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# **Study on Impact of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on Farming Community and Rural Labour Market in Usilampatti Taluk of Madurai District**

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## **Authors' contributions**

*This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.*

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## **ABSTRACT**

The present study was conducted with an intention to study the impact of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on farming community and rural labour market. The study was carried out in Usilampatti Taluk of Madurai district, Tamil Nadu. Totally sixty respondents were selected for the study by using Simple Random Sampling (SRS) method, and they were Personal interviewed to collect the data. The collected data was analysed and tabulated by using the appropriate statistical tool (Percentage analysis). The results of the study showed that MGNREGA has increased the labor wage and affected the agricultural activity among small and marginal farmers of the study area. But it has resulted in the creation of permanent assets in the study area which was a positive impact of MGNREGA.

**Keywords:** *Impact; MGNREGA; farming community; employment.*

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## 1. INTRODUCTION

India is predominantly a rural country with two third of its population and 70% workforce residing in rural areas. Rural economy constitutes 46 per cent of national income. Population projections indicate that India will continue to be predominantly rural till 2050 after which urban population is estimated to overtake rural population (UN, 2012). MGNREGA aims to enhance livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to at least one member of every household whose adult members volunteer to do unskilled manual work. Aim of MGNREGA is to create durable assets (such as roads, canals, ponds and wells). This study covers about the impact of MGNREGA in the society and studies about the effect of this scheme on women and farmers in both social and economic perspective, along with constraints faced by the beneficiaries of this scheme and how can this scheme be further enhanced to meet its true motto is to provide 100 days of guaranteed employment to rural poor to enhance their livelihood. Mahatma Gandhi National Rural Employment Guarantee Scheme has broken the long stagnation in real wage rates in rural India and has contributed towards the goal of inclusive growth. The expansion of MGNREGS is bound to cause reduction in the availability of rural labour for other activities [1].

Reddy *et al.* [2] in their study on impact of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on Rural Labor Markets and Agriculture concluded that there is a clear evidence that rise in wages is one of the contributing factors along with other rising input costs, to increasing cost of cultivation. Hence, big farmers are shifting towards mechanization to meet rising cost, worst affected are small marginal farmers who are neither participants in the MGNREGS work nor beneficiaries of works on their private lands. MGNREGA has helped to bring down the level of unemployment and has also reduced the supply of labour to agriculture. Minimum wages for agricultural labourers has increased after implementation of MGNREGA. This programme has also improved per capita income and helped to lead a better standard of life [3]. MGNREGA was able to dignify labour work in the village and provided purchasing power among the rural households, when these poor households spend this additional money, they create demand for capital, raw materials and workers [4]. Hence, the current research

entitled "Study on Impact of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on Farming Community and Rural Labour Market in Usilampatti Taluk of Madurai district" has been taken up with the objectives as follows:

1. To study about the impact of MGNREGA on farming community
2. To study about the impact of MGNREGA on the rural labor market

## 2. METHODOLOGY

The study was carried out by using the Ex-post facto research design. Among the 13 taluks in Madurai district Usilampatti taluk has been selected purposively. Since, it is predominantly an agriculture dependent area with mostly flourishing on the seasonal rainfall. Totally 60 samples were selected for the study by using Simple Random Sampling (SRS) method. Data was collected through Personal interview by using well structure interview schedule to the MGNREGA beneficiaries. In SPSS percentage analysis were used to analyse and interpret the results.

## 3. FINDINGS AND DISCUSSION

### 3.1 Impact of MGNREGA on Farming Community

MGNREGA implemented in the rural areas would have some derived impact on farming community, which is studied in the Table1.

### 3.2 Scarcity of Labor

From the Table 1, it is clear that MGNREGA has no impact on labor availability for agriculture activities as majority (96.67%) of them prefer agriculture work, in spite of limited availability of work.

### 3.3 Labor Wage

The table clearly elucidate that cent percent (100%) of the respondents felt that post implementation of MGNREGA has significantly raised the farm labour wage in agriculture. This can be attributed to be the derived effect of MGNREGA.

### 3.4 Labor Wage Competitiveness

It is clear from the Table 1, that majority of the respondents (93.34%) felt that MGNREGA wage

is competitive with agriculture wage. This is because the wage paid for female wagers in the locality is very much same as MGNREGA wage which is around Rs.200 for works that include harvesting and weeding.

### 3.5 Quality of Work in Farm

The table clearly elucidates that majority of the respondents (98.34%) felt that the implementation of MGNREGA has no way affected the quality of work in farm.

### 3.6 Effect on Small and Marginal Farmers

The table clearly elucidate that cent percent (100%) of the respondents felt that upon implementation of MGNREGA the most affected sections were small and marginal farmers, who cannot meet out the additional expenses in wage rate raised due to MGNREGA.

### 3.7 Broadening of MGNREGA act

The table clearly elucidate that cent percent (100%) of the respondents felt that MGNREGA can be used for works involving government sanctioned works at farm like farm pond development.

### 3.8 Work Calendar

From the table it is clear that elucidates that cent percent (100%) of the respondents agreed that implementation of MGNREGA during agriculture

season forced the beneficiaries to forgo anyone of the employment opportunity.

### 3.9 Permanent Assets Development

The Table 1, clearly elucidate that cent percent (100%) of the respondents felt that post implementation of MGNREGA has improved permanent assets present in the village and also increased agriculture resources like canals, catchment areas. Majority of the respondents (93.34%) felt that post implementation of MGNREGA has brought barren land into cultivation.

