CHAPTER II

REVIEW OF LITERATURE, THEORETICAL BACKGROUND AND METHODOLOGY

In this chapter, the researcher is interested in reviewing the major findings of some of the related studies undertaken by other researchers in different places at different times. The past literature, actually, helps the researcher to adopt, modify and improve the conceptual framework of this thesis. In any research work review of literature helps to find out the past theories, axioms and established doctrines. The scholar must be familiar with the concepts related with the area of his interest. Going through the related literature gives an idea of the basic concepts, theories and findings.

2.1 REVIEW OF LITERATURE

Norman Reynolds et.al., (1977) has presented, “Maharashtra Employment Guarantee Scheme: A Programme to Emulate,”. The researcher has made an attempt to study the rural level poverty of the EGs programme, the wage component is redistributed through the wage employment programme, to evaluate the role of the EGs and how it co-operates with other programmes.¹

Dantwala, (1978) has made a study on, “Some Neglected Issues in Employment Planning”. The researcher has made a study on the public works approach to unemployment, which would make sense if it is so organized that
there will be progressively less and less reliance on it, so that ultimately it becomes redundant. He found that the economy, one providing ‘regular employment’ to those who are lucky enough to have some productive assets and the other a hapless contingent of employment seekers wholly dependent on those in charge of public works, as and when they are organized.  

*Kumudhini Dandekar et.al., (1980)* has made “Employment Guarantee Scheme and Food for Work programme”. The researcher has analyzed the food for work programme in 1978-79 which helped to get an increase of 33 percent and more in the EGs earnings of the workers and was considered the greatest attraction of EGs.  

*Kaushik Basu, (1982)* has pointed out in his study on the topic, “Food for Work: Some Economic and Political Consequences”. The researcher has analyzed wage payment and inflation, effects from the implemented programmes. Food for works has been implemented in many less developed countries all over the world, and some of them for a longer period than in India.  

*Hemchand Jain, (1987)* found out in his paper, “Economic Impact of NREP in Madhya Pradesh,” that employment generation is an additional gainful employment for the men and women in the rural areas. The researcher has revealed that his main objective is to bring out the effects of the programme implemented in rural area for providing employment opportunity to the SC/ST people and also, to the landless workers in other categories in rural households.
The total respondents 52.95 raised their consumption level from employment and wage rate respectively.\textsuperscript{5}

Hemchand Jain (1987) observes in his article on “Planning and Employment Achievement in Madhya Pradesh”, that in addition to unemployment; under employment in the rural areas is the main problem. According to the researcher, to provide adequate employment opportunities to the population is not just a welfare measure but an important component of development strategy to achieve growth with social justice.\textsuperscript{6}

Asthana (1987) worked out in “RLEG helps in Solving Rural Unemployment”, the drafting and implementing of programmes of rural development. Rural employment programmes are not doles – they create durable community assets which give direct benefit to the village poor and broaden the source base of the village economy and hence employment.\textsuperscript{7}

Hanumantha Rao’s (1987) work, “Poverty Alleviation Programmes and the Poor”. mainly focuses on the target groups and programmes implemented for reducing poverty in rural areas. These programmes are implemented for selected beneficiaries and the employment provided to the target groups.\textsuperscript{8}

Bandyopadhyay (1988) in his article “Direct Intervention Programmes for Poverty Alleviation: an Appraisal.”, focuses on poverty and poverty alleviation programmes. The programmes are more effective with land reforms, planning and
implementation at the grassroots level and a major for organization of the rural poor.⁹

**Shripathi (1989)** made his research on, “TRYSEM,” from the study of Dhakshina Kannada in Karnataka. The article speaks of the project approach for training selecting prospective trades for districts. The researcher finds out that the main objectives are reducing abysmal poverty of the masses which has been the avowed planning in India and welfare production and equal distribution of employment opportunity in rural India. The main focus is to inculcate managerial and enterprising ability along with technical skill to provide for rural beneficiaries.¹⁰

**S.K. Singh (1989)** worked out his article on “TRYSEM” and rural employment generation and its main aims at equipping the rural youth in the age group of 18-35 years and below the poverty line with the necessary skills and technology to enable them to take to self – employment according to their physical and mental dispositions. The researcher suggests that the programme can provide provision to millions of rural youth to solve their economic problems, and then find the technological problems in rural areas, and to implement the sophisticated technologies provided for the elimination of unemployment. Low productive work should be cleared and high productive work should be raised among the youth.¹¹
S.M.Shah (1989) examined in his paper, “Rural Employment Need Massive Expansion for Employment Creation and Alleviation of Poverty”, and says that employment potential is designed to go up by 4 percent per year, well above the expected growth of labour force at about 2.5 to 2.6 percent. Various programmes have been implemented for generating employment opportunities and domestic GDP were raised in the economic development.\(^\text{12}\)

Hemchand Jain (1989) had made a study on “Enlarging Employment in Rural Areas”, to achieve a more rapid and diversified growth of economic activities development of the employment structure throughout the country. The researcher finds out the strategy of capital intensive in agricultural field for creating employment generation for growth strategy.\(^\text{13}\)

Ramu Naidu (1989) has published a paper entitled, “Eradication of poverty through NREP” for raising employment opportunities. In rural regions where labour is mainly agriculture – oriented, efforts are made to generate work. The researcher mainly focuses on the unemployment problem and to provide supplementary work for the eradication of their poverty through selection of schemes that provide some relief of employment in rural regions.\(^\text{14}\)

Venkata Reddy (1989) suggests in his article on, “Rural Employment Guarantee Schemes: An Observation,” that gainful employment can be provided with a decent wage provided to all unemployed and under employed in rural areas. The researcher points out that the main issue of the rural poverty should
immediately be tackled effectively through the provision of continuous employment for the rural poor. The different schemes in operation aiming at creating employment for the rural poor are of ad-hoc nature mainly providing short–term employment during the drought and famine conditions.  

