

**A STUDY ON ECONOMIC IMPACT OF MGNREGS  
WITH REFERENCE TO MADURAI DISTRICT**

**Dr. S. Theenathayalan**

*Associate Professor and Head, Department of Economics and Centre for Research in Economics,  
The Madura College (Autonomous), Madurai*

**Dr. M. Pugalendiran**

*Faculty, Department of Economics, Madurai Kamaraj University College, Madurai*

**Abstract**

*The Ministry of Rural Development, Government of India, initiated a holistic and integrated development scheme, viz, National Rural Employment Guarantee Scheme, which came into force during February 2005, in 200 backward districts of India. During 2007, the scheme was extended to another 130 districts and since April 2008, this scheme covers all other districts of India. This is the largest employment programme ever started in the country with a huge public investment. The focus of the scheme is to provide 100 days wage employment to rural households who wish to work and ask for work. Panchayats are involved in the planning and implementation of the scheme and creation of durable assets for sustainable development of the rural areas. There is a complete ban on the involvement of contractors and use of machinery is prohibited. The guidelines on NREGS clearly reflect the importance of social audit and greater emphasis has been placed on transparency and accountability.*

*Keywords: National Rural Employment Guarantee Scheme, public investment, durable assets , MGNREGS, stratified random sampling, savings pattern*

**Objective**

The objective of the paper is to evaluate the economic impact of MGNREGS with reference to Madurai district.

**Sample Size and Sample Distribution**

The primary data were collected from 400 respondents through interview schedule by way of stratified random sampling method. "To find out the changes in the income and savings pattern of the respondents before and after implementation of MGNREG Scheme (economic impact of MGNREGS)".

## Distribution of Sample Respondents

Taluks	Name of the Village (40 from each Village)
Madurai North	1. Kalandiri - 40
	2. Arumbanur - 40
	3. Othakadai - 40
	4. Rajakoor - 40
	5. Chattrapatty - 40
	<b>Total (5x40) - 200</b>
Usilampatty	1. Uttappanaickanar - 40
	2. Karumathur - 40
	3. Valanthur - 40
	4. Sindhupatti - 40
	5. Usilampatty - 40
	<b>Total (5x40) - 200</b>
<b>Grand Total Number of Resondents</b>	<b>400</b>

The selection of households, though, will be suitable for the study, the present research work has been done by selecting individual respondents. This is due to the fact that MGNREGS aims at providing 100 days of employment to an individual in every household.

The MGNREGS has no doubt impacted on the poor people. Large numbers of unlettered households have made the effort to come forward to register and migration level has been reduced. Wages less than the minimum wages were raised and the participation of the women increased significantly. These are really great achievements due to MGNREGS in general.

### Analysis and Interpretation of Data

#### Impact of Mgnregs: Views of Respondents

MGNREGS scheme generated certain immediate effects such a increase in income, changes in the expenditure pattern, improvement in the level of living, purchase of assets etc. An attempt has been made to assess the impact as perceived by the respondents of the study. The variables considered are income, expenditure, savings, livestock, empowerment of women, migration and benefits to households and panchayats.

#### Impact of MGNREGs on the Family Income

One of the major purposes of the MGNREGS is to increase the family income of the poor households in the rural areas. It is the direct benefit expected from the MGNREGS.

Table 1 Impact of MGNREGS on yhe Family Income

Increase in income	No. of Respondents		Total
	Madurai	Usilampatty	
No change	45 (22.5)	49 (24.5)	94 (23.5)
Less than Rs.2500	64 (32.0)	53 (26.5)	117 (29.25)
Rs.2500 - Rs.5000	36 (18.0)	62 (32.0)	98 (24.5)
More than Rs. 5000	55 (27.5)	36 (18.0)	91 (22.75)
Total	200 (100)	200 (100)	400 (100)

Source: Computed Data

Taluk-wise analysis from table 1 shows that there has been a substantial change in the family income on account of the MGNREGS in both the Taluks of the study. But the changes are more or less same in Madurai (N) and Usilampatty Taluks.

