



## IMPACT OF MGNREGS IN AIBAWK R.D BLOCK, AIZAWL DISTRICT, MIZORAM

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### ABSTRACT

*Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is regarded as a very important tool for eliminating rural poverty and unemployment problems by way of generating employment to the rural poor people. It has an effective approach with an intention to develop the quality of rural life by providing a guarantee of one hundred days of wage employment to every rural household to do unskilled manual works. It is a demand driven programme where provision of work is triggered by the demand for work by wage-seekers. The aim of this study is to access the impact of the Scheme on income, occupational pattern and spending pattern in Aibawk R.D Block, Aizawl District. The study is based on primary and secondary data. The study reveals that the Scheme did not have impact on the occupational pattern. The implementation of the Scheme also increased income of the beneficiaries in the study area. This study also emphasised on the spending pattern of wages. It implies that majority of the beneficiaries spend most of their wages on necessary, children's education and on health.*

**KEYWORDS:** *Employment, Income, Wage.*

### INTRODUCTION

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is regarded as a very important tool for eliminating rural poverty and unemployment problems by way of generating employment to the rural poor people. It has an effective approach with an intention to develop the quality of rural life by providing a legal guarantee of one hundred days of wage employment to every rural household to do unskilled manual works. It is a demand driven programme where provision of work is triggered by the demand for work by wage-seekers. The scheme was notified on 7<sup>th</sup> September 2005 (enacted on 25<sup>th</sup> August) and came into force in February 2, 2006 in the 200 most backward districts of the country under Phase- 1 and was extended to another 130 districts in the financial year under phase- 2 in April 2007-2008 and in April 1, 2008 under Phase- 3 the remaining districts have been notified under MGNREGA. The timeline of MGNREGA can be depicted with the help of table.

**Table 1.1 Timeline of MGNREGA**

Time line	25th Aug 2005	2nd Feb 2006	Apr 2007	1st Apr 2008	Oct 2008	16th Feb 2009	Oct 2009
<b>Modification</b>	NREGA legalized	Came into force in 200 districts	130 more districts included	Universalization Of the scheme	Wage transaction through banks/post offices	Memorandum of Understanding with the postal dept.	Name changed to MGNREGA

Source: [www.nrega.nic.in](http://www.nrega.nic.in) (Act 2005)

The Act was introduced with the aim of improving the purchasing power of the rural people, primarily semi-skilled or un-skilled work to people living in rural India. The Act also tries to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment. For successful implementation of the scheme proper planning is very essential. MGNREGA is based on decentralized planning. The planning ensures that each district is prepared well in advance to offer productive employment on demand. According to the Act at least one-third of the beneficiaries of 33% shall be women who have registered and requested for work under this Act.

As it is the scheme for rural development there are several objectives for the advantage of the rural poor people. Some important long term objectives of MGNREGA include provision of social protection to the poor people living in rural areas by way of providing employment opportunities; creation of durable assets for the security of poor people in the rural areas; provision of drought-proofing and flood management in rural India; empowerment of socially disadvantages group, especially women, SCs and STs, through the process of right-based legislation; strengthening decentralised planning i.e., participatory planning through convergence of various anti-poverty and livelihoods initiatives. If the scheme fulfils the above mentioned objectives it would mean that the implementation was successful.

During the first year of its implementation in India, Rs 11,300 crores was allocated for assistance to Rural Employment Guarantee Schemes (Union Budget 2006-07). It was increased to Rs 38,500 crores which was later revised and ramped up by 23% to Rs 47,699 crores for the period 2016-17 (Union Budget 2016-17). For financial period 2017-18, the budget has been earmarked at Rs 48,000 crores since it has been the world largest job guarantee scheme (Union Budget 2017-18). Again the allocation has been boosted to Rs 55,000 crores for the financial year 2018-19, signaling the government's continued intent to address concerns of rural distress (Union Budget 2018-19). During the first year of its implementation (2006-07) in 200 districts, 2.10 crores households were employed and 90.5 crores person-days generated. In 2007-08, 3.39 crores households were provided employment and 143.5 crores person-days were generated in 330 districts. In 2016-17, the households employment were increased to 5.12 crores and person-days generated were to 235.7 crores. During the financial year 2017-18, 4.87 crores household have been employed and 206.16 crores person-days have been generated. The enhanced waged-earning scheme has been strengthened the livelihood resource for the rural poor in India. The scheme has also high works participation of marginalized groups. As on 3<sup>rd</sup> March 2018, the SC/ST participation rate was 39.05% and women's participation rate was 53.58%.

