

MGNREGA Impact on Rural Asset Creation: a study in two villages of Prakasam District of Andhra Pradesh, India¹

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Abstract

The Government of India created a historic Act, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005, to address the twin challenges of reducing Poverty and Creating Employment, which guarantees employment of every rural household of the country for 100 days, the largest employment-generating programme in the world, ensuring the right to work. This paper focuses on an in-depth primary survey in two villages in Prakasham district of Andhra Pradesh, and evaluation of the effectiveness of MGNREGS in creating individual and community level assets, and the financial and economic sustainability of these assets created under the programme in the selected study sites. The study finds that participants spent the additional wage earnings from MGNREGS mostly on procurement of the basic household materials, food security by purchasing of food items required for the family, and livelihood intervention as few able to purchase buffalos from the saving out of MGNREGS work. Some of the households spent the additional wage income also on payment of educational fee to the children and improving the quality of life for future generation. Likewise, substantial level of community assets have been also created by the programme in the study villages (such as rural road, digging up community water tank, etc.); however, the sustainability of community assets created through MGNREGA is in question, unless some collective measures are not taken. Based on the empirical findings at the study villages, at the end, the study also provides recommendations for enhancing asset creation and sustainability of asset for wider benefits to the rural communities.

Key words: MGNREGA, employment, Asset creation, Impact evaluation, Andhra Pradesh, India.

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Introduction

Out of total population of 1.21 billion people, 833 million people live in rural areas (Census of India, 2011), which accounts for nearly 70 per cent of the India's population. Rampant poverty is more prevalent in rural India over the urban area. These rural populations can be characterised by mass poverty, low levels of literacy and income, high level of unemployment, and poor nutrition and health status. Currently it is said to be around 7.8 per cent, unemployment has been rising in India. This has led to a migration of huge numbers of people from rural to urban areas. With over 65 per cent of India's population under the age of 35, the country needs to create 60 million jobs over the next five years to prevent the unemployment rate from gaining unmanageable proportions

When employment expands along with production, the benefits of growth will be widely shared. Better employment opportunities provide people with new, and often improved, sources of income. In this way, improving the quality and quantity of employment opportunities directly links economic growth to poverty reduction. Low income households possess few assets of their own. Instead, the most abundant resource the poor have at their disposal is their labour (Islam 2004, Squire 1993). A development strategy that more fully employs a country's human resources and raises the returns to labour becomes a powerful tool for reducing poverty. To realise this potential and to meet the twin challenges of reducing Poverty and Creating Employment, the Government of India created a historic Act, by enacting the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the largest employment-generating programme in the world, ensuring the right to work in a country with a population of over one billion in 2005. To operationalize this act, the Government of Andhra Pradesh has formulated the Scheme called Andhra Pradesh Rural Employment Guarantee Scheme, which has come into force with effect from 2nd February 2006,

Wage Employment Programmes in India

In the post independence period, the government of India placed increasing emphasis on taking up schemes for providing additional employment opportunities and various special schemes of employment generation right from 1960s. During second Five Year Plan, employment to the rural man power primarily during the lean seasons was emphasised, creation of additional employment in the traditional hand industries and wage employment in development works in third Five Year Plan. The basic assumption in all such programmes has been better utilization of unemployed or underemployed manpower in the rural areas till employment potential is augmented on a permanent basis over a period of years. These programmes are being continued since then in one form or the other. However, there is one very significant difference i.e., the programmes initiated during third to fifth Five Year Plans were ad hoc in nature and since the sixth five year plan, rural works programmes have been given an important place in the overall strategy of poverty alleviation.

Thus Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has come after almost 56 years of experience of other rural employment programmes to address the twin challenges of reducing Poverty and Creating Employment, which include both Centrally Sponsored Schemes and those launched by State Governments. These comprise the National Rural Employment Programme (NREP) 1980-89; Rural Landless Employment Guarantee Programme (RLEGP) 1983-89; Jawahar Rojgar Yojana (JRY) 1989-1990; Employment Assurance Scheme (EAS) 1993- 99. Jawahar Gram Samridhi Yojana (JGSY) 1999-2002; Sampoorna Grameen Rojgar Yojana (SGRY) 2001; National Food for Work Programme (NFFWP) 2004. Among these programmes, the SGRY and NFFWP have been merged with MGNREGA in 2005. Jean Dreze, a Belgian economist, who is currently with the Delhi School of Economics, is the chief author of the scheme MGNREGA which is also known as National Rural Employment Guarantee Scheme (NREGS) before 2009 when it was first introduced in 2005. The National Rural Employment Guarantee Bill features important innovations. First, it establishes a legal right for households to be employed for up to 100 days per year; in fact, individuals who apply but do not receive work within a period of two weeks are entitled to unemployment compensation. Second, the minimum wage rate, set at the state level, applies equally to males and females, making the program particularly attractive to women, who normally receive significantly lower wages than men (Deininger, et al., 2013). Amenities such as crèches, which by law must be provided at the work sites to encourage women's participation, can further reduce gender discrimination. Third, to improve productive capacity of rural areas in