In Madurai (N) about 22.5 per cent of the people opined that the scheme has hardly brought no changes in the family income. Among those who reported change in the family income, about 32 per cent said that only a marginal change is realized (less than Rs.2500 per annum). The remaining 18 per cent reported an increase of income ranges between Rs.2500 and Rs.5000 in their family income. About 27.5 per cent of the respondents reported that the scheme has helped to generate more than Rs.5000 in their facility income after availing MGNREGS works in the study area. But in Usilampatty about 24.5 per cent of the respondents reported that there is no change in their family income and 26.5 per cent reported an increase of income to the tune of less than Rs 2500. Another 31 per cent of the respondents benefited out of this programme with the income of Rs.2500-Rs.5000. Only 18 per cent of the family income has increased more than Rs.5000 in the study area.

It is inferred that between the two Taluks, 23.5 per cent reported that there are no changes in income and 29.25 per cent opined that there is a marginal increase of less than Rs.2500 and 24.5 per cent expressed that there is an increase of Rs.2500 - Rs.5000 whereas only 22.75 per cent reported an increase of income more than Rs.5000.

It is found that MGNREGS generated more effect on income among the respondents of Madurai (N) than Usilampatty.

#### Impact of MGNREGS on the expenditure

Increase in family income should have resulted in more family expenditure. The details on the family expenditure collected from the respondents are presented in Table 2.

Table 2 Impact of MGNREGs on the Family Expenditure

Impact of MGNREGS on the Expenditure	No. of Respondents		Total
	Madurai (N)	Usilampatty	
No change	62 (31)	51 (25.5)	113 (28.25)
Less than Rs.2500	103 (51.5)	56 (28)	159 (39.75)
Rs.2500 - Rs.5000	24 (12)	67 (33.5)	91 (22.75)
More than Rs.5000	11 (5.5)	26 (13)	37 (9.25)
Total	200 (100)	200 (100)	400 (100)

Source: Computed Data

Table 2 shows that about 51.5 per cent of the respondents in Madurai Taluk reported that they have spent less than Rs.2500, 31 per cent do not see any change in their family expenditure and 12 per cent reported that the change in the family expenditure ranged between Rs.2500 - Rs.5000. Only 5.5 per cent of the families spent more than Rs.5000. In the case of Usilampatty Taluk, majority of 25.5 per cent do not realize any change in the family expenditure whereas about 28 per cent reported that they have spent more than what they were spending before joining in MGNREGS. The change in the family expenditure is less than Rs.2500. About 33.5 per cent of the families reported that their expenditure pattern ranges between Rs.2500-5000. Only 13 per cent of the families revealed that they spent more than Rs.5000.

Between the two Taluks, no change in the family expenditure is reported by 28.25 per cent of the respondents, less than Rs.2500 is reported by 39.75 per cent and 22.75 per cent reported that the change in family expenditure ranged between Rs.2500 - Rs.5000 and only 9.25 per cent reported the change in the expenditure ranged between Rs.5000.

It is inferred that in Madurai (N) Taluk change is noticed in the family expenditure to a great extent after the implementation of MGNREGS while in Usilampatty Taluk people spent less on family expenses compared to Madurai (N).

#### Impact of MGNREGs on the Savings

The household savings is the function of the household income and expenditure.

