



# Socio-Economic Impact Of Mgnregs In The Last Decade

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## ABSTRACT

The study assesses the socio-economic impact of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) over a decade of its operationalization, focusing on rural households in Mangalagiri Mandal, Guntur District, Andhra Pradesh. The primary objective of the research is to examine the effects of MGNREGS on food security, non-food consumption expenditure, migration patterns, and debt burden. Data was collected through a structured questionnaire from a sample of 660 MGNREGS beneficiaries across 12 villages, employing a stratified purposive sampling technique. The findings indicate that MGNREGS has significantly improved food security and reduced debt burden for beneficiaries. Furthermore, it has led to an increase in non-food consumption expenditure and mitigated distress migration. However, challenges remain, including the need for greater financial literacy and diversification of work opportunities. The study highlights the importance of strengthening monitoring mechanisms to ensure more inclusive and effective implementation of the scheme.

**Keywords:** MGNREGS, socio-economic impact, food security, migration, debt burden

Rural India, with its vast and diverse landscape, is home to over 800 million people, accounting for nearly 70 per cent of the country's population. Despite its significant contribution to the national economy, rural India continues to grapple with pressing issues such as poverty, inequality, and limited access to basic amenities like healthcare, education, and sanitation. The rural economy, largely driven by agriculture, is characterized by low productivity, limited job opportunities, and widespread poverty.

One of the most critical challenges facing rural India is the problem of rural employment. The rural economy is plagued by seasonal unemployment, underemployment, and lack of job opportunities, forcing millions of rural Indians to migrate to urban areas in search of livelihood. The rural employment problem is further exacerbated by the limited availability of non-farm employment opportunities, lack of skills and education, and inadequate access to credit and other resources. To address the pressing issues of rural poverty and unemployment, the Government of India has launched several rural development programmes over the years. These programmes, aimed at promoting rural development and improving the livelihoods of rural households, have included initiatives such as the Integrated Rural Development Programme (IRDP), the Jawahar Rozgar Yojana (JRY), and the Swarnjayanti Gram Swarozgar Yojana (SGSY). While these

programmes have had some impact, they have been criticized for their limited coverage, inadequate funding, and lack of sustainability.

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was launched in 2006 as a flagship programme of the Government of India to provide guaranteed employment to rural households. The scheme, which guarantees 100 days of employment to every rural household, was designed to address the problem of rural unemployment and poverty. Implemented across the country, MGNREGS has been hailed as a path-breaking initiative in the field of rural development.

## Review of Literature

Jacob & Varghese (2006) present a case study of the implementation of the government's employment guarantee scheme in a district of Kerala, highlighting the significant role played by local bodies. The study finds that while the scheme has been largely fair and free of corruption, there is a need for more efficient use to address the long-term needs of the state and its people. It emphasizes the influence of the state's socio-economic conditions on the scheme's success, noting key factors such as local bodies' efforts to inform the public, higher participation of women, and minimal corruption. The study also critiques the practicality of the unemployment allowance, pointing out the lack of serious action in this regard. While Kerala took longer to implement the Act, it has made significant progress in select districts, achieving relative success.

Anish Vanaik & Siddhartha (2008) examine the introduction of bank payments for NREGA wages in Mayurbhanj district, Orissa, based on a field visit in October 2007. While the initiative was aimed at improving payment efficiency, the study found that many workers faced significant delays, with wages often paid a month after the work was completed. This delay was attributed to complications in the flow of funds, leading to bulk payments instead of regular weekly disbursements. Additionally, workers expressed frustration over the distance to the bank, often around 9 km, making access inconvenient. The authors note that in the rush to implement bank payments, insufficient attention was given to the adequacy of existing documents such as muster rolls and job cards, leading to ad hoc practices in some areas.

Sumit Vij et al. (2017) analyze the impact of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in Andhra Pradesh and Telangana, using secondary data from the National Sample Survey Office and a household-level survey. The study finds that MGNREGS has yielded both direct and indirect benefits, particularly for rural women in these states. Despite a national decline in women's participation in work, both Andhra Pradesh and Telangana have seen encouraging levels of female participation in the scheme. The study highlights that the program has successfully eliminated gender-based wage disparities by ensuring equal pay for both men and women. However, it also points out that the scheme's work remains largely casual and manual, concentrated in sectors like construction and agriculture, posing challenges for long-term sustainable employment.