the long term and thus make the program sustainable, there is a desire to focus work on productive infrastructure such as irrigation systems, minor roads, and land improvement.

Maharashtra Employment Guarantee Scheme (MEGS) an inspirational source for MGNREGA

Unlike the other wage employment programmes of India placed above, the (MEGS) is a program launched by the provincial government of Maharashtra in early 1970s. It was one of the most researched and discussed programmes both at the national and the international levels. Compared to the programmes in other countries, the MEGS had been in existence for a long time- more than three decades. The organization like World Bank and International Labor Organization have organized studies to learn from the scheme's success, particularly its sustainability over time. The United Nation Development Program's Human development Report (1993) commends MEGS as one of the largest public programmes in the development world. The MEGS is an especially interesting example of a universal public works program for poverty alleviation because it guarantees employment at a defined wage- an unprecedented feature in a public works program. It is considered a model because of this underlying philosophy of guarantee and because of its approach towards fulfilling this guarantee. Braun (1995).

Mahatma Gandhi National Rural Employment Guarantee Act - Asset creation and sustainability

One of the most distinguishing features of MGNREGA programme is the creation of environmentally sound productive assets under the decentralized administration of panchayats. Generally, the village and intermediary panchayats manage the implementation activities, while coordination of activities is done at the district level. However, at every level, the concerned agencies and institutions are accountable to local people.

During 2007-2008, MGNREGA programme has created more than half a million productive assets, mostly water and soil conservation structures like the performance of MGNREGA programme in March 2008, as shared with the parliament by the Union Minister for Rural Development, showed, review an average of 42 days of employment during the year so far. Water conservation has been accorded top priority and accordingly 49 percent of works taken up relate to water conservation. Out of a total of 141.62 crore (1416 million) person days, the share

of Scheduled Castes is 38.70 person days (27.3%) and Scheduled Tribes 41.36 crore person days (29.2%), which together comes to a total of 56.53%. The share of women beneficiaries is 60.39 crore person days, which is 42.60% (Priya 2008).

MGNREGA promises a revolutionary demand-driven, people-centered development programme. Some of the provisions given under MGNREGA for the durability and maintenance of the MGNREGA assets, there by sustainability are

- Convergence of the MGNREGA funds with funds from other sources for the creation of durable assets
- The maintenance of assets created under, will be considered as permissible work under MGNREGA
- To ensure sustainable assets and holistic approach to planning, a project approach should be adopted towards defining a work.
- Funds available with PRIs from other sources can also be dovetailed with MGNREGA funds for the construction of durable community assets/works permissible under MGNREGA.

Institute of Human Development (IHD) (2009) as part of NREGS works with the village Gram Sabha's have taken up development of lands, thereby ensuring that such land owners would be able to cultivate hitherto barren and uncultivable lands. This particular 'work' is more popular in the villages of Andhra Pradesh (such works accounted for over 20 per cent of total works in the state in 2009) as that enabled small and marginal cultivators to engage in crop cultivation, in several cases for the first time in their life and families who earned from NREGS works were able to invest in children's education, health, repayment of old debt, and for other such useful purposes.

Prabeena Kumar Bebart (2013) studied on impact of MGNREGA in the lives of tribal People concluded that the tribal households in the Guajarati district have been benefited from MGNREGA in many ways as it has increased their income resulting multiple impacts in their social and economic life.

Gupta and Kumar (2009) study revealed that the recent learning from Bihar shows that social afforestation program undertaken by the State forest department is extremely successful in

six participating districts not only from the point of developing wastelands but also from the point of view of providing gainful employment to the rural landless families.

MGNREGA is a valuable and valued opportunity for the rural poor, and particularly for women, to earn a living wage in a dignified manner”, (Dreze and Jean.The Hindu, 19th July 2008).