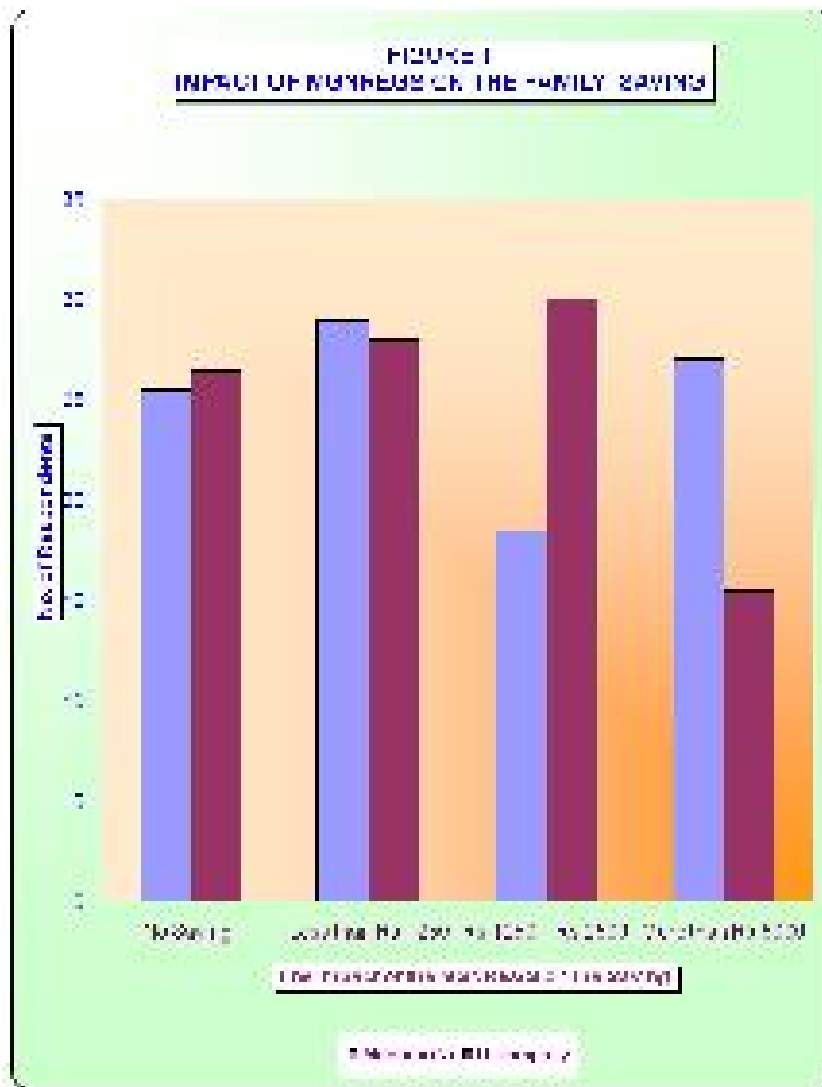
Table 3 Impact of MGNREGs on the Family Saving

The Impact of the MGNREGS on the Saving	No. of Respondents		Total
	Madurai (N)	Usilampatty	
No Saving	51 (25.5)	53 (26.5)	104 (26)
Less than Rs.1250	58 (29.0)	56 (28)	114 (78.50)
Rs.2500 - Rs.5000	37 (18.5)	60 (30)	97 (24.25)
More than Rs.5000	54 (27.0)	31 (15.5)	85 (21.25)
Total	200 (100)	200 (100)	400 (100)

Source: Computed Data

Taluk-wise analysis reveals that there was no savings as reported nearly by 1/4th of the respondents. They consisted 25.5 per cent in Madurai (N) and 26.5 per cent in Usilampatty. A saving of less than Rs. 1250 is reported by 29 per cent. And saving ranges from Rs. 1250-Rs.2500 and Rs.2500- Rs.5000 is being reported by 15.5 per cent and 27 per cent respectively.

It is inferred that Usilampatty Taluk has shown better results in this aspect where majority 30 per cent respondents have reported that they have savings ranging from Rs.1250 to Rs.2500. The impact of MGNREGS on the family savings is illustrated in figure 1.



### Impact of MGNREGs on Borrowing

Generally MGNREGS workers are not financially sound because of inadequate earning from their employment and low wages, the MGNREGS workers are compelled to borrow to meet their household expenditure.

