

A Study on the Economic Impact of MGNREGP Workers in Tirunelveli District, Tamil Nadu

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Abstract

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is considered as a "Silver Bullet" for eradicating rural poverty and unemployment, by way of generating demand for productive workers force in villages. Keywords: MGNREGP, Income and Expenditure. This paper discusses the economic impact of beneficiaries who are in the MGNREGP work. The role and the impact of MGNREGP on income, and expenditure pattern of the workers. The study reveals that the family income of the MGNREGP workers are determined by the number of working days, number of earning members and level of education and in the study area.

Key Words: MGNREGP, Income and Expenditure.

Introduction

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is considered as a "Silver Bullet" for eradicating rural poverty and unemployment, by way of generating demand for productive workers force in villages. Rural poverty and unemployment in India have grown in an unprecedented manner during the last few decades. There is a growing incidence of illiteracy, blind faith, hungry people, mal-nourished children, anemic pregnant women, farmer suicides, starvation deaths, migration resulting from inadequate employment, poverty, and the failure of subsistence production during droughts. In order to make solution of these problems and to provide livelihood security to rural unemployed, Government of India (GOI) enacted the National Rural Employment Guarantee Act (NREGA) in 2005.

Review of Literature

Sunil and Anupriya (2015) has pointed out that MGNREGP not only provide employment to the poor people in the rural areas but also generate employment opportunities outside MGNREGP by generating useful and long term assets we are looking MGNREGP as alternative development strategy. To remove poverty the employment should be the right of the people. It will not only provide empowerment to the poor people but also enhance the growth rate of the economy present study examines the impact of MGNREGP at both the individual level and community level".

Objectives of the study

- To analyse the economic impact of MGNREGP workers in Tirunelveli district.
- To analyse the determinant of income in the study area.

Methodology

The study is concerned with MGNREGP on the standard of living of the rural area in Palayamkottaipanchayat union in Tirunelveli District. There are 366 respondents were selected as sample from four zones of Palayamkottai panchayat union by using Multistage Stratified Random Sampling Method. The study was based on primary data. Primary data has been directly collected from the respondents through structured interviewschedule.

Result and Discussion

Income Function

The quantitative relationship between income and the determinants is studied by fitting a linear income function with income as the dependent variable and family size,

education, number of working days, number of earners, and dependency ratio as independent variables. The function applied to a cross section of MGNREGP workers to examine the factors influencing the income of the respondent model is,

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

where,

Y - Annual Per capita Income of the Family (in Rs.)

X₁ - Family Size (in number), X₂ - Educational Status (X₂ = 1 for Illiterate, X₂ = 2 for Primary level, X₂ = 3 for High School level, X₂ = 4 for Higher Secondary level, X₂ = 5 for Degree level and X₂ = 6 for Professional level, X₃ - No. of Working Days, X₄ - No. of Earners (in number), X₅ - Dependency Ratio and e - Error term.

Estimated Results of Determinants of Family Income for MGNREGP Workers

The estimated results for overall MGNREGP workers the study area are presented in Table 1.

Table:1 - Estimated Results of Determinants of Family Income for MGNREGP Workers

Variables	Regression Co-efficient	t - value	p - value
Intercept(β_0)	22950.45	6.870	0.000
Family Size (β_1)	-0.218	-0.919	0.000
Educational Status (β_2)	0.487	3.112	0.005
No. of Working Days (β_3)	0.612	4.915	0.007
No. of Earners (β_4)	0.513	3.877	0.020
Dependency Ratio (β_5)	-0.287	-1.024	0.002
R	0.798		
R ²	0.637		
F - value	27.348		
No. of observations	366		

Source : Calculated from Primary Data.

