

# Impact of MANREGA on Income and Expenditure of Rural People and their Development (A Case Study of Lauriya Block of West Champaran District)

Dr. Jaynendra Kumar Monu<sup>1</sup>, Dr. Kamlesh Kumar<sup>2</sup>

B.R.A Bihar University, Muzaffarpur, Bihar

**Abstract:** MNREGA is playing pivotal role in the Rural development. It has changed the income and expenditure status of rural poor. It is casting significant impact on the Economic condition of the rural people and changing their socio-economic status. MNREGA is a demand driven employment programme for manual unskilled workers. It involves a paradigm shift from all other programmes launched in the past, since it provides a guarantee of employment for at least 100 days in a year. In the block of Lauriya, the impact of this programme is positive as far as prevailing wage rates are concerned. The wage rates for farm and non-farm labourers went up and the incomes of the poor households have increased. The expenditure pattern indicates that such households are now spending on a variety of items and that the socio-economic status of the unskilled labourers has improved to a great extent.

**Keywords:** Socio-economic indicators, MANREGA, income and expenditure.

## I. INTRODUCTION

Lauriya is known for monuments of Ashoka period and it is situated in the district of West Champaran in the state of Bihar. There is a sugar mill in this block. In terms of various socio-economic indicators, it is as backward as the whole of the district. As far as literacy is concerned, it is the second most literate block after Bettiah in the district. The economy of the block is based on agriculture and the existence of sugar mill is a boon for the local farmers. Due to existence of the sugar mill, it is very well connected with neighbouring areas, district headquarter and the state capital. The population of Lauriya block, according to census of 2011, is 2,30,162.<sup>1</sup> The distribution of the population in various working or non-working groups is being presented in the table 1.

## II. WORKING POPULATION

Table 1: Working population in Lauriya Block

Working population	Total	Male	Female
Main workers	39,465	33,400	6,065
Cultivators	9,131	8,409	722
Agriculture Labourer	21,546	17,529	4,017
Household Industries	975	733	242
Other Workers	7,813	6,729	1,084
Marginal Workers	38,632	23,391	15,241
Non Working	152,065	63,611	88,454

Source: Census of India 2011

MNREGA provides a statutory guarantee of wage employment, which can be upheld in a court of law, NREGS marks a paradigm shift in employment programmes. Additionally, it contributes to providing the right to an adequate means of livelihood, which is currently a directive principle for state policy. NREGS seeks to provide economic security to households, stem migration to urban areas, empower women, create useful assets in rural areas, and fosters a more equitable social order. As a result, it reflects larger socio-economic concerns beyond a simple wage-earning scheme. NREGS employs a rights-based framework and is driven by demand for employment rather than on correctly identifying eligible beneficiaries, a hallmark of many government programmes. Perhaps the most important aspect of guaranteeing employment is that it effectively provides an insurance mechanism to the rural poor. Sudden income shocks caused by

adverse weather, pests, etc. can disrupt cash flows in rural households. Providing access to work can help such families cope with income shortcomings.

In order to gain employment through NREGS an individual must register with the gram panchayat and apply for work. Individuals must register once every five years, but must submit applications each time they would like to obtain work. The main purpose of the registration process is to facilitate advance planning of works. Key elements of the scheme include:

- Any adult member of a rural household can apply for employment in unskilled manual work.
- Within 15 days of receiving an application the gram panchayat must issue a job card after due verification with photographs of all adult members in the family seeking employment.
- Job card holders must submit written applications for employment stating the duration for which they seek work. The gram panchayat issues a dated receipt guaranteeing employment within 15 days of receiving these applications.
- Employment must be provided within 15 days. If work is not provided in this timeframe, job seekers are entitled to an unemployment allowance. Work should be provided within 5 km radius of a job seeker’s village. If the work site is more than that, the job seeker is to be paid an extra 10 percent of wages to meet additional transportation costs.
- Men and women must be paid equal wages and the wage rate is set according to the minimum agricultural wage prevalent in the state. Wages are calculated on a daily basis and are disbursed on a weekly basis.
- At least one-third of the beneficiaries should be women and every work-site should have facilities such as a crèche, drinking water and shade.<sup>5</sup> Progress