**Table 4 Impact of MGNREGs on the Family Borrowing**

Impact of MGNREGs on Borrowing	No. of Respondents		Total
	Madurai (N)	Usilampatty	
No Borrowing	122 (61)	144 (72)	266 (66.5)
Less than Rs.1000	46 (23)	37 (18.5)	83 (20.75)
Less than Rs.2000	32 (16)	19 (9.5)	51 (12.75)
Total	200 (100)	200 (100)	400 (100)

Source: Computed Data

Taluk-wise analysis reveals that there was no borrowing as reported by majority of the respondents. They constituted 61 per cent in Madurai (N) and 72 per cent in Usilampatty. A borrowing of less than Rs1000 is reported by 23 percent in Madurai (N) and 18.5 per cent in Usilampatty and less than Rs.2000 is reported by 16 per cent in Madurai (N) and 9.5 percent in Usilampatty.

It is inferred that Usilampatty Taluk has shown better results in borrowing position.

### Impact of MGNREGs on Livestock

There has been an increase in the livestock population after the implementation of the scheme. Thus the MGNREGS is found to have enabled a few households to buy livestock and adapt it as the secondary occupation for improving their economic conditions.

**Table 5 Impact of MGNREGs on Livestock**

Village/Livestock	No. of Respondents		Total
	Madurai (N)	Usilampatty	
No Change	113 (56.5)	104 (52)	217 (54.25)
Buffalo	3 (1.5)	2 (1)	5 (1.25)
Cow	26 (13.0)	31 (15.5)	57 (14.5)
Goat	31 (15.5)	27 (13.5)	58 (14.5)
Poultry	27 (13.5)	36 (18.0)	63 (15.75)
Total	200 (100)	200 (100)	400 (100)

Source: Computed Data

A look at the livestock population after the implementation of MGNREGS, Table 5 reveals that in Madurai (N) Taluk 43.5 per cent reported an increase in the livestock

population especially cow, goat and poultry, whereas 56.5 per cent reported that there is no change in the livestock population.

In Usilampatty Taluk, 48 per cent reported an increase in the livestock population and the remaining 52 per cent expressed that there is no change in the livestock population.

Among the two Taluks, about 45.75 per cent expressed that there is an increase in the livestock particularly in the number of cows, goats and poultry birds. It is understood that livestock population have increased after the introduction of the scheme, whereas 54.25 per cent reported that there is no change in the livestock population.

It is inferred that Usilampatty Taluk has made more change in the livestock population (i.e.,) 48 per cent. It is while in Madurai (N) Taluk this was only 43,5 per cent.

#### Impact of MGNREGS on Women Empowerment

The scheme has its focus on poor and marginalized sections of the community. It has sought to do away with discriminating practices in payment of wages to women. The Act has categorically offered equal wages to men and women.