Kurian’s (1990) study on “Employment Potential in Rural India: An Analysis” with agricultural census and National Sampling Survey data for analyzing the employment in agriculture sector in rural areas mainly focuses on the employment potential in the rural areas with particular emphasis on agriculture and allied sectors. A detailed analysis of labour absorption in the crop sector on the basis of cost of cultivation data for all the major crops in the country is presented on public policy planning for the current decade.

Kurian (1991) examine the “Special Employment Programmes”. The researcher is mainly concerned with the rural employment programmes in India. JRY, NREP and RLEG were implemented and empirically improved and added various programmes under their scheme for creating employment opportunities in village level.

Kanchan Chopra (1993) has made a study of “Watershed Development; Contrast with NREP/JRY.” Under this programme the natural capacity for regeneration inherent in a biomass system, through the development programmes is analyzed. According to the researcher, an assessment of the implication of the IRDP/NREP versus the land and water-related programmes for employment
generation, and natural capital regeneration asset creation and environmental conservation has developed.\textsuperscript{18}

\textbf{Parameswaran Iyer (1994)} in his article on “Creating Rural Employment: JRY’s New Thrust Areas,” indicates that Employment Generation is provided within the rural areas. The pumping of extra funds into the backward areas under the Jawahar Rojgar Yojana provides a new opportunity for tackling unemployment and under employment problem in these areas provided supporting systems are shored up, under various programmes within one scheme.\textsuperscript{19}

\textbf{Neelakandan’s (1994)} work, “JRY: An Assessment through Concurrent Evaluation”, draws one’s attention on key issues such as the volume of employment generation, creation of assets, wages, involvement of contractors, wage/non-wage ratio and the opinions of JRY workers on the programme.\textsuperscript{20}

\textbf{Mahendra Dev’s (1995)} article, “Alleviating Poverty: Maharashtra Employment Guarantee Scheme”, makes an attempt to assess the performance of the EGs. In terms of implementation, the EGs have made positive impact on the levels of living of rural poor in Maharashtra. But the EGs alone cannot remove poverty from India, and the scheme in other states should involve prior establishment of decentralized district planning and implementing body and assurance of adequate funds through additional taxation.\textsuperscript{21}

\textbf{Mahendra Dev (2000)} used data (NSS and NHDR) of different countries for the period 1983-84 to 1996-97. The researcher made his study on Economic
Liberalization and Employment in South Asia. His empirically evidence shows, on the other hand, that employment growth has picked up despite the contained existence of ‘labour market rigidities’. To improve the employment climate in the region governments should accord priority to investment in physical and human capital institution development and the reduction of inequalities.  

**Mahendra Dev, (2000)** in his article, “Economic Reforms, Poverty, Income Distribution and Employment in the Pre - and Post - reform periods, identifies the components of reforms having impact on these identifications. The newly emerging disparities with regard to urban and rural poverty inter-state inequalities, and agricultural sector, lay emphasis on agricultural growth and rural infrastructure. Where the rural poverty was declining faster in 1980s, it has been halted in post 1991, where the income distribution has used consumption distribution as proxy. An analysis of the impact of public expenditure on roads and direct poverty alleviation programmes provide employment generation activity. The researcher observed only three indicators, for analyzing regional disparities.  

**Balla et. al., (2003)** in their paper on Rural Employment and Poverty, consider employment and income growth agriculture and non - agriculture in rural urban areas under various sectoral growth rates and employment elasticities. It deals with generating employment in the years and labour force as also in raising
wages and productivity of workers. It also considers possible strategies for increasing employment significantly reducing rural and urban poverty by 2020.24

**Chandra Sekar et.al. (2004)** in their article on, “Feasible in Rural Employment Guarantee” indicate that in the political concern, socio economic issues are identified. The political parties should implement the economic policies and create employment opportunities. However the government’s promise of guaranteeing employment in rural areas through public works programmes holds good and work has been provided at least 100 days a year. For employment guarantee scheme it is targeted at increasing capital formation and productivity in rural India with raised assets.25

**Vaithyanathan’s (2005) article, “Employment Guarantee and Decentralization” examines the activities among the panchayat level in all over the country. This article reveals that the main objective of decentralization must be within the panchayat level of the work in local development activities. Protagonists of the NEGS do favour entrusting the programme to panchayats and incorporating provisions to this end in the national law. NEGS must be combined with a campaign strong opinion and mobilize elected panchayatdars all over the country to bring pressure on the central and state governments to strengthen democratic panchayats and empower them to plan and implement all local development programmes.26**
Raghav Gaiha (2005) in his paper “Does the Employment Guarantee Scheme Benefit the Rural Poor in India, Some Recent Evidence from Maharashtra state has studied about EGs in two selected villages in Ahmad Nagar District in Maharashtra in 1999-2000. The researcher has observed in his study that with reallocation of EGs resources in favour of the poorest regions, the programs poverty-alleviating potential is high-despite a sharp fall in overall participation in this scheme in recent years.\textsuperscript{27}

Rinku Murgai et.al. (2005) used data (NSS) in the period 1999 – 2000 for analyzing the employment opportunity in rural India. This article assesses the impact on poverty and the likely cost of an employment guarantee scheme providing 100 days of work to the rural people during the lean season. The wage rate the scheme may help reduce rural poverty to 23 per cent at a cost of 1.7 per cent of GDP. But given the extra cost of the scheme a greater impact on poverty would be achieved by taking the same fiscal outlay and allocating if equally to everyone, whether poor or not.\textsuperscript{28}

Randall Wray (2006) examines in his “Lesson from Argentina’s Employment Guarantee” job security programmes that are provided and implemented for poverty line communities. The researcher explains the economic crisis of 2002. Argentina established through the plan ‘Jefes Y Jefas Hogar,’ a job creation programme, in the hope that India might learn from that experience. The
Argentinean programme employed as much as 5 per cent of the population, drew in large numbers of women cost just 1 per cent of GDP and far from “digging holes” created productive assets.²⁹

