



## MGNREGA: A Boon to Rural Development



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### Abstract

The term Rural Development is the overall development of rural areas to improve the quality of life of rural people. In India, out of the total population, 83.3 crores of the population living in rural areas and this population is characterized by mass poverty, low levels of literacy and income, high level of unemployment, and poor nutrition and health status. The rural developmental programmers intend to reduce the poverty and unemployment, to improve the health and educational status and to fulfill the basic needs such as food, shelter, and clothing of the rural population. To improve the conditions of rural people, Government of India has launched various schemes such as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Rashtriya Sama Vikas Yojana (RSVY), Indira Awas Yojana (IAY), Sampoorna Grameen Rozgar Yojana (SGRY), Integrated Tribal Development Project (ITDP), Pradhan Mantri Gram Sadak Yojana (PMGSY), Integrated Child Development Services (ICDS), Development of Women and Children in Rural Areas (DWCRA), etc. All these schemes are aimed to reduce the gap between rural and urban people, which would help reduce economic imbalances and speed up the development process. This article highlights Impact, Issues, and Challenges of MGNREGA on Rural Development.

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## 1. Introduction

The National Rural Employment Guarantee Act, 2005 (No.42 of 2005) having received the assent of the President on 5th September 2005 was published in the Gazette of India on 7th September 2005 and was renamed as MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) on 2 October 2009. MGNREGA is the largest employment providing scheme in the world. Sarkar, P., & Kumar, J. (2011), the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) guarantees 100 days of employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. This Act is an important step towards the realization of the right to work. It is also expected to enhance people's livelihoods on a sustained basis, by developing

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the economic and social infrastructure in rural areas. The Village Panchayat will issue job cards to every registered individual. [Shenbagaraj, P., & Arockiasamy, S. \(2013\)](#), payment of the statutory minimum wage and equal wages for men and women are the notable features of the scheme.

### *Objective of the Act*

The main objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

### *Objectives of the Study*

The present research study sets the following objectives;

- a) To analyze the need and importance to build Inclusive growth in India.
- b) To assess the impact and challenges of MGNREGA on man-days of employment generation in rural areas.
- c) To examine the wage rates and its variation among different states.

### *Need and Significance of the Study*

The present study is an attempt to highlight the significant aspects and weakness of rural development programs. It is helpful for scientific and systematic planning and proper implementation of different rural development programs/schemes in the rural areas. Thus, in order to determine the effectiveness of these programs, it is important to examine the impact and performance of these programs in the rural areas.

### *Statement of the Research Problem*

The statement of the research problem is to address the need and importance of Rural Development Scheme. It presents the opportunities available for building an inclusive growth. The aim of this study is to identify the variables such as man-days of generating employment and wage rates which leads to the inclusion of excluded rural poor and their growth. It also examines the challenges, problems & impact of MNREGA on some of the social and economic factors of the rural people.

### *Review of Literature*

- a) [Mann, N., & Pande, V. \(2012\)](#), made an attempt to study “Cluster Approach for Developing Rural Entrepreneurship.” He observed that the main emphasis on the local community gains directly and indirectly from the success of the cluster. It is attributed to increased local employment and more business opportunities, as firms in the service and support sector drawn into the cluster. The successful engagement of local economic factors in the clustering process can, in turn, spur the development of an entrepreneurial culture of innovation and initiative through the locality.
- b) [Mathur \(2009\)](#) states that in social audit undertaken in Andhra Pradesh (India), it was found that in certain villages, some people stated that they had not been paid for the work done. When comparisons were made of the payments as per the pass-book with the payment as per the job card, it was discovered that the job card did not contain the inner pages that record the work done by each person; the job card itself was incomplete.
- c) [N., & Krishnan, N. \(2014\)](#), The MGNREGA needs to be a support system for the desperately poor and should enable, encourage and empower them to stand on their own feet. In its present format, the MGNREGA could become yet another subsidy programme that runs the risk of becoming a burden on the nation.

## **2. Research Methods**

### *Hypothesis*

- a. Chi-Square Test - I

Ho : There is no significant difference between Main area of Expenditure and Satisfaction level of Workers.

H<sub>1</sub> : There is a significant difference between Main area of Expenditure and Satisfaction level of workers.

## b. Chi-Square Test – II

Ho : There is no significant difference between Savings of the Workers and Satisfaction level of workers.

H<sub>1</sub> : There is a significant difference between Savings of the Workers and Satisfaction level of workers.

