



MGNREGA: A Paradigm Shift in Employment and Income Generation in Meghalaya

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ABSTRACT

The National Rural Employment Guarantee Scheme (NREGS) came into existence after an enactment of the Parliament Act 'National Rural Employment Guarantee Act' (2005) in September 2005 and immediately it started functioning in Meghalaya too. A study has been conducted in East Khasi Hills District of Meghalaya to see the impact of the programme on Livelihood improvement of rural households. It was observed that there was 27.43 per cent increase in the income of beneficiaries after joining in MGNREGA approved activities. The beneficiaries have realized 19.66 per cent higher income as compared to that of non-beneficiaries in the study area. It was also found that, average monthly expenditure on food and non-food items of beneficiaries have increased by 5.20 per cent and 14.23 per cent respectively after working in MGNREGA. The average monthly expenditure of beneficiaries on food items has increased 12.72 per cent and similar result was also found in non-food items where the expenditure increased 21.19 per cent as compared to that of non-beneficiaries.

1. Introduction

Promotion of economic development in developing countries has been the biggest challenge in this twenty first century. One such path breaking and fundamental programme in independent India has been rural employment creation and its guarantee through the National Rural Employment Guarantee Act (NREGA), introduced and implemented by the UPA Government of India (Panda *et al.*, 2009). The scheme was launched on 26th February from Anantapur district in Andhra Pradesh (GOI, 2005). The scheme was first initiated for 200 districts then subsequently enlarged twice to cover all the 593 rural districts of the country. The scheme has now been re-christened as Mahatma Gandhi National Rural Employment Guarantee Scheme (GOI, 2008). The unique feature which distinguishes this scheme from previous employment programme is that NREGS is endorsed by a

legal guarantee (IIM, 2009). MGNREGA continues to be one of the most ambitious centrally sponsored schemes of independent India (IR7MA 2010). NREGA is significant for various reasons like impacts on reducing migration, growth in education and healthcare (NFIW, 2008). The polity, executive, judiciary and civil society would have to be sensitized to attain NREGA's fundamental objective of providing 'livelihood security' to the underprivileged, specifically to the BPL population in rural India (Ghuman, 2008). Agricultural employment growth rate of 0.40% during 1993-94 to 2004-05 and that of non-agricultural employment growth rate of 3.52 during the same period (GOI, 2010) indicate that the rural areas did not get adequate opportunities for employment. Hence, a scheme like NREGS has a great potential to fill this gap. Many studies have documented the processes followed in NREGS implementation (Dreze, 2009, Ambasta *et al.*, 2008). Change in the consumption pattern and purchase behavior of household durables among employment beneficiaries and assessing the impact of the scheme on rural

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livelihoods were studied by different scholars in different parts of the country (IAMR, 2008; Kareemulla *et al.*, 2009), however, study on MGNREGA in Meghalaya is very less and only one study has been conducted so far (Panda *et al.*, 2009). With this background, a study has been conducted to evaluate the impact of MGNREGA on livelihood of the beneficiaries in East Khasi Hills District of Meghalaya with the following objectives:

- To evaluate the impact of MGNREGA on income of the beneficiaries.
- To evaluate the impact of MGNREGA on expenditure of the beneficiaries.

2. Methodology

The primary data was collected from the study area with pre-structured interview schedule. The present study had been conducted in East Khasi Hills district of Meghalaya which was selected purposively on the basis of highest population as well as highest population density in the state. Two blocks *viz.*, Pynursla and Khatarshnong-Laitkroh were randomly selected from the district and intiu two villages from each block had been randomly selected. In the multistage random sampling, 15 beneficiaries were identified randomly from each village making a respondent of 60 beneficiaries and 30 non-beneficiaries were selected from 2 villages making the total numbers of 90 respondents, all of whom belong to Below Poverty Line (BPL) households.

The pre MGNREGA (2009 and before) and post MGNREGA (2011 onwards) data were collected from the respondents. Simple tabular analysis, index numbers, averages and percentages were used to analyze the primary data.

3. Results and Discussion

3.1 Impact of MGNREGA on Income

The living condition of the respondents is poor. They are mostly daily wage labourers and farmers and cannot meet their basic needs. Agricultural labourers do not have their own land to till nor enough financial capacity to buy fertilizers and other crop inputs to increase their crop yield. Village artisans left their traditional occupation due to very less income to sustain their livelihood. Besides this, Meghalaya. This poses an inevitable change in the economic structure which can adversely affect the majority of the population residing in the rural areas.