Puran Singh’s (2006) article, “NREGS A Task Ahead” confers legal right to employment on the rural citizens. This article is a modest attempt to critically examine the various provisions of this scheme with special reference to the delivery mechanism and role of Panchayat Raj institutions the implementation of the scheme. The NREGS is imperative that a village level micro plan is prepared and the work area plan.³⁰

Vinayak Reddy’s (2007) work “NREGS an Approach to Inclusive Growth,” suggests more effectively a new approach for provided the social security work in job in rural BPL households. The delivery systems can be improved with the new approach of participatory development, social mobilization, right to information, involvement of civil society and panchayati raj institutions. It is the services economy and it’s providing the employment opportunity with inclusive growth in rural India.³¹

allocation is only marginally higher than what was spent in the past by the government on various rural employment programmes. It is a demand – driver scheme and it has fallen far short meeting demand in some states. The fund utilization ratio also varies widely across states.\textsuperscript{32}

\textbf{Vidhya Das et.al., (2007)} made a study on, “Illusions of Change” in Orissa and observed that the National Rural Employment Guarantee Act as implemented. The researcher revealed that the implementation of NREGA has resulted in grandiose claims of expenditure but very little to show in reality.\textsuperscript{33}

\textbf{Chhaya Datar (2007)} deals with “Failure of NREGS in Maharashtra.” This article reveals that the NREGS and collected data with the help of the organization in Chandra Pur district of Maharastra, made a survey of 20 villages and got 99 persons’ identity card but only 38 beneficiaries had job cards. There is no enthusiasm among the political class as well as bureaucracy to accept the new scheme, because, power is decentralized. Earlier, MEGS work has been done by contractors and orders were got by bribing to line departments. This programme or scheme has been implemented as a populist measure for last minute support to prove their concern for drought affected farmers and landless labour get some sanctioned work.\textsuperscript{34}

\textbf{Mihit Shah (2007)} in his, “Employment Guarantee, Civil Society and Indian Democracy” reveals that the Indian democracy, with millions of our people
hungry, cynical and insecure, and living under the barrel of the gun, the NREGA has the potential to provide a big push in regions of distress. NREGA as to be able to realize its potential, the role of civil society organization is critical. But this calls for a new self – critical politics of fortitude, balance and restraint.\textsuperscript{35}

\textbf{Ramaswamy (2007)} worked out on (ASI and NSS), Regional Dimension of Growth and Employment and inequality has emerged as a key issue in recent discussions of development policy. States within India differ greatly in terms of economic growth and employment potential. This article examines the regional employment in India during 1983 to 2004-05. The results confirm widening inter-state disparities in income in the first quinquennium of the 21\textsuperscript{st} century a continuation of the trend of the 1990s. A geographic concentration of skilled labour is observed in financial and business services.\textsuperscript{36}

\textbf{P.K.Singh (2007)} presented a study on “NREGA: a New Hope for Rural Employment Generation,” and it’s meant to generate wage employment on productive works, which would be sustained benefits to poor and contribute to the creation of rural infrastructure. The researcher reveals that the NREGS provides the country with a potential social safety from poverty through implementation of this programme. It has critical improving inclusiveness. It should eliminate poverty and improve rural infrastructure.\textsuperscript{37}
Jean Dreze (2008) viewed that the extension of the MGNREGS to the whole country is an unprecedented opportunity to build the foundations of social security system in rural India, revive village economies, promote social equity, and empower rural labour.\textsuperscript{38}

Ram N. (2008) in his analysis points out that the importance of the MGNREGS has increased in the wake of the global economic slowdown. The slowdown would put a squeeze on rural livelihoods and incomes. Hence, unless there is massive injection of demand into the economy that puts purchasing power into the hands of the rural masses, especially the poor, who have to go out and work to support their families, the economy will take a long time coming out its difficulties.\textsuperscript{39}

Pramathesh Ambasta, et.al. (2008) from their analysis of two years of MGNREGS reveal that, in Madhya Pradesh’s Tikamgarrh district, only one social audit was reported, that too in October 2006. Even for that reports were not available for public scrutiny. In Gujarat, the planning process again did not involve the people directly. While records suggest that the Gram Sabha was involved, field checks belie that claim. In Rajnandgaon, Raigarh, Sarguja and Jashpur districts of Chattisgarh, works were focused mainly on activities for which standardized estimates were available. Plans were made and approved of at the “top” and sent downward for implementation. In Bolangir district of Orissa, executive officers of Gram Panchayats routinely dissuaded sarpanchs from putting
up a demand for work under MGNREGS by raising the bogey of getting caught under the strict provision of the law.40

**Sudha Narayanan (2008)** has done her research work on “Employment Guarantee Women’s Work and Childcare”. It speaks of the social audit and economic wellbeing of rural labourers and their families. The researcher who has conducted the survey in 2007 in two blocks at Villupuram District in Tamil Nadu for her article, the respondents has worked at NREGP. Almost 50 per cent left their children at home, while 19 per cent brought their children to the worksite. About 12 per cent of the respondents reported leaving their children at balwadi or anganwadi and around 11 per cent at schools. However, the act overlooks the fact that childcare is a problem for many of the working women, especially for young mothers. The balwadi or anganwadi were providing the nutrition food and childcare facilities are providing in village level, of their child.41

**Mihir Shah (2008)** found that the same implementation structure that has failed rural development over decades cannot be deployed for a radically new programme like MGNREGS. Further he stated that with reforms on these lines, the MGNREGS have the potential to not only transform livelihoods but also herald a revolution in rural governance42

**Raghbendra Jha et. al., (2008)** analyzed the NREGP in India- A Review collected the data from selected villages in Udaipur district in Rajasthan in 2007. The researcher has analyzed the participation in NREGP of different socio-
economic groups used in methodology probit analysis of participation. He observed the econometric evidence the disadvantaged groups had significantly high probabilities of participating in NREGP. It is found that the mean participation was 59 days and the targeting was satisfactory.\(^{43}\)