Varman & Kumar (2020) analyze the impact of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on the consumption expenditure levels and patterns of rural households at the national level, using a difference-in-differences (DID) method. The study, based on two rounds of the Indian Human Development Survey (IHDS) data from 2004–05 and 2011–12, finds that MGNREGA has a significant effect on both the level and pattern of consumption expenditure. The results show that households participating in MGNREGA experienced an increase in their per capita consumption expenditure (MPCE). Moreover, there was a shift in consumption patterns, with greater expenditure on more nutritious and expensive food items, such as vegetables, fruits, oil, meat, and eggs, while spending on cheaper staple foods decreased. This suggests that MGNREGA has positively impacted the dietary quality and economic conditions of participating households.

Geetanjoy Sahu and Aishwarya (2024) examine the impact of the Odisha government's decision to provide an additional 200 workdays with higher wages under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The study, conducted in four distressed districts, highlights how this initiative has significantly improved income and employment opportunities for the most vulnerable communities. The authors emphasize the importance of convergence between MGNREGA and other departmental schemes to generate sustainable assets and improve the socio-economic conditions of rural

communities. The findings from Podapadar suggest that the initiative has been successful in mitigating poverty, reducing migration, and creating durable assets. The study argues that Odisha's model could be replicated in other distressed regions of India facing mass migration.

## Statement of the Problem

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was launched in 2006 with the aim of providing guaranteed employment and improving the livelihoods of rural households. Despite its widespread implementation, there is a need to assess the actual impact of MGNREGS on the lives of its beneficiaries over a period of more than one decade of its operationalization. The study aims to bridge the knowledge gap in this area and provide insights for policymakers and practitioners to improve the effectiveness of the scheme. Despite the significance of MGNREGS, there is a lack of empirical evidence on its impact on rural households, particularly in terms of their socio-economic well-being over a period of more than one decade of its operationalization. This study aims to fill this research gap by exploring the perceptions and experiences of MGNREGS beneficiaries, thereby providing a comprehensive understanding of the scheme's effectiveness and identifying areas for improvement.

## Objectives of the Study

The objectives of the study are to assess the impact of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) on the socio-economic well-being of rural households over a period of more than one decade of its operationalization. Specifically, the study aims to examine the impact of MGNREGS on (i) food security, (ii) non-food consumption expenditure, (iii) migration and (iv) debt burden among rural households in Mangalagiri Mandal of Guntur District.

## Methodology

The study was based on primary data collected through a structured questionnaire designed to capture information on the socio-economic characteristics of the respondents, their experiences with MGNREGS, and the impact of the scheme on their livelihoods. The present study was conducted in Mangalagiri Mandal of Guntur District, Andhra Pradesh, covering 12 villages. A sample of 660 respondents was selected using a stratified purposive sampling technique to ensure representation from different social categories, with 55 MGNREGS beneficiaries identified and selected from each village. The data collected was analyzed using descriptive statistics, with percentages used to analyze the data and draw inferences about the impact of MGNREGS on the livelihoods of rural households.

## Results and discussion

### Food security

The data presented in Table -1 reveals the respondents' perceptions regarding the impact of MGNREGS on their household's food security over the last decade. A significant majority of respondents (70.20 per cent) believe that MGNREGS has contributed to a great extent in increasing their household's food security. Additionally, 16.70 per cent and 7.90 per cent of respondents feel that it has contributed to a considerable extent and to some extent, respectively, while only 5.30 per cent perceive that MGNREGS has contributed to a little extent in increasing their household's food security.

Table – 1

PERCEPTION OF THE RESPONDENTS ON THE EXTENT TO WHICH MGNREGS HAS CONTRIBUTED TO AN INCREASE IN THEIR HOUSEHOLD'S FOOD SECURITY IN THE LAST DECADE

Opinion of the Respondents				Total
To a great extent	To a considerable extent	To some extent	To a little extent	
463 (70.20)	110 (16.70)	52 (7.90)	35 (5.30)	660 (100.00)

Note: Figures in the parenthesis represent percentage to the total.