3.2 Income of the Beneficiaries

The income of beneficiaries before and after MGNREGA is presented in Table 1. The average income was worked out to be Rs.3612.50 per month before MGNREGA and about Rs.4524.33 per month after MGNREGA. It was observed that there was 27.43 per cent increase in the income after working in MGNREGA than before working in MGNREGA indicating that income has increased reasonably after participation in the scheme.

Table 1. Comparison of Income of Beneficiaries (Before and After MGNREGA) N=60

Village	Previous income (per month) (Rs.)	Present income (per month) (Rs.)	Income relatives (IR)	Log(IR)
Laitlyngkot	3956.67	4964.00	127.47	2.10
Lumthangding	3620.00	4580.00	128.84	2.11
Lyngkyrdem	3540.00	4273.33	122.13	2.09
Mawpran	3333.33	4280.00	132.74	2.12
Average	3612.50	4524.33		2.105

Antilog 127.43 Figures in parenthesis indicate percentage to total.

Table 2. Comparison of Income between Non-beneficiaries and Beneficiaries (on the Basis of One and Two Number of Earners from Each Household) N=24

Village	Present income (per month) (in Rupees)		Income Relatives (IR)	Log(IR)
	Non-beneficiaries	Beneficiaries		
Laitlyngkot	3725.00	5475.00	147.90	2.16
Lumthangding	3220.00	4860.00	164.64	2.18
Lyngkyrdem	3937.50	3700.00	96.47	1.96
Mawpran	4120.00	4060.00	100.49	1.99
Average	3750.62	4523.75		2.07

Antilog 119.66 Figures in parenthesis indicate percentage to total

*The analysis was carried out for the households having either 1 or 2 earners only.

3.3 Impact of MGNREGA on Consumption Expenditure Consumption Expenditure of Beneficiaries

The average monthly expenditure on various food and non-food items of beneficiaries is presented in Table 3 and Table 4 respectively. The total monthly average expenditure on food items before MGNREGA was worked out to be Rs.1630.07 and after MGNREGA was worked out to be Rs.1780.18. It was found out that the overall consumption expenditure on food items of the beneficiaries after MGNREGA increased by 5.2 per cent than before MGNREGA. The total monthly average expenditure on non-food items before MGNREGA was worked out to be Rs.2133.00 and the total monthly expenditure on non-food items after MGNREGA was worked out to be Rs.2316.31. It was found out that there was 14.23 per cent increase in the overall expenditure on non-food items of the beneficiaries after MGNREGA than before MGNREGA. The increase in the expenditure on the food and non-food items was due to the increase in income of the beneficiaries after working in MGNREGA. It was evident that the average monthly expenditure on cereals (Rs.170.75), oil (Rs.112), milk and milk products (Rs.190), beverages (Rs.37.83), sugar (Rs.70.5) and salt (Rs.21.27) is constant before and after MGNREGA as the amount consumed by the households is constant. The highest increase in monthly expenditure is on meat which increased after MGNREGA by Rs.62.45 (18.73%).

Another noteworthy component was the increase in monthly expenditure on betel nut and leaf which increased by Rs.57.33 (17.20%). This shows that the increased in income received by the beneficiaries after working in MGNREGA have been spent mostly on food item like meat. The most obvious reason of such consumption is due to the fact that majority of the people are non-vegetarian living in hilly terrain. However the cost of meat cannot be ignored, the price tends to increase from time to time. Despite its health hazards, consumption of betel nut and leaf is still observed to be high as it is a traditional food and custom of the local people of the state. Betel nut is considered to be an important food item offered in the household of poor and rich alike, in the household of ceremony and funeral as well. It is an item which cannot be done away with since it also symbolizes the bridge of friendship and closeness, agreement and contend. The increase in monthly expenditure on fruits and vegetables also increased by Rs.16.15 (4.84%) and Rs.10.34 (3.10%) respectively as people are more conscious of the nutritive value of fruits and vegetables. This consumption is seen to be high in households where there are young children. The increase in monthly expenditure on spices and pulses was found to be only Rs.2.34 (0.70%) and Rs.1.50 (0.45%) respectively which shows that people consumed very less of these items.