**Anish Vanaik et. al.,(2008)** has made a study of Bank Payments end of Corruption in NREGA study in Orissa states. The researcher suggested that payment of wages can be remitted into bank accounts for work carried out under the National Rural Employment Guarantee Act. Improving the system of bank payments can only go part of the way towards that end. Building a culture of transparency and accountability in the implementation of NREGA remains extremely important.\(^{44}\)

Another study done by **Sainath P. (2008)** in Andhra Pradesh state itself revealed that the MGNREGS was having multiple and layered effects. With better wages, the bargaining power of the weakest has gone up a notch. For some, their access to costly services like health has risen slightly. MGNREGS work has been a lifejacket in the flood waters of the price rise.\(^{45}\)

**Siddhartha et.al., (2008)** from their field experience reported that worksite facilities were not provided in 202 Gram Panchayats coming under the states, namely, Andhra Pradesh, Assam, Chattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Manipur, Orissa, Rajasthan,
Utter Pradesh, Uttarakhand and West Bengal States. Further, they revealed that tempering of muster rolls by using white fluid and marking absent as present and also overwriting the number of days worked was noticed in general during examination of muster rolls pertaining to the works selected in certain selected Gram Panchayats.46

**Anish Vanaik (2008)** from his survey in Jharkand State revealed that even when employment was offered, there were delays in the wage payments. Against the legal stipulation of payment within 15 days, funds for payment of wages were often released only 40-50 days after works had been completed. That means when alternative employment was available, workers would choose to leave the MGNREGS.47

**Economic and Political Weekly (2008)** in its editorial column reported that findings of a number of social audit surveys of MGNREGS works carried out by NGOs which reveal certain similarities. Where the vested interests are firmly in control of the local administration, there are instances of demands for exorbitant bribes for making job cards, attempts to force Dalits out of the Scheme, bogus registration on the muster rolls, and intimidation of people’s groups demanding accountability. Where the local administration has been open to the idea of allowing civil rights groups monitoring the scheme, this has ensured much less corruption. The conduct of social audits of the scheme by the NGOs, besides
educating the people about the scheme itself, has helped enhance the awareness of the villagers of their rights under the scheme.\textsuperscript{48}

\textbf{Santosh Mehrotra (2008)} points out that it is perfectly possible to put in place a system to minimize corruption in the MGNREGA 2005. Equally important, the original administrative support for the MGNREGS was pegged at 2 percent, which was myopia to say the least. However, 4 percent of the programme costs allocated to administrative costs and professional support was still woefully low and does not recognize the fact that a programme of the scale of the MGNREGA 2005 requires serious professional support, not government business as usual.\textsuperscript{49}

\textbf{Reetika Khera (2008)} made research on “Empowerment Guarantee Act” the experience of the jagrut adivasi Dalit Sangthan in Madhya Pradesh shows the power of grassroots organizational work in activating the NREGA. Levels of NREGA employment in the Sangthan areas are as high as 85 days per household per year, and nearly half of all working household has got 100 days of work. The researcher found that all the workers also earn minimum wage and the act can also be an opportunity to promote overall rural development and alter the balance of in village society.\textsuperscript{50}

\textbf{Hanumantha Rao (2008)} in his study, “Implementation of APREGS and INDIRAMMA in Andhra Pradesh” provides useful employment and assures of
livelihood in household in village level. The analysis of the schemes reveals that the rural people should recognize one stark truth. Andhra Pradesh implemented APERGS and INDIRAMMA schemes in rural household. The main objective of the employment schemes that guarantee a livelihood legally for them came into being and this obviates the need for migration in search of jobs to other places leaving their native land.  

Amita Shah et.al., (2008) in her article, “Experience of the Maharastra Employment Guarantee Scheme,” are there lesson for NREGA. The NREGA is one of the major land marks in the process of policy formulation, adopting the rights–based approach, in India. Which the Act draws heavily on the Maharastra Employment Guarantee Scheme, these empowerments, the NREGS has experienced a number of operational hurdles during the first two years of its implementation. This article attempts to do this in the light of the existing literature and draws implications for introducing necessary reforms for operationalization of the NREGS. The idea is to feed into the ongoing processes of identifying operational issues and assessing the need for undertaking the necessary corrective measures.  

Menon and Sdha Venu (2008) in their work on Right to Information Act and MGNREGS in Rajasthan show that many of the challenges associated with MGNREGS implementation could be effectively tackled if there was a vigilant
civil society to monitor the programme. Further, the experience reveals that MGNREGS cannot be treated as an isolated piece of legislation. It is a guarantee, which has to be demanded with the proper support of right to information. There lies the role of grass root level organizations and Panchayati Raj Institutions (PRIs) to develop awareness and capacity among local people to realize the importance of both legislations and their complementary role in making it successful.  

Indira Hirway, et.al. (2008) from their assessment on the impact of MGNREGA works based on Social Accounting Matrix (SAM) model in Nana Kotda village North Gujarat to understand the village economy revealed that (i) Indirect employment generated was 994 person-days (826 man-days and 168 women-days), (ii) Direct employment generated was 9812 person-days for 238 men and women form 161 households and, (iii) Low value of multipliers that is 50 percent of the goods came from outside the village.  

