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## An Analysis of the Impact of MGNREGA within the Livelihood Framework: Study of a Gujarat Village, India

**Kalpeshkumar Ambalal Chauhan**

Development Apprenticeship, Professional Assistance for Development Action (PRADAN),  
Narharpur, Dist-Kanker, Chhattisgarh, India

**Rajdeep Singha**

Assistant Professor, Tata Institute of Social Sciences, Guwahati, India

### **Abstract:**

*Mahatma Gandhi National Rural Employment Guarantee Act (NREGA), a social legislation, ensures the security of livelihood in rural areas by providing 100 days of employment to those who are willing to do unskilled manual work. It incorporates the objectives that emphasize on generation and strengthening different livelihood assets at individual level and community level as well. This study tried to understand the impact of MGNREGA on people within the livelihood framework which includes five capitals- Financial Capital, Human Capital, Natural Capital, Physical Capital and Social Capital. The findings of the study show that the impact of MGNREGA on financial and physical capital is found good to some extent and less on the natural, social and human capital which again make the people dependent on MGNREGA or on the state for their livelihood security.*

### **1. Introduction**

The enactment of NREGA in 2005 (Later renamed as Mahatma Gandhi NREGA-MGNREGA in 2009) has its roots in the Employment Guarantee Scheme (ECS) launched by the Maharashtra government in 1972 and also in other schemes which implemented over a period of time. The report published by World Bank of “The State of Social Safety Nets 2015” states “MGNREGA as the best programme which has a significant feature like legal framework (World Bank 2015).” MGNREGA has its uniqueness in itself where it emphasizes not only on giving employment and generating durable assets, but also on strengthening the Panchayati Raj Institution (PRI) by the process of decentralization (Roy 2008). Recently Govt. has allocated 385 billion (INR<sup>1</sup> 38,500 crore) for 2016-17 financial year (Press Information Bureau 2016). They have also assured that they will grant additional fund of INR 50 billion (INR 5,000 crore) as commitment made in previous year (Business Standard 2016).

DFID (2000) define the livelihood as “A livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.”

Theoretically locating MGNREGA within the livelihood framework, it can be seen that MGNREGA emphasize on generating and strengthening the livelihood assets. MGNREGA emphasize on strengthening financial capital by ensuring employment guarantee for 100 days, fair wage rate, payment of wages through banks/postal services, etc. It is said that policies should focus on two major components i.e. growth of economy and natural capital and these both are needed to be focused at national level (Hirway 2012). MGNREGA incorporate this objective and focus on the activities related land, livestock, water bodies and other activities to strengthen the natural capital. MGNREGA has an integral objective to strengthen physical capital at a community level as well as individual level that includes public goods like roads, irrigation canals and other man-made assets for the household assets. MGNREGA emphasize on the activities of nursery raising, vermicomposting which engage the MGNREGA workers in skilled work from unskilled work. Its objective is to reduce the migration and strengthens the financial capital which ensures economic security and enables people in investing their money for their health, education and for their family that contributes to Human capital. It is said that social capital enables an individual to achieve productive results collectively that is not possible for a one individual to meet individually (Coleman 1988). MGNREGA ensures rights to the people to demand for individual and group work and removes the monopoly of one person in planning, monitoring and evaluation of the works by ensuring power to the Gram Sabha which bring cohesiveness, transparency and accountability and builds the trust among the people that strengthen the social capital which has a significant importance in their lives.

<sup>1</sup> INR means Indian National Rupee

### 1.1. Empirical Studies on MGNREGA

The study on evaluation of NREGA wells in Jharkhand shows that assets created under the NREGA in Jharkhand is impacting on agriculture, household needs and strengthening the economy of the beneficiaries. They found that other farmers in command areas benefit from the constructed well which shows the significance of social capital (Aggarwal et al. 2012).

The findings of the Indian Institute of Science (IIS) study conducted in the Andhra Pradesh, Madhya Pradesh, Rajasthan, and Karnataka that shows that MGNREGS generates the environment benefits through different activities. The findings of their rapid survey in Kerala show that the work of MGNREGA contributes in conservation of biodiversity and also gives livelihood to the local people (Sebastian and Azeez 2014).

The study on MGNREGA works and their impact states that MGNREGA works completed on common land benefitting the thousands of households and impacting the acres of land. The works include the land development, water conservation work on public as well as private land have impact on lives of its beneficiaries and improving other assets than individual works (Ranaware et al. 2015).