Table 3. Average Monthly Household Expenditure on Food Items of Beneficiaries (Before and After MGNREGA) N=60

Food items	Average Monthly Expenditure (in Rupees)		Expenditure Relatives (ER)	log (ER)	Increase in Monthly Expenditure (in Rupees)
	Before MGNREGA	After MGNREGA			
a. Cereals	170.75 (4.54)	170.75 (4.17)	100.00	2.00	0.00 (0.00)
b. Pulses	93.50 (2.48)	95.00 (2.32)	101.60	2.01	1.50 (0.45)
c. Vegetables	121.83 (3.24)	132.17 (3.23)	108.48	2.03	10.34 (3.10)
d. Oil	112.00 (2.98)	112.00 (2.74)	100.00	2.00	0.00 (0.00)
e. Meat	293.22 (7.80)	355.67 (8.69)	121.30	2.08	62.45 (18.73)
f. Milk & milk products	190.00 (5.05)	190.00 (4.69)	100.00	2.00	0.00 (0.00)
g. fruits	122.67 (3.26)	138.82 (3.39)	113.17	2.05	16.15 (4.84)
h. Beverages	37.83 (1.01)	37.83 (0.92)	100.00	2.00	0.00 (0.00)
i. Sugar	70.50 (1.88)	70.50 (1.72)	100.00	2.00	0.00 (0.00)
j. Salt	21.27 (0.56)	21.27 (0.52)	100.00	2.00	0.00 (0.00)
k. Betel nut & leaf	327.67 (8.71)	385.00 (9.40)	117.50	2.07	57.33 (17.20)
l. Spices	68.83 (83.00)	71.17 (1.74)	103.39	2.01	2.34 (0.70)
Total	1630.07 (43.32)	1780.18 (43.46)			150.10(45.02)

Antilog 105.20

Figures in parenthesis indicate percentage to total

The increase in monthly expenditure on non-food items like clothes (10.87%) and shoes (9.74%) was seen to be to be comparatively high due to the fact that the media in all its forms and advertising has projected the necessity of buying more fashionable items to add to the already existing attire. It has encouraged even many low income groups to purchase products which are trendy and fashionable. It was also evident that the increase in monthly expenditure on education has increased by Rs. 33.95 (10.18%). The increase of expenditure in education is now considered as an investment since it brings high returns both for the society and for the individual. People are more aware that education can eradicate many of their plight. They have further invest their children's education in more expensive and reputed institutions to achieved the desired goals. The expenditure on certain miscellaneous items (*e.g.*, telephone bill) also increased by Rs. 23.33 (7.00%). With the advance of science and technology spreading its tentacles to every income group, the use of mobile phones have become rampant. Substance intake (liquor) also increases which correlates with the increased in income. Pleasure forms a part of enjoying the additional income. Transportation expenses are also on the rise by Rs. 19.95 (5.80%) which is seen to correlate with the increase in medical expenses by Rs. 7.42 (2.22%). This can be explain that people have travelled to and fro seeking medical aid and facilities in the capital which is considered to have the best doctors, consultants and hospitals. The increase in transportation expenditure can also be due to the fact that people in the urban areas are keener to come to the capital to buy quality products from clothing to kitchen ware, *etc.*

The monthly expenditure on firewood also increased by Rs. 6.67 (2.00%) since the consumption of meat requires extra usage of firewood in the household. Electricity expenditure also increased by Rs. 6.25 (1.87%) since with the introduction of the latest gadgets nothing operates without the consumption of electricity. Most of the households possess atleast a television set and a low cost mobile phone which requires the use of electricity for operation. Expenditure on religion also increases by Rs. 13.50 (4.05%) since with the additional money people can afford to give more offerings to the church or financial support to any religious ritual.

3.4 Overall Consumption Expenditure of Non-beneficiaries and Beneficiaries

The expenditure on various food items of beneficiaries and non-beneficiaries is presented in Table 5. The households from both the categories have been selected on the basis of equal number of members from each household. It was observed that the monthly average expenditure on all the food items of beneficiaries was more than that of non-beneficiaries except in case of pulses where non-beneficiaries spent more by making a difference of Rs. 18.83. Major difference in expenditure was observed in meat and Milk& milk products. The beneficiaries spent Rs.163.64 and Rs. 50.56 more on meat and Milk& milk products respectively. It was also observed that the beneficiaries' monthly expenditure on fruits was more by Rs. 37.92 as compared to the non-beneficiaries'. It was evident from the index number analysis that the beneficiaries spend more by 12.72 per cent on food items.