### 3.10 Impact of MGNREGA on Farmers and Farm Labor Market

MGNREGA is an alternative employment opportunity available to the rural poor, this employment opportunity would have made a derived effect on farm labor market. Hence, impact of MGNREGA on rural labor market was studied.

### 3.11 Labor Migration

The Table 2, clearly elucidates that cent percent (100%) of the respondents felt that post implementation of MGNREGA has reduced seasonal migration to urban areas in search of work. The work provided by MGNREGA during lean season has reduced their need to migrate to nearby places in search of job.

**Table 1. Distribution of respondents according to impact of MGNREGA on farming community**

| S. No | Features   | Comparative changes occurred (n=60) |         |    |         |
|-------|--|-------------------------------------|---------|----|---------|
|       |  | Yes                                 | Percent | No | Percent |
| 1     | Scarcity of farm labors due to MGNREGA   | 2                                   | 3.34    | 58 | 96.67   |
| 2     | MGNREGA has caused increased labor wage  | 60                                  | 100     | -  | -       |
| 3     | Wages paid in MGNREGA competitive to agricultural wages  | 56                                  | 93.34   | 4  | 6.67    |
| 4     | MGNREGA has impacted on quality work done at farm  | 1                                   | 1.67    | 59 | 98.34   |
| 5     | Most affected are small and marginal farmers   | 60                                  | 100     | -  | -       |
| 6     | MGNREGA workers can be effectively used for agricultural field works also under the sanctioned MGNREGA act                 | 60                                  | 100     | -  | -       |
| 7     | MGNREGA work calendar and agriculture season coincide  | 60                                  | 100     | -  | -       |
| 8     | MGNREGA activities has on positive impact on creation of permanent assets- improve agriculture activities and labor demand | 60                                  | 100     | -  | -       |
| 9     | Post MGNREGA has improved agricultural resources in the village  | 60                                  | 100     | -  | -       |
| 10    | Able to cultivate once barren land   | 56                                  | 93.34   | 4  | 6.67    |

**Table 2. Distribution of respondents according to their opinion on impact of MGNREGA on farm labor market (n=60)**

| S. No | Features   | Comparative changes occurred |         |      |          |
|-------|--|------------------------------|---------|------|----------|
|       |  | Yes                          | Percent | No   | Per cent |
| 1     | Migrate to urban areas and other villages in search of job reduced | 60                           | 100     | -    | -        |
| 2     | Prefer going to MGNREGA work during                                | Lean season                  | 60      | 100  | -        |
|       |  | Agricultural season          | 5       | 8.34 | 55 91.67 |
| 3     | MGNREGA has increased wage rate of farm labors                     | 60                           | 100     | -    | -        |
| 4     | MGNREGA has reduced the female to male wage differentials          | 60                           | 100     | -    | -        |
| 5     | MGNREGA provide alternative employment on lean season              | 60                           | 100     | -    | -        |
| 6     | Enhanced labor bargaining power in front of land lords             | 60                           | 100     | -    | -        |
| 7     | Increase in employment opportunity                                 | 60                           | 100     | -    | -        |

### 3.12 Seasonality of Work Preference

It is inferred from the table that cent percent (100%) of the respondents prefer working in MGNREGA during lean season as the work place is at their reach, instead of going outside the village. But this is not the case during agriculture season majority of respondents (91.67%) prefer agriculture works as they are remunerative over MGNREGA during on season

### 3.13 Labor Wage

The table clearly depicts that cent percent (100%) of the respondents felt that post implementation of MGNREGA has increased farm labor wage (male workers nearly paid Rs.400-500 per day, female labor nearly Rs.150-200 per day as against previously Rs. 200 and Rs. 100 wage) significantly.

Cent percent (100%) of the respondents felt that MGNREGA has also contributed to reduction in male female wage difference as MGNREGA offers equal wage irrespective of gender. This has limited but significant effect on farm wage differential too.

### 3.14 Labor Employment Security

The table indicates that cent percent (100%) of the respondents felt that post implementation of MGNREGA has enhanced the labor bargaining power in the labor market. They also stated that MGNREGA has provided alternative employment opportunity during lean season and increased employment opportunity of rural poor.

### 4. CONCLUSION

MGNREGA has achieved many gender specific achievements in rural labor market. It has significantly reduced seasonal migration in rural society. It has derived impact in increasing the farm wage rate and also lowering the male female wage differential significantly. This scheme has also made available the employment opportunity even in off season and enhanced bargaining power of labor in front of the land lords. The increased wage rate has caused significant increase in cost of cultivation which causes burden on small and marginal farmers. Moreover implementation of MGNREGA has improved rural resources and enhanced permanent community assets creation in rural areas. But the beneficiaries felt that implementation of MGNREGA during agriculture season hinders them in accessing the benefit during agriculture season as they prefer to go for agriculture work. The scheme has caused many significant impacts in the rural society and in the livelihood of poor section of the society.

Its complete implementation can cause larger tides of benefits to the society. Emphasis must be laid to provide skilled training through MGNREGA which can make people even more independent for their livelihood. Because there is no visible end to the demand of the scheme as unemployment in lean season is not going to vanish overnight until we create alternative employment opportunities or self-employment opportunity. This can be achieved by empowering the skills of the people through capacity building.

## CONSENT

As per international standard or university standard, respondents' written consent has been collected and preserved by the author(s).

## COMPETING INTERESTS

Authors have declared that no competing interests exist.

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