The MGNREGS has given rise to the largest employment programme in human history and is unlike any other wage employment programme in its scale, architecture and thrust. Its bottom-up, people centred, demand-driven, self-selecting, right-based design is distinct and unprecedented. The MGNREGA provides a legal guarantee for wage employment. There are legal provisions for allowances and

compensation both in cases of failure to provide work on demand and delays in payment of wages for work undertaken.

#### **Area of Study:**

Presently there are 5 R.D Blocks in Aizawl District (Tlangnuam R.D Block, Darlawn R.D Block, Phullen R.D Block, Aibawk R.D Block and Thingsulthliah R.D Block). The study will be carried out in Aibawk R.D Block. Aibawk village is the block headquarters. According to Census 2011, The R.D Block has 22 villages which consisted of the population 17,128 and 3,222 households. The Scheme has been implemented in 20 villages. The literacy rate in the area is 83.3 and the sex ratio is 956. However, as on 3<sup>rd</sup> March 2018, the R.D block has issued 6, 610 job cards under MGNREGA, which depicted that the numbers of family have been changed.

#### **Significance of the Study:**

The Scheme has important objective which were mentioned in the Article: 41 of Indian Constitution- "giving citizen's right to work". MGNREGS is very important due to its objectives of providing legal guarantee of 100 days of employment to the beneficiaries. The provision of works increases employments opportunities in the study area and it has a huge impact on the spending patterns and income of the beneficiaries. So, it is very important to know how the Scheme has reality effect on the rural workers and how it change the income of the beneficiaries which is very important for approximating the living standards of the people. At the same time, in the study area majority of the households are engaged in agricultural and allied activities. It is an interesting point of study to reveals how the Scheme had effect on the occupational pattern.

#### **Limitations of the Study:**

The present study has focussed only on income, spending pattern and occupational pattern. Since the scope and area of the study is very limit and being selecting only one R.D Block to represent a district, there may be many criticisms regarding this study. However, so long as the study area is situated nearby the Capital city, it is still very interesting to study. The study is based on research questions and no hypothesis has been tested. Both primary and secondary data were used for this study, but the analysis chapter is based only on primary sources.

#### **OBJECTIVES:**

The study is based on the following objectives:

1. To study the impact of MGNREGS on the occupational patterns of the beneficiaries in Aibawk R.D. Block.
2. To examine the income distribution of the Scheme in the study area.
3. To study the spending patterns of the beneficiaries through the income generated from the Scheme.

#### **METHODOLOGY:**

The study was based on both primary and secondary data. Primary data was collected through structured questionnaire and secondary data was collected from Rural Development Department, Aizawl, Rural Development Block Office, Aibawk, Mizoram, MGNREGA Cell, Aizawl, various books, reports, published and unpublished researches, articles, journals, and other relevant e-resources.

The study analysed the impact of MGNREGS on occupation, income and spending patterns in Aibawk R.D. Block of Aizawl District, Mizoram. In the study area, there are 20 villages where the Scheme has been implemented. Out of these, the study was carried out in 7 villages i.e., Aibawk, Chamring, Sialsuk, Sateek, Falkawn, Maubuang and Sumsuih within the jurisdiction of Aibawk R.D Block. The selection of 7 villages was done by using random sampling method. A sample of 2 percent beneficiaries was also selected from each village by using the same method. The data collected was analyzed using relevant statistical tools. The total selected beneficiaries were as follows:

**Table 2: Names of Select Villages**

Sl.No	Villages	Number of Beneficiaries	2% Beneficiaries
1	Aibawk	1076	22
2	Chamring	205	4
3	Falkawn	849	17
4	Maubuang	470	10
5	Sateek	677	14
6	Siaksuk	1430	28
7	Sumsuih	605	12
Total		5312	107

Source: <http://nrega.nic.in> (As on 3<sup>rd</sup> March '18)

### ANALYSIS:

#### Occupational Pattern:

According to Economic Survey Mizoram 2017-18, during 2016-17 more than half of the working population in Mizoram are engaged in Agricultural and Allied activities. However, the value addition to the domestic product is 31.72% only. It can be stated that majority of the respondents under the Scheme in the area are engaged in Agricultural and Allied Sector. The present study shows the impact of Pre and Post engagement under MGNREGS in the occupational structure of the respondents.

**Table 3: Occupational Pattern**

Occupation	Pre MGNREGS	Pre Percentage	Post MGNREGS	Post Percentage	Percentage difference
Agriculture & Allied Activities	53	49.53	50	46.73	-2.80
Daily labour (skilled)	8	7.48	8	7.48	0.00
Daily labour (unskilled)	17	15.89	20	18.69	2.80
Government Servants	21	19.63	21	19.63	0.00
Under Private owner/Contract	3	2.80	3	2.80	0.00
Others (small business, petty shops, etc)	5	4.67	5	4.67	0.00

Source: Field Survey 2018

As shown in the above table, occupations of the beneficiaries have been segregated into six groups, i.e., (i) agriculture & allied activities, (ii) skilled daily waged earners like mechanic, carpenters, mason, etc, (iii) unskilled daily waged earners - those who have been doing unskilled manual works for living, (iv) government servants, (v) contract workers under Central Sponsorship Schemes and those who are engaged in private firms or under private business, and (vi) other workers like doing small shops, small business, etc for living.

According to the study, 53 (49.53%) respondents stated that they were engaged in agriculture & allied activities before entering in the Scheme. However, the number decreased to 50 (46.73%) in the post period of entry and the decreasing rate from pre-entry under the Scheme to post-entry was 2.80%. The same rate of change was found for the unskilled daily wage earners from pre to post-entry of MGNREGS. It implies that those who had shifted from agriculture & allied activities were entered into the unskilled manual works. In case of skilled workers, the Scheme did not have any effect on them showing that the

number remains the same in the pre and post period of the Scheme i.e., 8 (7.48%). The second largest numbers of the respondents i.e., 21 (19.63%) were government servants and in the pre and post period of the Scheme no changes were found in this category also. Furthermore, no change was noticed both in contract/private job workers i.e., 3 (2.80%) and other workers i.e., 5 (4.67%) during pre and post MGNREGS. The study implies that many government servants are also engaged under the Scheme. The common reason reported by some respondents in Aibawk, Sialsuk and Sateek is that they did not demand works, rather the VCs distributed to them. In fact, in most cases, the VCs deducted some part of wage sanctioned and the remaining was distributed to the beneficiaries without performing any works. The deducted wages were used by the Village Councils for performing works by hiring their favoured workers. So, the government servants in the villages could have job cards and could enjoyed the Scheme though they have no time to do unskilled works. It can be concluded that since only 2.8% had changed their occupation, the Scheme did not have impact on the occupational pattern.

### MONTHLY INCOME FROM OTHER SOURCES

Income is an important tool for measuring one family's wealth. Higher income indicates higher propensity to consume or expenditure. It means income determines one family's consumption and expenditure pattern. It is also one of the most important socio-economic indicators. As shown in Mizoram Economic Survey 2016-17, the per capital income of Mizoram for the year 2014-15 is estimated of Rs 85,659.

Income of the respondents from sources other than MGNREGS are categorised as; below Rs 5,000, between Rs 5,000 - Rs 10,000, Rs 10,000 - Rs 15,000 and above Rs 15,000.