The study of impact of MGNREGA on environment and socio-economic condition of its beneficiaries in Andhra Pradesh, Karnataka, Madhya Pradesh and Rajasthan where they found that works related to water conservation and harvesting, land development contributing in improving the availability of water and fertility of land which resulted in increase of crop production, generating employment and reduction in migration rate (Esteves et al. 2013).

Based on the review of literature, it was found that the impact of MGNREGA has not been seen within the livelihood framework though MGNREGA ensures the employment guarantee and livelihood security. So, realizing the gaps in the literature, researcher thinks that a study looking the MGNREGA within the livelihood framework will help in understanding the impact of MGNREGA at community level and an individual level and on different livelihood assets.

## 2. Research Methodology

This is a descriptive study<sup>2</sup> and researcher opted for mixed method approach. The Primary data collected by using the qualitative and quantitative paradigm and while secondary data sources includes materials and data from DFID, GOI, newspaper and articles from EPW.

Gujarat was selected based on purposive sampling and then Kawant block of Chota Udaipur District was selected based on its backwardness as it ranked 1<sup>st</sup> backward block of Gujarat by Cowlegi Committee in 2004<sup>3</sup>. Then Mankodi village was selected based on the familiarity of the area and geographical access. The agricultural economy is the backbone of villagers and agriculture is dependent on monsoon. The population of the village is 2655 where Scheduled Tribe (ST) is 99.6 per cent. 60.8 per cent of the populations are literate against the state literacy of 79.3 per cent where literacy among male is 68.9 per cent and 52.7 per cent among female. 104 samples selected from the village where 52 male and 52 females were selected by using the stratified random sampling<sup>4</sup>. The structured interview was employed on 104 respondents and 6 genders based FGDs were conducted by using semi-structured questionnaire. Primary data collection was done in the month of December-2015. Pilot study was conducted before original study to check and improve the tools of data collection and then conducted the original study.

## 3. Findings and Analysis

### 3.1. Impact<sup>5</sup> on Natural Capital

This section presents the impact of MGNREGA on natural capital which mainly includes the change in land and livestock among the respondents.

#### 3.1.1. Change in Land and Livestock

In the village, 79.8 per cent respondents have livestock where it is found that there has been no major change in the livestock. Only 3.9 per cent respondents bought the 4 animals and 1 per cent respondents bought 5 to 10 animals in the last two years.

Change in land is not different from livestock. 71.1 per cent are land holders while 28.8 per cent are landless. 45.1 per cent are holding 0.5 to 1 acre of land and only 4.8 per cent respondents holds 5 acres of land or more and 21.1 per cent respondents hold 2 to 4 acres of land. Findings show that there is no major change in land holding in the last two years. Only 1 per cent respondent has increase in the land holding i.e. 1 acre of land and 99 per cent respondent has no change in their land holdings.

Contribution of MGNREGA in strengthening the physical assets and its contribution in improving the land productivity along with strengthening economy are found among 19.6 per cent respondents. Construction of Borewell on individual land has benefitted the 4.8 per cent respondents to meet the needs of the households as well as of agriculture. Works like gully plugging; farm bund and farm pond has benefitted to 13.8 per cent respondents. These works are contributing in improving the land productivity, agricultural production and strengthens the economy of an individual and family. But a few respondents shared their experiences with construction

<sup>2</sup>Descriptive Study research describes the events, situations and so on.

<sup>3</sup>Kawant is block which is ranked as 1st backward block of Gujarat as declared by Cowlegi committee, 2004. Refer the report for more information: [http://www.aajeevika.gov.in/sites/default/files/states\\_pdfs/gujarat\\_aap7.pdf](http://www.aajeevika.gov.in/sites/default/files/states_pdfs/gujarat_aap7.pdf)

<sup>4</sup>Stratified Random Sampling is that where the researcher divides the population in strata or group based on common traits and then take the sample from it.

of Borewell that the cost incurred in the construction of the well was little more than the amount received under the MGNREGA and that demotivates the people in constructing the Borewell. People who didn't construct the well shared that the people who constructed the well had not received the money on time and they had to borrow money from their relatives to complete the work. This is one of the reason people are not constructing the Borewell. 1per cent respondent shared that individual work of gully plugging completed on his land had poor quality.

### 3.2. Impact on Physical Capital

This section presents the impact of MGNREGA on physical capital which includes the change in household and community assets.

#### 3.2.1. Change in Household Assets

Total 2.8per cent respondents have constructed pucca house while 0.9per cent constructed semi-pucca house.9.6per cent respondents have personal water connection and out of that 1.9per cent of them have constructed it in the last two years. Though there have been many policy efforts from the government side to construct the toilets. But it is found that only 4.8per cent respondents have toilets at household level and there has been no improvement in the last two years.