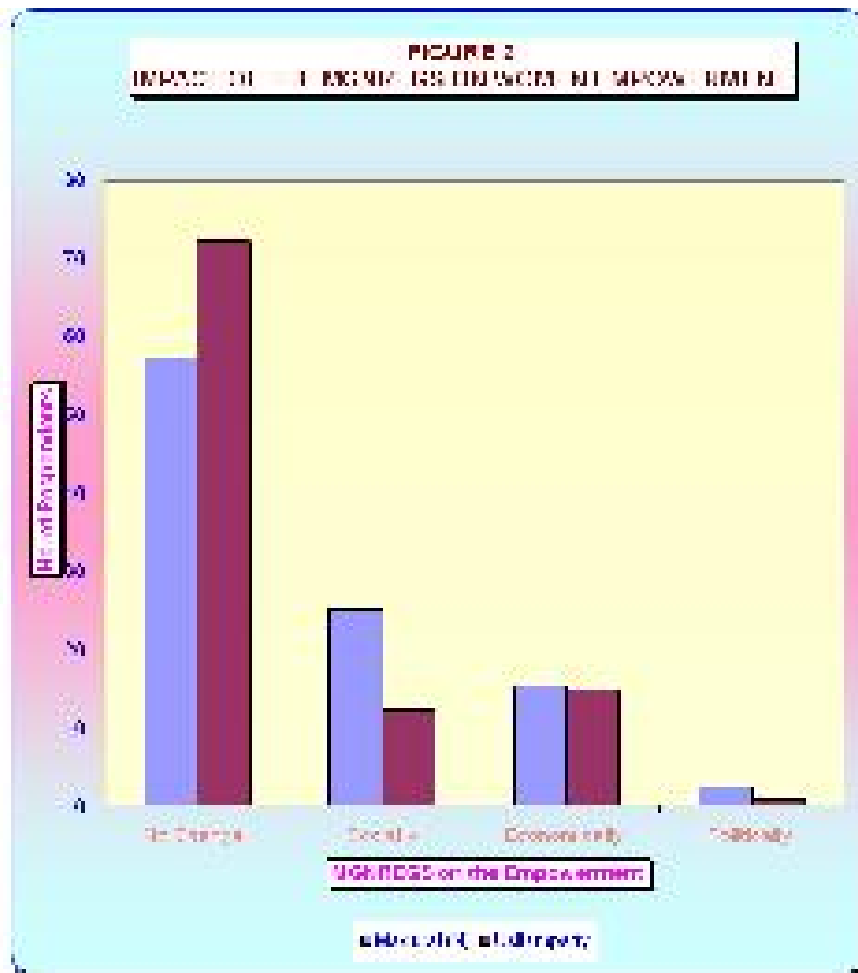
**Table 6 Impact of the MGNREGs on Women Empowerment**

The Impact of the MGNREGS on the Empowerment	No. of Respondents		Total
	Madurai (N)	Usilampatty	
No Change	71 (57.25)	83 (72.17)	154 (64.4)
Socially	31 (25.0)	14 (12.17)	45 (18.8)
Economically	19 (15.32)	17 (14.78)	36 (15.10)
Politically	3 (2.43)	1 (0.88)	4 (1.7)
Total	124 (100)	115 (100)	239 (100)

Source: Computed Data

High participation of women is likely to empower them socially, economically and politically. From table 6, it is clear that 57.25 per cent of the women respondents said that there is no change in the women empowerment. Whereas 25 per cent reported to be socially empowered, 15.32 per cent of them are economically empowered and only 2.43 per cent are politically empowered in Madurai (N) Taluk.

In Usilampatty, no change in the women empowerment is noticed by the 72.17 whereas 12.17 per cent reported to be socially empowered, followed by economically empowered as said by 14.78 per cent and only 0.88 per cent of them are politically empowered. Figure 2 portrays the impact of MGNREGS on women empowerment.



Among the two Taluks of the study, 64.4 per cent felt that there is no change in their empowerment, whereas 18.8 per cent of the women respondents reported that they are socially empowered. They work as group in MGNREGS resulting in close relationship and connectivity with Panchayat and Government officials. Only 15.1 per cent opined that they are economically empowered because they supplement and complement income earned by the male members in the households, which gives economic independency. Also women enjoy freedom in spending the money they earned. Few respondents (i.e.) 1.7 per cent reported that the women are politically empowered as they participate in decision making process under the scheme.

It is inferred that Taluk-wise analysis shows that empowerment in terms of social, economical and political is found to be high in Madurai (N) as reported by 42.75 per cent of



the respondents, followed by Usilampatty as pointed out by 27.83 per cent of the respondents.

### Summary

The opinions of sample respondents are gathered on the impact of MGNREGS in the study taluks and the same is discussed. As per the analysis made above, the family income, family expenditure, and family savings of the sample respondents' families have improved after the implementation of MGNREGS in both the Taluks of Madurai District, namely, Madurai North and Usilampatty. The implementation of this scheme has improved the livestock population, women empowerment and the benefits which accrue to households and Panchayats. Further the scheme has benefited the sample respondents to reduce their borrowing to a considerable extent.

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