Table 2 -A: NAREGA during 2006-07 and 2009-10 at the country level<sup>6</sup>

Year	Funds available (in lakhs)	Total expenditure (in lakhs)	Expenditure as % of available funds
2006-07	12,40,280	9,06,151	73.6
2007-08	19,51,627	15,99,978	81.98
2008-09	36,30,046	27,25,069	75.07
2009-10	37,39,556	29,55,341	79.03

Source: [www.nregs.nic.in](http://www.nregs.nic.in) (Website accessed on January 31, 2010)

Table 2 B: Expenditure under MNREGA during 2012-13 and 2016-17 at the country level

Year	Funds available in Rs. crore	Total expenditure in Rs. crore	Expenditure as % of available funds
2012-13	46463.7895	39778.27	85.61
2013-14	42103.8825	38552.62	91.56
2014-15	37588.03	36025.04	95.84
2015-16	43380.72	4403.16	101.43
2016-17	52114.56	50643.19	97.18

Source: [http://mnregaweb4.nic.in/netnrega/all\\_lvl\\_details\\_dashboard\\_new.aspx](http://mnregaweb4.nic.in/netnrega/all_lvl_details_dashboard_new.aspx)

Average income and expenditure during last one year

Employment guarantee programme has tremendous impact on both social and economic status of the manual labourers. By providing an alternative employment in the lean period of these workers, this programme has both direct and indirect influence on the earnings of the workers. The direct impact is increase in the number of days of work in a year and the indirect impact is increase in the prevailing wage rates in all other works such as agriculture, construction, carpentry etc. The following table depicts the average earnings of respondents in the sample survey from various sources such as cultivation, animal husbandry, fisheries, artisan work, construction etc.

Table 3: Average earnings of household from various sources during one year

S.No	Source	Income (Rs.)	No. of Respondents
1-	Cultivation	23809.52	84
2-	Animal husbandry/Fisheries	14531.25	64
3-	Artisan work	30000	6
4-	Business	30000	1
5-	Construction other than artisan work	22500	4
6-	Farm labour	24722.22	72

7-	Non-farm labour other than public works	28028.17	71
8-	Repairs, watch manship, caste-based occupation, in service sector	20000	2
9-	Salaried		
10-	Interest		
11-	Money sent by migrant worker of the household	12000	10
12-	Pension		
13-	MNREGA	5402.299	80

Source: Compiled and computed from data obtained by field survey conducted during April- May 2016

### III. EXPENDITURE ON DIFFERENT ITEMS

The annual expenditure on an average on various items such as foodgrains, vegetables, milk., disease & illness, festivals, marriage and other social functions etc has been computed on the basis of the sample data of the respondents. The average annual expenditure on foodgrains and pulses works out to Rs.13560 for a household of average size of 5 members per annum. The coefficient of variation is high which means that there is wide variation on this aspect in the data. Food grains and pulses are supposed to consume greater part of the income of a poor family but expenditure of only about 20-21 % of income on these indicated that food security provided by the government had worked and the poor families were getting rations at subsidised rates. The expenses on cloth, shoes, bedsheet, bed etc constitute important part of the total expenses of the poor. Expenditure was first taken as % of total income and the data have been grouped and a continuous series formed for computing the average and standard deviation. The results show that though a lesser part of income goes on these items but the variation is wide as CV is more than 72 %