Table 4. Average Monthly Household Expenditure on Non-food items Expenditure of Beneficiaries (Before and After MGNREGA) N=60

Non-Food items	Average Monthly Expenditure (in Rupees)		Expenditure Relatives (ER)	log (ER)	Increase in Monthly Expenditure (in Rupees)
	Before MGNREGA	After MGNREGA			
a. Cooking gas/fire wood	908.33(24.14)	915.00(22.34)	100.73	2.00	6.67 (2.00)
b. Electricity	179.82 (4.78)	186.07 (4.54)	103.47	2.01	6.25 (1.87)
c. Transportation	84.13 (2.24)	104.08 (2.54)	123.71	2.09	19.95 (5.80)
d. Medical	85.10 (2.27)	92.52 (2.26)	108.71	2.04	7.42 (2.22)
e. Clothes	142.28 (3.78)	178.55 (4.36)	125.49	2.10	36.27 (10.87)
f. Shoes	128.62 (3.42)	161.08 (3.93)	125.24	2.10	32.46 (9.74)
g. Cosmetics	25.11 (0.67)	27.03 (0.66)	107.63	2.03	1.92 (0.57)
h. Education	292.86 (7.78)	326.81 (7.98)	111.59	2.04	33.95 (10.18)
i. Religion	37.41 (0.99)	50.91 (1.24)	136.11	2.13	13.50 (4.05)
j. Ceremony functions/ Recreation	17.67 (0.47)	19.25 (0.47)	108.96	2.03	1.58 (0.47)
k. Others	231.67 (6.16)	255.00 (6.22)	110.07	2.04	23.33 (7.00)
Total	2133.00(56.68)	2316.31(56.54)			183.30(54.8)

Antilog 114.23 Figures in parenthesis indicate percentage to total

Table 5. Average Monthly Household Expenditure on Food Items of Non- beneficiaries and Beneficiaries (on the Basis of Equal Number of Family Members in Each Household) N=60

Food Items	Monthly Average Expenditure(in Rupees)		Difference in Monthly Expenditure (in Rupees)
	Non-beneficiaries	Beneficiaries	
a. Cereals	201.00 (5.18)	201.5 (4.33)	0.5
b. Pulses	122.83 (3.16)	104 (2.24)	-18.83
c. Vegetables	152.33 (3.92)	156.67 (3.37)	4.34
d. Oil	125.67 (3.24)	132.00 (2.84)	6.33
e. Meat	262.69 (6.77)	426.33 (9.16)	163.64
f. Milk & milk products	141.11 (3.64)	191.67 (4.12)	50.56
g. Fruits	93.33 (2.40)	131.25 (2.82)	37.92

Antilog 112.72 Figures in parenthesis indicate percentage to total

Table 6. Average Monthly Household Expenditure on Non-Food Items of Non- beneficiaries and Beneficiaries (on the Basis of Equal Number of Family Members in Each Household) N=60

Non-food Items	Monthly Average Expenditure(in Rupees)		Difference in monthly average expenditure (in Rupees)
	Non-beneficiaries	Beneficiaries	
a. Cooking gas/ fire wood	1003.33 (25.86)	1053.33 (22.64)	50
b. Electricity	187.86 (4.84)	211.00 (4.53)	23.14
c. Transportation	79.93 (2.06)	126.07 (2.71)	46.14
d. Medical	110.80 (2.85)	101.10 (2.17)	-9.7
e. Clothes	178.80 (4.61)	207.73 (4.46)	28.93
f. Shoes	159.37 (4.10)	196.93 (4.22)	37.56
g. Cosmetics	37.83 (0.97)	29.82 (0.64)	-8.01
h. Education	242.68 (6.25)	343.18 (7.38)	100.5
i. Religion	34.60 (0.89)	58.47 (1.26)	23.87
j. Ceremony functions & Recreation	18.17 (0.47)	23.63 (0.51)	5.46
k. Others	223.33 (5.75)	310.00 (6.66)	86.67

Antilog 121.19 Figures in parenthesis indicate percentage to total

Conclusion

The study confirms that there was significant increase in the income of the beneficiaries after implementation of MGNREGA. The income of the beneficiaries increased by 19.66 percent over the non-beneficiaries which signifies that beneficiaries have more advantage in increasing their livelihood options by participating in MGNREGA approved activities. The increase in expenditure on the food and non-food items was due to the increased in income of the beneficiaries after working in MGNREGA activities. After successful implementation of MGNREGA, beneficiaries were spending more on food as well as non-food items as they have more purchasing power. This income and expenditure enhancement paves the way for Socio-economic development of the region.

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