MATERIALS AND METHODS

The research design adopted for this study was Ex-post-facto since the phenomenon had already occurred. According to the Kerlinger (1964), Ex-post facto research is a systematic empirical enquiry in which the scientists do not have direct control of the independent variables, because their manifestation have already occurred or because they are inherently not easy to manipulate.. Hence this design was considered appropriate to address the kind of issues noted earlier, as planned in this study. And study was conducted in Prakasam district. Accordingly, the sample was selected in Janapala Cheruvu Agraharam (JCA) and Pamidipadu (PMD) of Bestavaripeta and Korisapadu Mandals respectively. Out of this 60 respondents who are involved in farming from each village were selected randomly thus a total of 120 respondents were selected. Stratified random sampling procedure was adopted in the selection of the respondents at two villages.

FINDINGS AND DISCUSSION

The present study consists of two major types of assets those are individual assets and community based assets. The individual assets consists of three major categories like wage and man days, land development and material procurement and for the community assets it was descriptively narrated based on the year how well they created the useful assets in both villages.

1. Individual asset creation

It was operationalised as creation of assets that the respondent secured in terms of wage employment, land development and purchase of materials due to participation in MGNREGA works. While wage employment was an earning, land development and purchase of materials were the indicative of purchasing capacity of the respondents.

1.1 Wage employment

Wage employment was amount earned for the work they worked under MGNREGA. The data obtained for five years, i.e., from 2008 to 2012 is depicted below in terms of mean scores of man days and amount paid is presented below

Table 1.1 Individual asset creation of the respondents-wage employment

n₁ = 60, n₂ = 60

Village	Wage man days/amount									
	2008		2009		2010		2011		2012	
	Days	Rs.	Days	Rs.	Days	Rs.	Days	Rs.	Days	Rs.
JCA	92.25	99.67	74.58	79.58	59.17	67.25	59.88	66.33	58.23	61.33
PMD	86.6	100.0	78.8	92.8	68.9	92.9	--	--	--	--

n₁ = Janapala Cheruvu Agraharam (**JCA**), **n₂** = Pamidipadu (**PMD**)

1.2 Land development

The respondents spent some amount to make the land cultivable after partnership in MGNREGA. We collected the information on household expenditure and the mean expenditure across the households sampled has been presented below (Table 1.2).

Table 1.2. Amount spent on land development (Rs. In lakhs)

n₁ = 60, n₂ = 60

Village	2008	2009	2010	2011	2012	Total
JCA	4.23	8.23	7.4	5.92	5.22	31.0
PMD	6.6	9.82	8.99	8.91	7.98	42.3

n₁ = Janapala Cheruvu Agraharam (**JCA**), **n₂** = Pamidipadu (**PMD**)

When observed in table 1.2, it is clear that most of the farmers were small, followed by medium. Substantial amount was spent by these participants during the five years of study on land development to bring the assigned land which is otherwise barren and unusable, brought under cultivation. MGNREGA has acted as an initiative and also motivator to make maximum use of available land for cultivation which will give them additional long lasting results. Developed land has thus become the created asset because of participation in MGNREGA and promoted the

cultivators to engage in crop cultivation and also stopped migration to other areas for want of employment to some extent. Pamidipadu (PMD) village was observed that it spent more than JAC village .There were also more umbers of medium and large farmers compared to JAC village. Per capita investment might be claimed as Rs. 0.5 and 0.7 lakhs in JAC and PMD respectively.

Shah(2008),in his study explored that the emphasis on creation of public productive assets under MGNREGA, such as land development, water conservation and water harvesting structures, drought proofing, irrigation facilities etc has significant bearing on development of smallholder productive assets, land, livestock, tree covers, irrigation works all related to agriculture and its productivity. The land owners have taken up development of barren and uncultivable lands including assigned lands by the Scheduled Castes is more popular in the villages of Andhra Pradesh (such works accounted for over 20 per cent of total works in the state in 2009) as that enabled small and marginal cultivators to engage in crop cultivation, in several cases for the first time in their life (IHD: 2009c). The present results were also in accordance with it.

1.3 Material Procurement

Due to some returns from land and earnings from wage employment the purchasing capacity of the respondents has increased, which they spent on purchase of certain items. The details are presented below.

