facilities at Work Place	2.93
11	Tools And Equipments at Work Place	2.88
	Summated Mean	2.42

Source: Primary data

the scheme. Except for the wage rate, the respondents reported moderate or above moderate satisfaction on the implementation of the scheme.

Conclusion

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) implemented in the country with the great expectation of generating employment to the rural poor has been hitting the target with positive strokes to the economy. The evaluation reports, micro and macro, aired by various agencies about the intricacies of the scheme in different parts of the country confirm the success of the programme in generating large scale employment to the poor. The micro study conducted in one of the Grama Panchayats in Kerala reveals the high pace of employment generation over years and the significant increase in the income from employment of Thiruvananthapuram: State Planning Board; 2007.

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Table 10: One Sample t -test Result of Measurement of Non-economic Improvement

Construct	N	Mean	S.D	t-value	P-value
Non-economic improvement	60	2.2875	.27357	8.140	0.000

Source: Computed using SPSS from Authors' Data

Table 12: One Sample t-test Result of Satisfaction on Implementation Aspects

Variable	N	Mean	S.D	T-value	P-value
Satisfaction level of MNREGS Beneficiaries	60	2.4258	0.19910	16.564	0.000

Source: Computed using SPSS from Authors' Data

Programmes. New Delhi: 2001.

the registered families under the scheme. The scope of the scheme to positively impact on certain non-economic aspects of life of the job seekers is also found significant in the study. Except the discontent for the lower wage rate, altogether the implementation is found grievance free.

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