Performance Audit Report (2008) of MGNREGS reported by the Ministry of Rural Development revealed that (i) The Governments of Arunachal Pradesh, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Kerala, Maharahtra, Manipur, Punjab, Rajasthan and Tamil Nadu (13 states) did not formulate rules for carrying out the provisions of the Act as of March 2007. (ii) In Tamil Nadu, though the State Employment Guarantee Councils (SEGCs) was constituted, no periodicity of meeting was fixed and
Council had met only once during 2006-07. (iii) The Governments of Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Hjarkhand, Karnataka, Madhya Pradesh, Manipur, Nagaland, Orissa, Sikkim, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal (18 states) did not appoint dedicated Gram Rozgar Sevaks in 303 test checked Gram Panchayats and (iv) Out of 68 districts test checked, District Perspective Plan (DPP) was not prepared by 40 test checked district.\(^{55}\)

**George Cheriyan (2008)** in his analysis on ‘Improving Public Expenditure Outcomes of Mid Day Meals Scheme and MGNREGS through Social Accountability Approaches: Field Experiences from Rajasthan, India’ come out with the following major findings: (i) Majority of the surveyed people endorsed the MGNREGS stating that it; provides employment during lean season in own villages itself (97 percent), has improved facilities in the villages (94 percent), has ultimately helped in reducing migration (93 percent), and has helped in creating assets, which will result in sustainable. (ii) 71 percent of the women surveyed felt that the increase in incomes had increased their importance in the family leading to increased in decision making. (iii) Lack of participation in the decision making process (42 percent) as people were not informed about Gram Sabha meetings. (iv) No effective grievance redress mechanism was available (39 percent).\(^{56}\)

**Richard Mahapatra, et.al. (2008)** in their work observed that (i) Around three per cent of India’s population has worked under the MGNREGS. (ii) More
than 10000 villages are implementing the MGNREGS. During 2006-07 each village spent at an average of ₹900000 for creating six productive assets like water conservation stuctures (only completed works till December 2007). In the last two years, each district has spent around ₹44 crore. (iv) Many villages were reaping the benefits of using MGNREGS money for productive purpose like water conservation. But there were many more villages which have not been able to do so. (v) Governments are approaching the MGNREGS as a purely wage employment programme thus negating the development potential of MGNREGS for a large portion of India’ rural population.57

**National Federation of Indian Women (NFIW) (2008)** made a study on, ‘Socio-economic empowerment of women under National Rural Employment Guarantee Act in Rajnandgaon District of Orissa and Cuddalore District of Tamil Nadu’ and came out with the findings that (i) Women, in general, was taking MGNREGS with pride. They were able to substantially contribute to family expenditure which was seen to have brought a marked change in the traditional women’s role and place in their family. When women were asked about the importance of MGNREGS for them, majority of them said to have felt the importance because of employment opportunities, growing spending capacity and creation of community assets. (ii) In Cuddalore it was 81 per cent and 96 percent in Rajnandgaon which is said to have spent for food and consumer goods. On the whole there were good number of workers who were fond to be spending on
children’s education and very few workers who claimed to have spent on clearing small debts.\(^{58}\)

**Rajalaxmi Kamath, et.al. (2008)** made a MGNREGS survey in Anantapur, Adilabad districts of Andhra Pradesh, and Raichur and Gulbarga districts of Karnataka State and found that: (i) In Andhra Pradesh the beneficiaries were much more aware of the essential features about to Karnataka (12.9 percent in Gulbarga and 17.2 percent in Raichur). (ii) Respondents across the four districts said that if the MGNREGS was properly implemented it would be very useful (99.7 percent in Anantapur, 96.8 percent in Adilabad, 88.2 percent in Gulbarga and 86 percent in Raichur). (iii) The percent which said they would continue to migrate even if MGNREGS work was available regularly was very low (1 percent in Anantapur, 8.3 percent in Adilabad, 10.6 percent in Gulbarga and 11.3 percent in Raichur). Although there were many local officials who said people were not interested in work because they preferred to migrate, the survey clearly brought out that this was not true.\(^{59}\)

**Kartika Bhatia and Ashish Ranjan (2009)** revealed that it was also possible that the promise of local employment was luring workers to stay back and that if those hopes were dashed migration would resume. Delays in wage payment could intensify that potential “discouragement effect” and push people back into the web of migration. If this setback is to be averted, MGNREGA 2005 employment must be expanded and made more predictable.\(^{60}\)
Jean Dreze and Reetika Khera (2009) from their field survey reported that, in Masmohna in Jharkhand’s Koderma district the survey team found conclusive evidence that a private contractor had cheated MGNREGS workers and embezzled their wages. That evidence was presented at a massive public hearing attended by three members of the Central Employment Guarantee Council (on June 18, 2008) and confirmed again in detailed follow-up by the Koderma Sub-Divisional Officer (SDO). Yet, in the First Information Report (FIR) lodged against the culprits, which was supposed to be based on that very enquiry, the contractor’s name was missing. He apparently has the “Protection” of the local Member of the legislative Assembly.61

Kamayani Swami (2009) from a survey in Mahua Tand in Jharkhand’s Deogarh District revealed that the well constructed by Taufique Zarra reminds the team of the tragic Tapas Soren episode. In the short video recording of his last words Tapas Soren testifies that corrupt government machinery had driven him to take his own life. He had tried to construct a well on his own land under the MGNREGS but was unable to cope with the frequent demands for bribes. Helpless and distraught Tapas set himself ablaze at the District Collector’s Office in Hazaribagh to highlight his plight and warn others about this trap. But Taufique, unaware of the Tapas’ fate, fell into the same trap.62

Jean Dreze and Siddhartha (2009) from their analysis of MGNREGA 2005 revealed that there is a troubling lack of clarity about the various actors’
basic responsibilities under the MGNREGA 2005. The Act directs each state
government to notify an “employment guarantee scheme” to give effect to the work
guarantee. The combination of the Central Act with state-specific schemes (and
generally, the complex Central-State relation behind the MGNREGA 2005) calls
for rigorous coordination between Central and State governments. That was not
happening. To illustrate, the Union Ministry of Rural Development does not even
have a copy of each of the State schemes. The result was confusing duality in the
source of norms.63

Gopal.K.S. (2009) has written about, “NREGA Social Audit, Myths and
Reality” research had been conducted in Andhra Pradesh. The researcher got
ground there and found that audits had achieved much less than advertised and
they (rural people) had ignored many important aspects of implementation of
NREGA. The social audit process has a long way to go before it can claim to have
contributed to transparency empowerment and good governance.64