The expenses on vegetables, milk, spices etc constitute another sizeable part of the total expenses of the poor. Expenditure was taken as % of total income and then calculated in money terms. There is widespread illiteracy among the lower echelons of our society. The sample households are among the poorest families of the area. Most of the respondents are illiterates. Despite almost free education at the elementary level all the families are not able to send their children to schools even today. Those sending their children get free books, dresses, bicycles etc. but despite all these they have to spend some money on education at elementary level such as on tutions, books, copies, pens, pencils etc. The expenditure of the respondents on this aspect is being presented below. The average annual expenditure comes out to be 2.06 % of income which in money terms is around Rs. 1359 per annum. The coefficient of variation is 164 % in this case which is too high. The expenditure on disease and illness constitute another important part of the total expenses of every family including the poor. Expenditure has been taken first as % of total income and then computed in money terms. The expenditure on religious and social festivals constitute important part of the total earnings of every family including the poor. Expenditure on these comes to be around Rs. 5910. The coeff. of variation is over 65 %. Expenditure on fuel is an important part of the total expenditure of low income group. Most of the households depended on wood for cooking along with cow dung cakes etc. Kerosene is also used for cooking besides lighting lanterns etc. It works out to be around Rs.9554 per household in a year. The expenditure on repair and maintenance of huts, kuchcha or pucca houses constitute another important part of the total expenses of the labourers. Expenditure was again first taken as % of total income and then after computation of average income, computed in Rupee terms.

CV % is also being presented. The expenditure on loan and interest payment constitutes another important part of the total expenses of every family including the poor. The poor households generally borrow from friends or local money lenders who charge high interest rate and the borrowers have to pay a part of their incomes to the money lenders every month. On the basis of sample data it has been computed as Rs.3000. This is not a big sum since it has been computed on annual basis which indicates that MNREGA helped them in this respect to a great extent and their dependence on money lenders has decreased. The expenditure on bidi, cigarettes, wine, tobacco etc constitutes a part of the total expenses of the poor. Expenditure in actual terms that is in rupee terms on annual basis is around Rs. 1235 with a variation of 59 %. The expenditure on entertainment constitutes another important part of the total expenses of the household.

Expenditure has been computed as Rs.772 with CV % of 57.5. The expenditure on marriage and other social functions constitutes another important part of the total expenses of the poor. If the marriage actually takes place in the family, the expenditure is often in lakhs in our society. A poor family hardly manages to spend for marriage of girl child. The sample data did not contain figures of expenditure when marriage of any member in the respondent's family actually took place. The sample contained data just on usual expenditure when there is marriage in the family of nears and dears. Expenditure has been Rs.2027 with a variation of 58.4 %. The expenditure on all other things not specified here has also been taken into consideration. Expenditure on annual basis comes out to be Rs.1588 with CV % of 57.2.

Table 4: Expenditure (Rs.) on various items

S.No:	Items	Average Annual Expenditure (Rs.)	CV %
1-	Foodgrains and pulses	13197	65.76453891
2-	Vegetables, milk, meat, fish etc	11638	41.03644561
3-	Cloth, shoes, bed, bedsheet etc	3028	72.37338888
4-	Education	1359	164.3627317
5-	Disease & illness	8665	52.84570177
6-	Social & religious festival	5910	65.96161991
7-	Electricity, gas, wood, kerosene, etc.	9554	30.66733032
8-	Telephone/mobile	2400	.....
9-	Construction & repairing of dwelling	3335	35.90979824
10-	Payment of loan & interest	3000	48.36508334
11-	Bidi, cigarette, wine etc	1235	59.09368403
12-	Entertainment	772	57.54130372
13-	Marriage & other ceremonies	2027	58.41600505
14-	Other	1588	57.28498847

Source: Computed on the basis of field survey

The impact is found to be positive since the increase in income has translated into an increase in expenditure, particularly on food and essential items, of the household. MNREGA has contributed to ensuring a higher intake of food and food availability. Daily/monthly expenses of the respondents increased in the block after the implementation of the scheme. Among the other reasons which may cause this are inflation and increasing size of family. The earnings of the labourers increased since wage rates increased in all types of works. The implementation of employment guarantee and provision of job on demand appears to have a very positive impact on prevailing wage rates in the labour market as a whole. Expenses on these items increased even after almost free ration from government. Books, dresses and bicycles are also being provided by the government free of cost to the school going children. In this scenario rise in expenditure on both food and non-food items indicate overall improvement in the condition of living.