### 3. Results and Analysis

The following section provides information about table prepared by using the collected information, diagrams and pie charts are used to substantiate the information drawn through the tables.

Table 1  
Social Conditions of the Respondents

Category		Number of respondents
	Sex	
Female		60
Male		40
	Marital Status	
Married		56
Unmarried		34
Widow		10
	Age Group	
Below 30		8
31-50		77
Above 50		15
	Educational Qualification	
Below 5th		23
5th - 8th		25
8th -10th		41
Above 10th		11
	Categorization of Workers	
APL		35
BPL		65
	Type of Work	
Concrete		60
Tile		29
Sheeted		11
	Health problems	
Yes		20
No		80

Source: Primary Data

Under the surveyed sample 40 percent of the respondents are Females (table 1), 60 percent of the sample are males. Due to low wages (Rs. 150 per day), Female workers are not attracted towards this job. Males prefer this job due to more security in the wage and lower risks etc. The table also shows that 56 percent are married, 34 percent are unmarried and 10 percent is a widow. Majority of the surveyed persons are married and they prefer this job only for earning an extra income to maintain their family. The security provided by this job and the intention of getting a better status in the society compared to an earlier period. The extra income in addition to widow pension, earned through this job helped the windows to improve their living condition. This shows that no basic qualification or skill is required for getting a job under the scheme. The table also reveals that 65 percent of the surveyed persons are from BPL families and only 35 percent are from APL families. The scheme is mainly intended for the up liftmen of the poor people, which are satisfied to a greater extent by increasing the participation of poor people. Among the total surveyed samples 20 percent are suffering from health problems and these 30 percents are old age workers. Remaining 80 percent are not suffering from any kinds of serious health problems.

Table 2  
Economic Conditions of the Respondents

Category	Number of respondents
Main areas of expenditure	
Meeting home needs	35
Medicine	20
Repayment of loan	25
Traveling	13
Others	7
Saving	
Below 500	40
500-750	30
Above 750	Nil
No Savings	30

Source: Primary Data

The collected data shows that NREGP played a significant role in increasing the earnings of the rural poor. Income earned through this job is providing an additional support for these workers. The table also shows that 40 percent of respondents are taken this wage as a saving. It is evident that the main areas of expenditure of samples 20 percent of the samples are using their wages for buying medicine. 30 percent of the people are using their wages for meeting day to day expenditure, 13 percent are using wages for traveling and 30 percent are using their wages for repaying the loan. Most of the surveyed samples are old age people, they are suffering from different kinds of body pains, leaching, back pain, leg pain etc. therefore, they have to buy medicines- ayurvedic, allopathy or homeopathy for getting relief from these diseases.

Table 3  
Satisfaction level of the workers

Category	Number of respondents
Satisfaction level	
Yes	20
No	80
Source of information	
Newspaper	24
Panchayat member	40
SHGs	36

Source: Primary Data

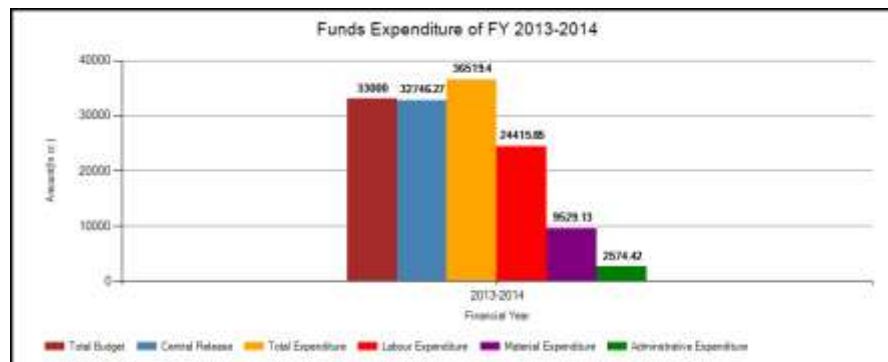
Table 3 proves workers are not satisfied with the current wage rate and source of information etc. It is clear from the table that nearly nobody is satisfied with the current wage rate. The wage rate provided under NREGP is Rs.150 per day, which is very low as compared to the wage rate in other daily works. But there is more job security compared to other private daily jobs. In this scheme, cardholders have been demanding for a wage increment. It is important that the information about the availability of work under NREGP correctly and timely available to the workers in various ways. The table also presents SHGs playing a very important role in providing information about the availability of work under NREGP. Thirty-six percent of the workers are getting information from SHGs and 40 percent of the workers are getting information from Panchayat members.