#### 3.2.2. Change in Community Assets

In the village, the works of road construction, repair & renovation of traditional bodies, construction of check dams, community pond is completed. There were two roads constructed in the village under MGNREGA. 50 percent respondents who worked in the road construction shared that one of the road was washed away in one year during the monsoon and 50 percent respondents said that the quality of the other road was good where they worked and it is benefiting the villages in transportation. It is found that water conservation related works of MGNREGA contribute in improving the land productivity of the village farmers. One of FGD group shared that one of the community pond out of 3 which were constructed under MGNREGA contributes in improving the land productivity of the farmers and their economy, but the unplanned construction of one of the community pond creates the road blockage for the villagers itself during the monsoon rainfall.

### 3.3. Impact on Financial Capital

This section presents the impact of MGNREGA on financial capital which includes the accessibility of employment and banking services, change or improvement in savings, etc.

Findings show that 87.5per cent respondents have bank account while 12.5per cent respondents do not have a bank account. 61.5per cent respondents prefer the savings in bank, 9.6per cent prefer the savings at home and 1.9percent respondents prefer the co-operatives. Based on the above data, it can be analysed that majority of the respondents are inclined towards the savings in Bank and some respondents are also inclined towards the co-operatives which is positive change among the respondents.

59.6per cent respondents shared that their savings has not been improved in the last 2 years and 40.4 percent shared that their savings has improved, but it is not significant. They shared that they all had not received the money on time and was a delayed for one or two months. It is found among 20.2per cent respondents whose income has improved between INR 1000 to INR 2000 and 12.5 percent respondent's savings improved in less than INR1000. 4.8per cent respondents' savings improved by INR2000 to INR 3000. 2.9 percent respondents' savings improved by INR3000 to 4000 because of the Borewell construction which has improved the productivity of their land. People who received the daily wage employment shared that MGNREGA had stopped them from migration and brought the economic stability for a few days as they received the employment for 30 to 40 days in a year. Though the change in saving has not been significant, but it is found that savings varies between man and women i.e.15.3per cent and 25per cent respectively out of total 40.4per cent respondents which is positive change as far as the economic independence of the women is concerned, but this change is very minimal.

### 3.4. Impact on Human Capital

This section presents the impact of MGNREGA on human capital by focusing mainly on people's awareness about rights and entitlements, improvement in saving among illiterate and literate, improvement in education among the children and skills learning from MGNREGA works.

With regards to awareness about MGNREGA, it is found that 76.0per cent respondents know about MGNREGA, but almost all of them except a few (approx. 10per cent) know "MGNREGA as a Job Card Scheme", but do not know about their rights under MGNREGA. So though almost all the respondents know the entitlements under MGNREGA, they do not claim for their right if they do not receive it or deprived from it.

Education	Amount of Saving increased (In INR) (%)				Total (%)
	Less than 1000	1000-2000	2000-3000	3000-4000	
<b>Illiterate</b>	9 (21.42)	13 (30.95)	2 (4.76)	1 (2.38)	25 (59.52)
<b>Primary Education</b>	3 (7.14)	5 (11.90)	0 (0)	0 (0)	8 (19.04)
<b>Secondary Education</b>	1 (2.38)	3 (7.14)	2 (4.76)	2 (4.76)	8 (19.04)
<b>Higher Secondary Education</b>	0 (0)	0 (0)	1 (2.38)	0 (0)	1 (2.38)
	<b>13 (30.95)</b>	<b>21 (50)</b>	<b>5 (11.90)</b>	<b>3 (7.14)</b>	<b>42 (100)</b>

Table 1: Change in Amount of Saving among the Respondents (In INR)

[Note: In table 1, the percentage is calculated out of 42 respondents whose savings has increased out of total respondents]

With comparison to other educational group, it is found that the savings among the illiterate respondents is higher (59.5per cent). But findings also show that the respondents in secondary education group are more inclined towards savings. Table 1 show that their saving is improved by 4.76 percent i.e. between INR 2000 to INR 3000 and INR 3000 to INR 4000 each respectively. Based on the findings, it is seen that respondents who have secondary education have better savings improvement than illiterate.

#### 3.4.1. Education among the Children

From the study, it is found that 76.9per cent children go to school and others are not going school or are drop outs. One of the reasons shared by the respondents is that it is because they have to migrate to other areas in search of employment; they also take their children along which leads to drop out or not attending the school.

#### 3.4.2. Skills Learning

Imparting the skills to people must be priority of poverty eradication programme, but it is found that not a single beneficiary learned any skills under MGNREGA work which can help him/her in sustaining the livelihood without being dependent on MGNREGA.