Mamidipally Rajanna and Gundeti Ramesh (2009) from their study
revealed that MGNREGP has become a beacon of light in the rural areas and
contributed substantially to the increased living and economic conditions by
reducing the income imbalances in the rural area. Further, it was revealed that
reduction of wage differences in various works by creating equal wages to male
and female workers helped to overcome the uncertainty in the employment,
helped to meet the rising prices in the market, reduced the migration level to other
areas and helped to some extend in reducing the disguised and seasonal unemployment in Karimnagar District, Andhra Pradesh State.\textsuperscript{65}

\textbf{Rahul Lahoti and Sanjay G. Reddy (2009)} from their study pointed out that the generation of adequate purchasing power is, however, a crucial means to ensure food security in a market economy, which India is increasingly witnessing. As such, in addition to protective measures such as the MGNREGA 2005, a broader strategy of inclusive growth–a generalized increase in opportunity across the society–is the essential means to secure the fulfillment of the right to food.\textsuperscript{66}

\textbf{Lakshman Narayan (2009)} found out in Tamil Nadu State that labour migration from rural to urban centers and employment–focused government policies such as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) are having a noticeable effect on the supply of agricultural workers in farms across the state. Further, he maintained that, districts such as Theni exemplified some of the complexities of this labour market effects.\textsuperscript{67}

\textbf{Besides, Lakshman Narayan (2009)} also indicated that variations in taking up the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) are being observed at the district level in areas such as Theni District. Geographical variations within Theni District correspond to differential rates of taking up the scheme. The southern parts of the district such as the Cumbum valley are well irrigated due to their proximity to Periyar River. The
lush farmlands of this region, with crops such as paddy and coconut and vineyards, stand in stark contrast to the dry tracts of Andipatti to the north-east.\textsuperscript{68}

**Mahim Pratap Sing (2009)** from his survey in Badwani district in Madhya Pradesh revealed that Badwani has become an interesting case study for people’s struggles against the poor implementation of the Mahatma Gandhi National Rural Employment Guarantee Act. It also proves that not everything was right with this much celebrated social welfare scheme in the state which claims to be “number one” in the implementation of the Act.\textsuperscript{69}

**Aruna Roy and Nikhil Dey (2009)** pointed out that, before tinkering with the MGNREGA 2005 in the name of reforms, the government must ensure that the foundation of the scheme are strengthened. No change should be introduced without a rigorous debate that centrally involves its primary constituents. Instead of trying to tinker with the second-generation of reforms, the government needs to first demonstrate that it can ensure an effective response to this demand.\textsuperscript{70}

**Balchand K. (2009)** at the behest of the Planning Commission prepared an all India report on the basis of evaluation of MGNREGS tapping 6000 respondents spread across 20 districts across the country, in which he found that there was a shift in the expenditure pattern on food and non-food items with families spending more on both the counts. Underlining the issues straddling the implementation of the scheme, the report maintained that 80 percent of the
households failed to get a job within 15 days of their demand for work and worse still they were not given unemployment allowance either.\textsuperscript{71}

Yet another study attempted by \textbf{Mahim Pratap Singh (2009)} on the implementation of the MGNREGS in Madhya Pradesh State found that, in Bundelkhand Block the MGNREGS has practically failed in either providing employment, curbing migration or creating viable community assets. Further, the basic premise of the MGNREGS, which is, consultation with the community through Gram Sabhas on the nature of work to be taken up, has hardly been fulfilled.\textsuperscript{72}

\textbf{Manmohan Singh (2009)}, the Prime Minister of India and architect of India’s Policy on inclusive growth calling for redoubled efforts for mitigation of rural distress from the after-effects of drought, said that the prime talk is to put purchasing power in the hands of the most needy population using the mechanism of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005. Further, applauding the functioning of the MGNREGS he stated that it had created an effective safety net in rural India against poverty and afforded a measure of protection against natural calamities and market-induced vulnerability.\textsuperscript{73}

\textbf{Rahul Gandhi (2009)} pointed out that the “real power” of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005 was in how
it reshapes the labour market and puts a floor below poor people. Further, he maintained that the scheme has changed completely the dynamics in poor states like Uttar Pradesh, in areas where it has been used effectively, which frankly were limited and, in states like Andhra Pradesh, it has “revolutionized the system”.  

**Madhusudan Mistry (2009)**, while examinining the Dalits in the context of the scheme, pointed out that the focus of MGNREGA 2005 as expressed in its objective is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work, and hence to enhance livelihood security in rural areas as mentioned in the objective is to provide work, and as reported many times, only a minuscule percentage of people could get complete 100 day’s work.  

**Sainath P. (2009)** from his survey in Andhra Pradesh State, on the Impact of MGNREGS on social structures brought to limelingt that it would be rash to conclude that the MGNREGS was breaking down social hierarchies. It is certainly calling them into question. Further he pointed that there is also economic necessity. “Even people with 25 acres in rain-fed farms seek MGNREGS work.”  

**Jean Drezeb (2009)** from his survey in Khunt District of Jharkhand State revealed that the delays in MGNREGS wage payments were not just operational hurdles and they reflect a deliberate attack on the scheme. Further, the delays in the wage payment were not confined to the banking system. Very often, it takes
more that 15 days for “payment orders” to be issued to the banks by the implementing agencies (for example, the Gram Pachayat). Thus, there were lapses outside the banking system too.\textsuperscript{77}

\textbf{Jean Dreze (2009)} attempted a study in Jharkhand State on the financial performance under the MGNREGS and the study has revealed that tremendous potential of MGNREGS was in danger of being wasted due to massive corruption. Judging from the survey findings in Koderma district and Palamau District, transparency safeguards were routinely violated and funds were being misutilized.\textsuperscript{78}

\textbf{Prasad Y.P. (2009)} viewed that the investment-starved farm sector is a recipient of Rs. 18, 155 crores investment through wages for the creation of assets, 75 per cent of which are irrigation works. MGNREGS, therefore, must lay down specifically that the authorities are accountable to maintain, run, and own these assets to fulfill the objective of strengthening the prosperous rural livelihood resource base.\textsuperscript{79}