In order to evaluate the impact of the scheme on the economic condition of the labourers various queries were put forward such as expenses on food and non-food items, illness & disease, education of children, cloth, shoes, bed sheet, fuel, kerosene, electricity, telephone, mobile, repairing of dwellings, payment of loan and interest, marriage and other social functions etc. An analysis of the responses, thus, shows that they are now able to spend sufficient amount on food and along with MNREGA which helped in getting more wages, with the food security bill passed, the comprehensive attack on hunger and malnutrition started and the expenditure pattern shows that the weaker sections are now able to spend more on non-food items more than ever before. The expenditure pattern by and large validated the incomes of the respondents which increased many fold since the inception of MNREGA.

#### IV. CONCLUSION

We finally conclude that MNREGA is increasing the welfare status of the rural people and their income and expenditure on consumer goods and other is increasing. Their consumption level is increasing. It will help in improving their Health condition, Educational condition & welfare. The main findings of the present study are- wage rates in both rural and urban areas have gone up due to more wages paid under this scheme at initial stages when wages were very low in rural areas specially for farm labour, improving the socio-economic status of the workers to a great extent, both incomes and savings increased and as a result access to every other things such as access to health services, access to schooling of children gets improved since income is the most important determinant of socio-economic status of a family. Workers are now able to get work for more days in a year due to this scheme. The wage rates have gone up in all the sectors for manual unskilled workers. The expenditure trend suggests that the consumption pattern has been changing and the workers are now using goods like mobiles in largenumbers. There has been improvement in rural environment and sanitation. Economic empowerment of women is another achievement and there has been reduction of hunger and disengagement from hazardous work. Women participation is more in this scheme than any other scheme. It is no mean achievement. There are also many socio-economic positive impact on the rural people.

**RECOMMENDATIONS**

The recommendations are as follows:

1. There should be a grievance redressal mechanism at district level which should hold regular meetings at Block level too. The existing mechanism is not effective.
2. PRS at the panchayat level are graduates and post graduates but they lack job security. They are generally under tremendous pressure to function according to dictates of Mukhias and due to insecurity of job they are unable to resist in case of wrong pressures.
3. Wage rate in MNREGA should be increased in order to make it more attractive for migrating labourers.
4. Availability of drinking water, first aid box etc must be ensured at work sites.
5. Awareness campaign regarding different provisions of the act must be intensified through means such as door-to-door canvassing, 'Nukkar Sabhas' etc.
6. Discrimination in work assignment should be stopped because such a thing with labourers enhances their willingness to migrate to other places.
7. In order to check the instances of mismatch between muster rolls and actual no. of workers at the site more supervision is required and the competent authorities should visit the work sites regularly.
8. No. of days of work guaranteed under MNREGA should be increased.

**REFERENCES**

- [1]. Census of India 2011: District Census Handbook, Paschim Champaran, Village and Town Directory, Directorate of Census Operations, Bihar p.47, Series-11, Part-XIIA
- [2]. IAMR (2008): All India Report on Evaluation of Nrega in 20 Districts
- [3]. Centre for Environment and Science (2008): Report on assessment of the performance of National Rural Employment Guarantee Programme in terms of its potential for creation of natural wealth in India's villages, MORD, GOI
- [4]. [nrega.nic.in/MNREGA\\_Dist.pdf](http://nrega.nic.in/MNREGA_Dist.pdf)
- [5]. [https://en.wikipedia.org/wiki/National\\_Rural\\_Employment\\_Guarantee\\_Act,\\_2005](https://en.wikipedia.org/wiki/National_Rural_Employment_Guarantee_Act,_2005)
- [6]. [www.nregs.nic.in](http://www.nregs.nic.in)
- [7]. [http://mnregaweb4.nic.in/netnrega/all\\_lvl\\_details\\_dashboard\\_new.aspx](http://mnregaweb4.nic.in/netnrega/all_lvl_details_dashboard_new.aspx)