#### *3.5. Impact on Social Capital*

This section presents the impact of MGNREGA on social capital by mainly measuring its contribution in terms of co-operative or association formation, completion of group work under MGNREGA, group efforts or demand under MGNREGA to meet the village needs and so on.

From the study, it is found that the main source to receive the information of MGNREGA has been the panchayat for 44.2 percent respondents. 30.7per cent respondents have received the information from the villagers or friends. There is no significant contribution of MGNREGA on strengthening social capital. It is found that 68.26per cent respondents know about the permitted community related works under MGNREGA, but people have only demanded for the road construction work and check dams and renovation of traditional bodies. It is found that they do not demand for the work as their right, but do request to the Gram Panchayat to give them work. Findings show that 71.2per cent respondents demands collectively in a group and 3.8per cent respondents demands individually. 73.1per cent respondents demand for the work in an informal way (without writing an application) or in verbal form and 26.9per cent demands in a formal way. Respondent's lack of awareness about their rights weakens the social capital as their collective efforts are not being promoted though all the respondents are from homogenous community and with same socio-economic background. It found that they do not have any co-operative association. These all above things shows the less impact of MGNREGA on social capital.

#### **4. Conclusion and Recommendation**

MGNREGA, the largest poverty alleviation programme, has not been able to bring significant change in the lives of people. MGNREGA has provided the employment for 30 to 40 days in last one year. The situation is same in other areas of India as the performance of MGNREGA, 2014-15 states that each household has received work only for average 40 days in a year (Indian Express 2016). It is found that though the employment was given for above mentioned days instead of 100 days, it is seen that it stopped the people from migrating to other places for the employment and helped them in sustaining their lives for particular short period of time. Accessibility of banking services found among the majority respondents and saving among the illiterate and literate also improved though they have not received the full employment. It is found that there is no skill learning under MGNREGA for the beneficiaries which is the significant area to focus to address the issues of poverty and ensure livelihood security. People are compelled to migrate to other areas as they do not get employment after particular MGNREGA works and because they do not have any skills other than agriculture cultivation to earn their livelihood. Their vulnerability of employment and migration in search of employment affects the children also in terms of health and education as they take them along where they migrate. Lack of awareness about their rights and entitlements under MGNREGA is also the factor that leads to the situation where people do not demand for the work and do not claim for the rights if they do not receive it. Findings show that 76per cent respondents know MGNREGA as a job Card scheme and not as right to work. Lack of awareness, migration, and no impartation of skills under MGNREGA is adversely impacting the people or to the human capital. These situations again make the livelihood vulnerable not only for present generation, but also for the next generation. There is provision under the MGNREGA to engage the beneficiaries in skilled work through nursery development and other works that must be emphasized along with ensuring the employment guarantee for 100 days with timely wage payments. So, the vulnerability of the people with regards to employment and livelihood can be addressed and their dependency on state can be reduced. The physical assets which were created by the activities of road construction and water conservation works have made life easy for the villagers in terms of transportation and helped the farmers of village in improving the productivity along with strengthening their economy. The individual work completed under MGNREGA has shown the impact in terms of improving the economy of the farmers, land productivity and security of employment, but this impact is minimal and found among 19.6per cent beneficiaries. From these 19.6per cent respondents, 1per cent of respondents shared that the quality of individual work of gully plugging had a poor quality. In the community works, it is shared by 50per cent respondents that out of total two roads constructed, one of the road constructed in the village had poor quality and washed away during monsoon. The works of check dams and renovation of traditional water bodies helping the villagers in many way as mentioned above, but as shared by the respondents in 2 FGDs out of 6 that the unplanned work creates the road blockage for villagers itself during the monsoon rainfall and hence people face

difficulty in transportation specially farmers. These issues must be addressed at the implementation level and people must be motivated to take up the individual works and community work as MGNREGA has integral objective to strengthen the physical assets. There has been very minimal change in natural capital. The change in livestock is among the 3.9 per cent respondents and in land; it's among only 1 per cent respondents. Also, there has not been significant contribution of MGNREGA in strengthening social capital though the people are from homogenous group, same socio-economic background and informal demand for the work in group. Findings show that the people do not have any group or co-operative association to meet their needs or solve their community issues, do not have any group well construction or other works that strengthen their assets and meet their needs. With these, it can be concluded that there is need to have proper implementation of MGNREGA at the grassroots level by locating MGNREGA works within the livelihood framework to address the poverty and ensure livelihood security.

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