**Table 4: Monthly Income**

Income	Number of Respondents	Percentage of the family
Below 5000	51	47.66
5000 - 10000	20	18.69
10000 - 15000	8	7.48
Above 15000	28	26.17

*Source: Field Survey 2018*

As shown in the table 4.10, almost half of the respondents i.e., 51 (47.66%) generated income below Rs 5000 per month during 2017-18. The monthly income of the respondents is immensely related to the occupation. Those who have been included under Rs 5,000 monthly incomes are mostly engaged in agricultural & allied activities and unskilled manual works. 20 respondents had monthly income between Rs 5000 to Rs 10000, 8 respondents were in between Rs 10000 to Rs 15000 and 28 respondents generated monthly income greater than Rs 15,000, out of this, 21 respondents were government servants. From this study, it was found that respondents having different levels of income are all included in the Scheme.

### INCOME FROM MGNREGS

During 2017-18, per day wage rate under MGNREGS in Mizoram is Rs 194 per day whereas the prevailing daily wage rate (unskilled works) in the local market is Rs 300 to Rs 350 for male workers and Rs 250 for female workers. There has been wage discrimination between male and female workers in each and every village especially in the local daily unskilled works while no wage discrimination is allowed under MGNREGS. But the wage rate under the Scheme is lower than the market wage rate.

Since it is not possible to recall all of their income received from MGNREGS, the income addition to the respondents by the Scheme is measured by multiplying total days of employment recorded in the respondents' job card and wage rate.

Income from MGNREGS = Total Days of Employment Received X Wage Rate (Rs 194).

**Table 5: Income from MGNREGS (2017-18)**

Villages	Days of Employment given (recorded in Job Cards)	Wage Rate (Per Day)	Total Wage	Real Income	Deduct ed %
Sialsuk	85	194	16490	8245	50
Chamring	85	194	16490	14841	10
Aibawk	85	194	16490	8245	50
Sateek	85	194	16490	8245	50
Sumsuih	85	194	16490	11524	30
Falkawn	85	194	16490	11524	30
Maubuang	85	194	16490	12752	25

Source: Field Survey 2018

As per the study, 85 days of employment were given in all the villages. So, if there is not wage deduction, total real wage in a year will be Rs 16490 for one job card holder. But in Sialsuk, Aibawk and Sateek, the beneficiaries never performed works since 4 or 5 years ago. In turn, each job card holder submitted half of his wages to the VCs and the VCs performed works according to the needs of the villages. Thus, the real total wage was calculated as Rs 8,245 during 2017-18. Other villages also did not performed all of the days given. In fact, only one or two days were performed in case 7 or 14 days of employment prearranged and some per cent of wages were cut by the respective VCs for performing works that cannot be done by manual works as reported by some respondents.

In Sumsuih and Falkawn, the respondents reported that they performed works, however some works required machines and cannot be done manually. Thus, the VCs deducted around 30% from the wages and used the deducted wages for performing those works. Therefore, the real income of the beneficiaries is calculated as Rs 11,524.

Chamring village is considered as the village where the respondents received highest real income from the Scheme. In this village, 10% of wages were deducted for performing works that cannot be done manually. Thus, the real income of the beneficiaries in this village is calculated as Rs 14,841 during 2017-18.

In Maubuang village, as stated by the respondents 25% of their wages were deducted. The distinction of this village from other village is that, the VC used the deducted wages for performing works (by hiring machines) that cannot be done manually, some part of the deducted wages were also used for running private Higher Secondary School (by using the wages as teachers' salaries). The total wage of the beneficiaries during 2017-18 is calculated as Rs 12,752.

Thus, the total wages in different villages under the Scheme differed depending upon the percentage of wages deducted. The implementation of the Scheme increased majority of the respondents 64 (59.82%) real incomes by Rs 8,245 during 2017-18. At the same time, 27 (25.23%) respondents had additional income by Rs 11,524 by being beneficiaries of the Scheme. Meanwhile, 10 respondents (i.e., 9.35%) had Rs 12,752 additional incomes from the Scheme and 4 respondents (3.77%) also received additional income Rs 14,841 during 2017-18. Thus, the study reveals that the implementation of the Scheme increased income of the beneficiaries in the study area.