It is indicated from the results in Table 1 that all five explanatory variables jointly accounted for 63.70 per cent (R²) of the variation in family income of the respondents of MGNREGP workers. Among the explanatory variables, all the variables are statistically significant at the 5 per cent level. Among the significant variables, the number of working days, the number of earning members and the educational level are positively related to family income. It implies that a one per cent increase in these variables may lead to an increase in family income of the respondents among overall MGNREGP workers by 0.612 per cent, 0.513 per cent and 0.487 per cent respectively. The family size and dependency ratio are significant and negatively related to the family income of the respondents. It means that an addition made to this variable could affect 0.218 per cent and 0.287 per cent respectively decline in family income. Thus, it is inferred from the analyse that the variables, number of working days and number of earning members, had a greater influence on the family income. As per F-value 27.348, the fitted regression model was found to be significant at the one per cent level.

Hence, the hypothesis that ‘the family income of the MGNREGP workers is determined by the number of working days, number of earning members and educational status’ is valid, but the family income of the MGNREGP workers is determined by the family size and dependency ratio is invalid and rejected.

Consumption Function

Linear consumption functions were fitted by taking the per capita consumption expenditure of the households as the dependent variable and the per capita income of the households as the independent variable to study the quantitative relationship between consumption and income of the respondents of households. The Marginal Propensity to Consume (MPC) and the Marginal Propensity to Save (MPS) were derived from the consumption functions for the households. The results of the estimated consumption for the respondent households are presented Table2.

Table:2 - Estimated Linear Consumption Function for the Households

Variables	Regression Co-efficient	t - value	p - value
Intercept(β_0)	23364.258	7.695	0.000
Per capita Expenditure	0.883	4.695	0.001
R	0.832		
R ²	0.692		
F – value	21.955		
No. of observations	366		

Source: Calculated from Primary Data.

The co-efficient of multiple determinations (R²) was significant with a value of 0.692, indicating that the explanatory variable per capita household income included in the function could explain 69 per cent of the variation in the annual per capita expenditure of the respondent households.

The intercept, (β_0) was positive and significant with a value of Rs.23,364.26 indicating that the autonomous consumption in the respondents households was Rs.23,364.26. This implied that even without any income for the individual in the respondents of household, the minimum expenditure incurred per worker was Rs23,364.26.

The co-efficient of the annual per capita income variable was positive and statistically significant, with a value of 0.832. As the function is linear, the co-efficient of the per capita income variable immediately indicates the Marginal Propensity to Consume (MPC). Marginal Propensity to Consume indicates the proportion of income that is allocated for consumption and indirectly indicates the level of poverty that exists in the households respondents. From the analyse, it could be inferred that with every one-rupee increase in the annual per capita income from the existing mean level, the annual per capita consumption would increase marginally by 0.83 rupees in the MGNREGP workers in respondents.

Marginal Propensity to Save (MPS) indicates the capacity of the household / worker to save with a given level of income. As indicated in the study, the Marginal Propensity to Save could be derived from the Marginal Propensity to Consume by the relationship $MPS = (1-MPC)$. Using this relationship, the MPS in MGNREGP workers was derived and it was $(1-0.83) 0.17$, which implied that with every increase in income by one rupee, the respondents might have the capacity to save Rs.0.17.

From the analyse, it was evident that most of the per capita income earned was spent on consumption, and little, to the tune of Rs.0.17 was available for saving. This indicated that worker in the households of respondents were living in intense poverty and they spent more on consumption.

Suggestions

MGNREGP work places in medical and restroom facilities are not provided properly. Even if these facilities are provided they are far away from the work place. Thus this inconvenient should be addressed. Awareness about the accident insurance and minimum wages should be created spread among the rural people in their Gram Sabha meeting

Conclusion

This paper discusses the economic impact of beneficiaries who are in the MGNREGP work. The role and the impact of MGNREGP on income, and expenditure pattern of the workers. The study reveals that the family income of the MGNREGP workers are determined by the number of working days, number of earning members and level of education and in the study area.

Reference

1. Sunil and Anupriya, (2015). Employment Oriented Development Strategy: Evaluation of MGNREGA in Haryana” International Journal of Arts, Humanities and Management Studies, Vol 01, No 4, pp.542-548,