\textbf{SAAYA (2009)}, a network of voluntary organizations working among Muslim women in the state of Tamil Nadu, pointed out that works implemented under MGNREGS should be culturally sensitive in order to increase participation of the Muslim community and added that, many Muslim women were not benefited by the Scheme due to the tradition of being confined to their housed.
Works such as de-silting water bodies, digging wells and laying roads did not attract these women who prefer to work from their home itself.80

Ratna M. Sundarshan (2009) examined the MGNREGS and women’s participation in Kerala, Himachal Pradesh and Rajasthan State and found that (i) Wider impacts on market wages, supply of women’s labour, savings, intra household allocation of responsibilities, were observed in varying degrees. (ii) Choice of works reflected standard choices (roads and connectivity; water bodies and irrigation). (iii) Clear evidence of ‘strong developmental state’ in both Kerala and Himachal States.81

S.P. Sing and D.K. Nauriyal (2009) from their study on ‘System and Process Review and Impact Assessment of MGNREGS in the state of Uttarakhand’ revealed that the strength of the scheme in the study area was that despite extremely low share (>10 percent) of women’s employment in the total employment created under MGNREGS, yet wherever the women have been employed, it was observed that (i) They stand empowered as they get 25 percent higher wages as compared to pre-MGNREGS implementation period, (ii) their employment avenues closer to the residential area and decision making power within the household have increased. And the weakness of the scheme was that low awareness/ignorance on matters such as undertaking the works on the pattern of other places rather that identifying genuine needs of the area, demand driven scheme has been transformed into target-oriented and supply-driven, receipts were not issued for the applications for jobs, absence of social audit and vigilance and
monitoring committee members were found to be ignorant about their rights and responsibilities.  

Dipjoy Sen Roy and Debabrata Samanta (2009) in their study on, “Good Governance and Employment Generation through MGNREGS in West Bengal” revealed that participation of women in gram sansad meeting will increase the person days created per household, which is in conformity with economic logic. Accountability, which we measure through the presence of complains register, was also found significant and shows positive relation with the MGNREGS performance. Utilization of own source revenue in local development has significant positive impact on person-days created per household as per economic logic, which represents efficiency and effectiveness of government that plays a positive role in successful implementation of MGNREGS.

Reetika Khera and Nandini Nayak (2009) from their field survey in six states of India in 2008 revealed that gender equality remains a distant goal was evident when they looked at women’s participation in Gram sabhas as only 33 percent of the sample workers stated they had attended a Gram Sabha meeting. However, they reiterated the benefits from the MGNREGS for women: work was available at the statutory minimum wage allowing workers to get work in their village, as a result of which migration and hazardous work has been avoided by many. These benefits should adequately recognize and efforts should be made to strengthen these gains.
The Annual Report of the Ministry of Rural Development (2009-10) disclosed that in 2009-2010, up to December 2009, an amount of ₹18,950 crore has been utilized out of ₹39,100 crore and during the same period 160 crore person-days of employment has been generated across the country. At the national level, average wage paid under MGNREGS has increased from 65 in financial year 2006-07 to 88.44 in financial year 2009-10. In financial year 2009-10, 36.51 lakhs works were undertaken, of which 51 percent was for water conservation, 16 percent for rural connectivity, 14 percent land for development and around 17 percent for provision of irrigation facility to individual beneficiaries.85

Pranab Mukherjee (2010), The Finance Minister of India, identifying the Mahatma Gandhi National Rural Employment Guarantee Scheme as a major initiative to directly address chronic poverty and unemployment in rural India, pointed out that, the success of this programme has helped in mitigating the adverse impact of the crises. Further, he maintained that the momentum in rural economy has helped a relatively quick recovery of growth in the country. We need to replicate the successful models in other areas also to eliminated the stigma of having the highest number of poor people in our country.86

Amita Sharma (2010) has revealed that (i) Women’s new found identity and economic empowerment, (ii) Taking the wages directly through their accounts, (iii) Increased spending of earnings from MGNREGS on food,
consumer goods, education of children and offsetting debts, (iv) Work availability in villages increased post MGNREGS, (v) Decision-making power for women increased post MGNREGS with additional income, (vi) Fixed working hours an incentive, (vii) Work easily available, (viii) Breaking caste and community issues, (ix) Socio-economic benefits and, (x) Easy access to credits, could be attributed to MGNREGS.\textsuperscript{87}

\textbf{Sivakumar Sowmya (2010)} who conducted social audit in Durgarpur District of Rajasthan, revealed that the Mahatma Gandhi National Rural Employment Guarantee Act, which has revitalized the rural landscape across the country, stands diminished in the land of its birth, Rajasthan State, hijacked and held to ransom by vested interests and stripped of its backbone of an open social audit. Hence, the author suggested that, as the Andhra Pradesh State experience has shown, there is one ingredient that can bring back its vitality: institutionalizing citizen audits and added that, the single most important ingredient missing in the social audit attempts was the absence of a strong political and administrative will.\textsuperscript{88}

\textbf{Sabhasish Dey and Arjun Bedi (2010)}, in their study of the functioning of the Mahatma Gandhi National Rural Employment Guarantee Scheme between February 2006 and July 2009 in Birbhum district, West Bengal State, reveal that, in order to serve as an effective “employer of last resort”, the programme should provide proportionately more job-days during the agricultural lean season and
wages should be paid in a timely manner. Further, they revealed that while there were long delays in the wage payment in the first year of the programme, since then, the payment lag has declined to the range of 20 days. While that delay was not consistent with the provision of the Act, it is a clear improvement from the 42-days lag observed in the first year.\textsuperscript{89}