### SPENDING PATTERNS

Spending pattern of a family is an important instrument for measuring income of the family. If a family can spend more on durable goods and luxurious goods it is expected that the family is high income



family. On the other hand, if a family spend more of its income on necessary goods and on something very important for the family, the family is regarded as low income family. Thus, the spending pattern or consumption pattern of a family is determined by its income.

In this study, an enquiry was made to the respondents on how their income from MGNREGS was spent. The respondents were given freedom to choose their 'most used of wages' obtained from the Scheme on goods. The first option contains spending only on Necessary Goods like Food, Clothing and Rent. The second option copes with the first option plus spending on children's education. The third option includes the first option plus expenditure on Physical health and medicines. The fourth option consist of other needs which are not included in the above three options.

**Table 6: Spending Pattern of Wage**

Spending Pattern	Number	Percentage
Only on Necessary Goods	21	19.63
Children's education plus Necessary goods	58	54.21
Health & Medicines Plus Necessary goods	25	23.36
Other Needs (personal needs)	3	2.80

Source: Field Survey 2018

In table 4.13, it can be seen that 21 (19.63%) respondents used their income mostly on necessary goods. More than half of the respondents i.e., 58 (54.21%) spent most of their income on necessary goods plus Children's education. This implies that money received from the Scheme is very useful not only for buying necessary goods but also for children's education. The second highest number of the respondents i.e., 25 (23.36%) asserted that they spent most of their income on necessary goods and on medicines and other needs for health. Only 3 respondents stated that they spent their income on other needs. None of the respondents except in Falkawn village had savings from their wages. Mention may be made here that only three out of the seven villages have banks, in the villages where banks are not available the VCs withdraw all of their wages which was credited in their account in banks nearby their villages and hand them over in cash. Since 77.57% of the respondents spent most of their income not only on necessary goods but also on education and improvement of health, it indicates that the Scheme is very useful for improving quality of life by providing assistance to children's education and health.

#### SUGGESTIONS:

- As per NREGA 2005, when wage rate are not fixed by the Central Government in respect of any area in a State, the minimum wage fixed by the State Government under section 3 of the Minimum Wages Act, 1948 for agricultural labourers, shall be considered as the wage rate applicable to that area. In this light, since Mizoram unskilled labour wage rate is Rs 270, it is suggested that this amount should be given to the beneficiaries per day as they are getting only Rs 194 at present.
- As seen in our findings, the VCs deducted wages of the beneficiaries which were then used for hiring machines to perform work that cannot be done manually. It is suggested here that the wages should be given in full amount to the beneficiaries and only those activities that can be done manually should be performed by the beneficiaries which is also in line with the MGNREGA guidelines.
- The purpose of the Scheme is to provide unskilled works to rural poor who have volunteer for doing that. However, the study revealed that there are some beneficiaries or job card holders who are government employees. These government employees should be eliminated from the beneficiaries so that more funds will be reallocated for the rural poor.

**CONCLUSION:**

The Scheme primarily tries to reduce poverty and unemployment problems. It is a legal guarantee of 100 days of employment which immensely reduce unemployment problems. Though 100 days may not be adequate for daily waged earners yet it is still very useful since it provides additional waged employment days in a year. At the same time the Scheme is also very useful for increase in consumption expenditure and income of the beneficiaries. As shown in the suggestion, increase in wage rate will be one of the most important factors that will improve the implementation of the Scheme. In the study area, there are some unfavourable performances like deduction of wages, favouritism of workers, etc. Based on these performances some suggestions like strengthening monitoring and vigilance system were also given in order to improve the implementation of the Scheme. In addition, implementation of the Scheme, as a whole immensely improves the living standard of the beneficiaries which was inclined by the spending patterns of the waged-money.

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