Table 1.3 Amount spent by the respondents on material procurement (Rs. lakhs)

n₁= 60, n₂= 60

Village	House repairs	Livestock	Electrical and electronic goods	Transport vehicles	Payment of education fee	Total <i>Rs. lakhs</i>
JCA	1.47	1.55	5.47	0.05	0.24	8.78

PMD	1.46	0.6	0.81	1.81	0.17	4.99
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n₁ = JCA, n₂ = PMD

The earnings were utilised for procurement of materials is evident from the data. The respondents attained varied benefits. House, the basic amenity of life was attended and its repairs were carried to make the living better. Livestock like buffalos increased their alternative livelihoods and enriched their regular diet as well as provided additional income by selling the milk and its products. Major electrical and electronic goods reduced the drudgery of hard work, besides owning these goods are seen as a status symbol in the society, for example owning at least a mobile in a house has almost become a necessity in the present day living in all rural India. Transport vehicles purchased saves time as well as facilitated comfort and status. . It can be observed that High expenditure, almost 50% more could be seen in JCA compared to PMD, because they purchased of electronic and electrical goods. Some families spent amount on payment of educational fee for children as they joined them in private English medium schools. As NREGS aims to increase the productivity of resource use and small-scale works on participants' own land that is eligible for program support, investment on marginal lands to enhance agricultural productivity is another avenue for program impacts to materialize, though these would not directly benefit the landless but provide interest to develop the unused land.

2. Community Asset creation

In the present study it was operationalised as the activities undertaken to develop the resource base of the village to enhance the livelihood of the community. The data was descriptively narrated.

2.1 Community Asset creation in JCA

Community works taken up under MGNREGA programme in JCA were *de silting of village ponds, jungle cutting and canal works*. Desilting of tanks in JCA, was done almost every year since the initiation of programme. The pond was 4km away from the village and it occupies 200 acres of land. At the time of investigation it was reported that for about 10 years there was

no water in this tank and it became dry and unused. After taking up *desilting and jungle cutting* works through MGNREGA, there is increase in water level and the village community is able to use it for agriculture and other purposes which a welcome asset for the entire village across all sections of the villagers. *Irepalle* pond is another pond which is also 4 km away from the village on another side and it occupies about 25 acres of land. With *bush and jungle cutting*, this water body was also made available to the entire village. Another pond by name *Sitaiah* was about 3 km from the village. *Disilting and pond bunding* activities saved the pond and increased the water level. Apart from this Ooragunta and *Dapillegunta* were very close to village, about one kilometer. *Desilting and jungle cutting activities* in this area activated ground water bodies of the village. *Jungle cutting* on the sides of the road along cleared the road of 40 kms joining JCA with other villages, viz., *Pitikikavala, Kottapeta, Gantapuram and Kazzipuram*. Otherwise it was a very problematic road for two wheelers and cyclists. Now auto rickshaws and heavy vehicles like tractors and trucks could be driven safely. Over all the infrastructure facilities increased with the MGNREGA.

2.2 Community asset creation in PMD

In PMD village, MGNREGA was in operation from 2008. But, due to some political interference and misuse of field assets, no execution work was carried from 2011 onwards. However, *desilting of two ponds* popularly called as *Vuricheruvulu* (village ponds) which occupies ten and five acres respectively was done. One pond which is very close to village, aided in increasing the groundwater level. Second pond is presently functional for agricultural and animal husbandry activities. Other ponds *Gopasamudram* of 35 acres wide, *Kanakaiyagunta* of 20 acres and other *kuntas* like *Kateruvenkanna, Sheshaiya* occupying 20 acres were also brought under use for agriculture purpose. *Yalamvarigunta* and *Ravivarigunta* of ten acres wide is used for animals. In all these ponds desilting activities were undertaken. Thus became very useful for community and for their livelihoods.

CONCLUSION

Most of the sample households surveyed were small, followed by medium. In spite of that some substantial amount was spent during the five years of study on land development from the wages as well as other land development activities. MGNREGA has acted as an initiative and

also motivator to make maximum use of available land for cultivation. Developed land has thus become the created asset because of participation in MGNREGA by the deprived communities like dalits and backward classes. It was observed that PMD village spent more than JAC village. Per capita investment drew as Rs. 0.5 and 0.7 lakhs in JAC and PMD respectively.

Community works taken under MGNREGA programme in JCA were desilting of village ponds, jungle cutting and canal works. Desilting of tanks in JCA village was done regularly almost every year since the initiation of programme. Overall the study revealed that the programme has positive impact in creation of individual as well as community assets in the surveyed sampled two villages in Prakasham. District of Andhra Pradesh. In fact, the study also suggests that impact of the MGNREGS program on asset creation also greatly vary by the location specific factors, and kind of activities performed in each of the locations. .

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