Table 4  
Reason for selecting work under NREGP

Category	Number of respondents
Reason for selecting the job	
Other work is not available	10
Scope for doing less work	30
Work suit women of different age group	60
Relatives engaged in NREGP	
Yes	28
No	72
The opinion of family members	
Supporting	68
Not supporting	32
Social status	
Increased	90
Not Increased	10

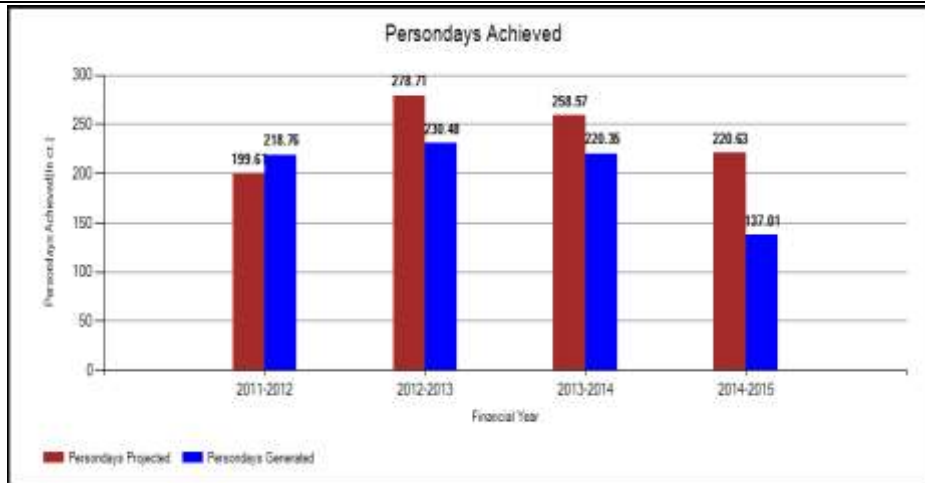
Source: Primary Data

The work provides under this scheme require less hard work and do not involve any risk (30 percent). Sixty percent of the surveyed respondent likes this job because it suits women of different age groups. The NREGP card is available only to one person in a family. Therefore, one person in a family gets the job under NREGP. But relatives of some of the NREGP workers are also engaged (28 percent) in different jobs under the NREGP scheme. The family members of the respondent provide all support to do the work under NREGP. Sixty-eight percent of the surveyed respondents are getting support from their family. This is one of the important factors for which women are showing interest to do the job under this scheme. Thirty-two percent are not supportive, it is not because of any defects of NREGP but because they are old aged and therefore, their relatives are reluctant to send them to do the work. But the attitude of the old age respondents is to be encouraged because they prefer jobs due to an independent existence at their old ages. The table also depicts that, 90 percent of the surveyed respondent believe that their social status is improved after joining in this programme, especially for windows. They got more self-respect than the earlier period. People are able to mingle with others, share their feelings, and increase their participation in Gram Sabha.