Source: Field Survey

### Non-food consumption expenditure

The data presented in Table -2 reveals the respondents' perceptions regarding the impact of MGNREGS on their household's non-food consumption expenditure over the last decade. A significant proportion of respondents (42.00 per cent) believe that MGNREGS has led to an increase in their household's non-food consumption expenditure to a great extent. Additionally, 25.50 per cent and 13.60 per cent of respondents feel that it has increased to a considerable extent and to some extent, respectively. However, 26.00 per cent of respondents perceive that MGNREGS has led to a little extent or no increase in their household's non-food consumption expenditure.

Table – 2

PERCEPTION OF THE RESPONDENTS ON THE EXTENT TO WHICH MGNREGS HAS LED TO AN INCREASE IN THEIR HOUSEHOLD'S NON-FOOD CONSUMPTION EXPENDITURE IN THE LAST DECADE

Opinion of the Respondents					Total
To a great extent	To a considerable extent	To some extent	To a little extent	Not at all	
277 (42.00)	168 (25.50)	90 (13.60)	47 (7.10)	78 (11.80)	660 (100.00)

Note: Figures in the parenthesis represent percentage to the total.

Source: Field Survey

### Migration

The data presented in Table -3 reveals the respondents' perceptions regarding the impact of MGNREGS on reducing distress migration in their area over the last decade. A majority of respondents (59.80 per cent) believe that MGNREGS has reduced distress migration to a great extent. Additionally, 10.00 per cent, 10.30 per cent, and 10.90 per cent of respondents feel that it has reduced distress migration to a considerable extent, to some extent, and to a little extent, respectively, while 8.90 per cent perceive that MGNREGS has not reduced distress migration at all.

Table – 3

PERCEPTION OF THE RESPONDENTS ON THE EXTENT TO WHICH MGNREGS HAS REDUCED DISTRESS MIGRATION IN THEIR AREA IN THE LAST DECADE

Opinion of the Respondents					Total
To a great extent	To a considerable extent	To some extent	To a little extent	Not at all	
395 (59.80)	66 (10.00)	68 (10.30)	72 (10.90)	59 (8.90)	660 (100.00)

Note: Figures in the parenthesis represent percentage to the total.

Source: Field Survey

## Debt burden

The data presented in Table -4 reveals the respondents' perceptions regarding the impact of MGNREGS on reducing their household's debt burden over the last decade. A significant proportion of respondents (47.60 per cent) believe that MGNREGS has led to a decrease in their household's debt burden to a great extent. Additionally, 36.70 per cent and 13.30 per cent of respondents feel that it has decreased to a considerable extent and to some extent, respectively, while only 2.40 per cent perceive that MGNREGS has decreased their household's debt burden to a little extent.

Table – 4

PERCEPTION OF THE RESPONDENTS ON THE EXTENT TO WHICH MGNREGS HAS LED TO A DECREASE IN THEIR HOUSEHOLD'S DEBT BURDEN IN THE LAST DECADE

Opinion of the Respondents				Total
To a great extent	To a considerable extent	To some extent	To a little extent	
314 (47.60)	242 (36.70)	88 (13.30)	16 (2.40)	660 (100.00)

Note: Figures in the parenthesis represent percentage to the total.

Source: Field Survey

## Conclusion

The study examined the perceptions of respondents regarding the impact of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) on various aspects of their lives over the last decade. The findings suggest that MGNREGS has had a positive impact on the respondents' households, particularly in terms of increasing food security and reducing debt burden. A significant proportion of respondents believe that MGNREGS has led to an increase in their household's non-food consumption expenditure to a great extent. Additionally, the scheme has reduced distress migration. Overall, the study highlights the significance of MGNREGS in improving the lives of rural households and underscores the need for continued implementation and improvement of the scheme. To further enhance the effectiveness of MGNREGS, it is suggested that the government and implementing agencies focus on promoting financial literacy and planning among beneficiaries to encourage better utilization of earnings. Additionally, efforts should be made to diversify the range of works and skills provided under the scheme to cater to the changing needs of rural households. Strengthening the monitoring and evaluation mechanisms of the scheme can also help identify areas for improvement and ensure that the benefits of MGNREGS reach the most vulnerable sections of rural society.

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