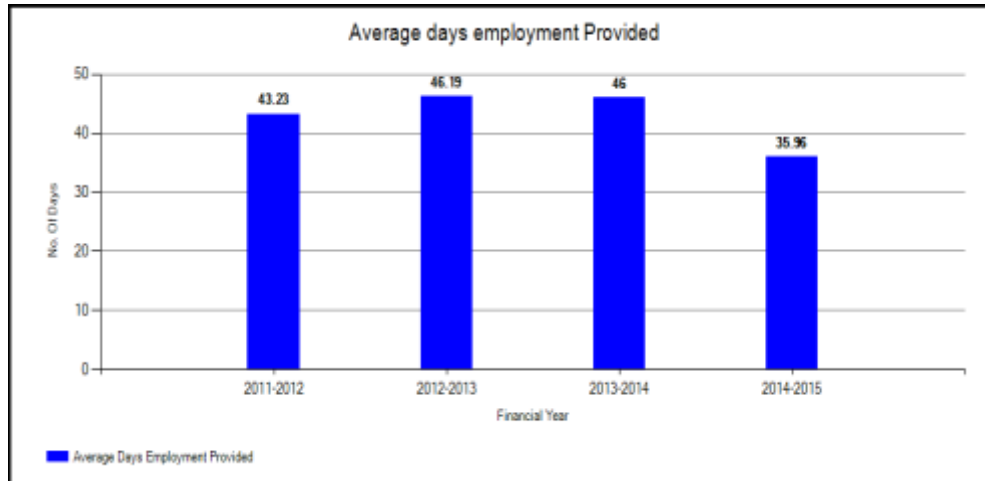
Source: Annual Report, MGNREGA

Figure 1. Telangana State - Funds Expenditure of FY 2013-14



Source: Annual Report, MGNREGA

Figure 2. Telangana State - Personal Days Achieved



Source: Annual Report, MGNREGA

Figure 3. Average day's employment provided

a) Wage Payment - Current Scenario

In the financial year 2014-15, 3.77 Crores households were provided employment and 120.88 Crores person-days of employment were generated. The enhanced wage earnings have led to a strengthening of the livelihood resource base of the rural poor in India; 72 percent of funds utilized was in the form of wages paid to the workers. Self-targeting in nature, the programme has high work participation for marginalized groups like SC/STs (40%) and Women (49%) in 2014-15. Total works undertaken were 62.72 lakh in the same period, of which 53 percent relates to Water Conservation, 12 percent for the provision of Irrigation facility to lands owned by SC/ST/BPL/S&M Farmers and IAY beneficiaries, 22 percent for Rural Connectivity, 9 percent for Land Development, 4 percent for Any other activity approved by MoRD and 0.37 percent for Bharat Nirman Rajiv Gandhi Seva Kendra. Women participation in the financial year to December 2014 was 49% and the participation of SC & ST in the financial year to December 2014 is 40%.

## b) Chi-Square Test –I

Main Area of Expenditure and Satisfaction Level of Workers	No. of Respondents		Total
	Yes	No	
Meeting Home Needs	12 (7)	23 (28)	35
Medicines	4 (4)	16 (16)	20
Repayment of Loan	2 (5)	23 (20)	25
Travelling	2 (2.6)	11 (10.4)	13
Others	0 (1.4)	0 (5.6)	7
Total	20	80	100

Calculated Value	Degree of Freedom	Level of Significance	Table Value
8.64	4	5%	9.488

The above table concludes that, Calculated Value i.e. 8.64 is Lower than the Table Value i.e. 9.488. Hence, the Null Hypothesis is Accepted. It means, there is no significant difference between the Main Area of Expenditure and Satisfaction Level of Workers.

## c) Chi-Square Test –II:

Savings and Satisfaction Level of Workers	No. of Respondents		Total
	Yes	No	
Below 500	10 (8)	30 (32)	40
500-750	6 (1.8)	24 (24)	30
Above 750	0 (0)	0 (0)	0
No savings	4 (6)	26 (24)	30
Total	20	80	100

Calculated Value	Degree of Freedom	Level of Significance	Table Value
11.27	3	5%	7.815

The above table concludes that Calculated Value i.e. 11.27 is Higher than the Table Value i.e. 7.815 Hence, the Null Hypothesis is Rejected and Alternate Hypothesis is accepted. It means, there is a significant difference between Savings and Satisfaction Level of Workers.

#### 4. Conclusion

Rural development is the need of the hour. It not only constitutes the development of rural regions but also aims at improving the well-being and quality of life to the rural poor through a collective process. It is clear from the review that though this programme is meant for improving the living conditions of the people in the rural settings but this programme suffers from a number of shortcomings.

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), a scheme of Central government is unique in the sense that it provides an adequate guarantee for the job. In this programme, women are benefited the most as a worker, then as a community. They are found to take this opportunity as freedom from their routine and tiresome family activities. Thus empowerment of women has emerged as an unintended consequence of MGNREGA. SHGs become a part of its successful implementation, which helped to increase the number of workers under this programme. Payment of wages through bank helps the workers to increase their deposits in the bank which helps the bank in the financial inclusion process.

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*Suggestions*

The following are the suggestions for making changes in the implementation of the programme:

- a) The amount of employment provided by this scheme is limited to the agricultural sector. Some extent in the agricultural sector, it helps to be growth rate on the generation of employment and agricultural production in rural India.
- b) There is a need to motivate the small and marginal farmers to register under NREGA, so more projects may be started for the development of the agricultural sector.
- c) Social audit under MGNREGA should be strengthened. More creative use of information technology should be made. This can greatly strengthen social audit and reduce the chances of fraud and leakage.
- d) Facilitate speedy registration, job card, and application of programme for improvement of this scheme in prospect.
- e) Allocation of the fund for the purpose of promotion in a campaign made with the support from media and other agencies. It will help to reduce corruption while the fund allocation.

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*Statement of authorship*

The author(s) have a responsibility for the conception and design of the study. The author(s) have approved the final article.

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