\textbf{Rakesh Tiwari et.al., (2011)} from their survey reported that, the activities undertaken under the Mahatma Gandhi National Rural Employment Guarantee Act in Chitradurga district, Karnataka, were assessed for their potential to enhance and provide environmental services. Key programmes implemented in 20 villages during 2009 were studied using rapid scientific assessment methods. An indicator approach was adopted to analyse environmental services such as water for irrigation and improvement in soil quality. The status of environmental services before and after implementation of the activities was examined and vulnerability indices were constructed and compared. Their findings clearly indicate that the NREGA has provided multiple environmental services and reduced vulnerability, apart from providing employment and income to rural communities. The environmental services include groundwater recharge, water percolation, and more water storage in tanks, increased soil fertility, reclamation of degraded lands and carbon sequestration. These services contributed to, and had positive implications for, increased crop and livestock production.\textsuperscript{90}
Puja Dutta et.al, (2012) examines the performance thus far of the MGNREGS in meeting the demand for work across states. They examine the evidence for India as a whole using the household-level data from the National Sample Survey (NSS) for 2009-10. They confirm expectations that the demand for work on MGNREGS tends to be higher in poorer states. This appears to reflect the scheme’s built-in “self-targeting” mechanism, whereby non-poor people find work on the scheme less attractive than do poor people.91

Sheshrao Maruti et.al., (2012) from their assessment say that the possibility of the scheme becoming a distant dream for bottom of the pyramid cannot be ruled out due to the problems associated with its implementation. Therefore, there is an urgent need to make all-out efforts to see that the scheme gets implemented in all its real spirit. Then only one can proudly say that the “MGNREGA is Hope of the Poor”. In nutshell, “It is like virus in the computer system, one has to remove virus, before it removes our files by adopting suitable anti-virus”.92

2.1.1 Research Gap

From the foregoing analysis of relevant literature as also specific studies, it is revealed that adequate research has not been done to study the role of Mahatma Gandhi National Rural Employment Guarantee Scheme in Tamil Nadu unlike other States, where the scheme is held successful. Further, the present researcher
has not found any Ph.D. thesis carried out about the topic. Hence, the present study was made to find the relevance of MGNREGS scheme in the selected area of study.

2.2. THEORETICAL BACKGROUND

It is a universally accepted fact that the agricultural sector is by itself, incapable of creating additional opportunities of gainful employment in the wake of increasing population. In most developing countries, the rural labour force is growing rapidly, but employment opportunities are not keeping pace with it. As the land available for the expansion of agriculture becomes increasingly scarce, the non-farm employment must expand if deepening rural poverty is to be avoided. The non-farm employment (NFE) is becoming an important phenomenon in the Indian Economy. The present scenario shows, especially since 1970s, an increasing rate of NFE not only in India, but also all over the world. The proportions of NFE are found greater in the more developed countries than in those of the developing countries. It has been estimated that non-farm activities in rural areas are a primary source of employment and earnings for approximately one quarter of the rural labour force in most developing countries and a significant source of secondary earnings for the small and landless farmers during the slack seasons. The growing non-farm employment, and its magnitude and directions vary among villages depending upon their economic and location factors. Agricultural sector alone cannot provide the ultimate solution for rural poverty,
unemployment and underemployment. A long term strategy for structural changes in employment and earnings may be necessary. In the rural households, out of necessity, workers are being pushed into the non-farm sector, and pulled by the dynamic rural non-farm opportunities. The non-farm employment may include construction, quarrying, repair maintenance of farm implements, vehicles servicing and several other petty semi-skill works either within the villages or in their urban or semi-urban neighborhood.³⁹

Chandha examined the changing structure of employment and earnings among the weaker sections of two highly populous and developing Asian economies, India and Indonesia. The author first delineates three scenarios epitomizing the changing level of development in rural Asia, general economic backwardness, fairly developed agriculture, but where non-agriculture avenues of employment are scarce and a well-developed agricultural sector combined with a diversified network of other avenues of employment. The Researcher then presents the results of his field survey in India covering over 1000 households spread over six villages in three different states. These data are compared with the situation pertaining to Indonesia based on an exhaustive survey of available literature. Among the major conclusions of the study were the crucial role played by non-farm employment in poverty alleviation; that it is futile to simply increase employment opportunities without paying attention to productivity and that the trickle-down effect actually works in practice.⁴⁰
Higher levels of earnings resulting from the process mentioned above would enable workers to spend more on education and skill formation of their children, thus raising the productive capacity of the future workforce, and creating necessary conditions for achieving higher levels of economic growth. The process would thus complete the virtuous circle of economic growth leading to poverty reduction via growth of employment with rising productivity, and reduced poverty creating the possibility of further increases in productivity and higher rates of economic growth (see Figure 1). The kind of growth with such a virtuous circle in operation can be termed as pro-poor growth.

**Figure 1: Virtuous circle of links between growth, employment and poverty reduction**
Indeed, the conceptual framework outlined above for analyzing the linkage between economic growth, employment and poverty basically follows a demand-supply approach. The variables that are expected to influence incomes of the poor from the demand side include employment intensity of growth, shifts in the employment structure towards higher productivity sectors, technology, creation of assets for the poor, etc. From the supply side, an important factor is the ability of the poor to integrate into the process of economic growth and get access to the jobs that are created. Levels of education and skills of the workforce are amongst the key variables that determine the ability of the poor to integrate into and benefit from the growth process.95

Indira Hirway and Piet Terhal stressed that these rural employment programmes must be transformed into a modern instrument of general development policy, as they have tremendous potential to alleviate poverty. To achieve this, the single most important factor, as the authors argue, is the political commitment of the government. Secondly, as rural public work programmes are often based on short-term and ad hoc considerations, a far bolder and long-range application of these programmes is needed to realize their potential as a strategic development instrument.

The authors reviewed the case studies outside and within India. The outside countries case studies were based on secondary data. The positive aspect observed from the Netherlands case study, namely the productivity of work, contributed to
development of the Netherlands, particularly of its wasteland and agricultural resources. Regarding Bangladesh, the idea of combining important assets creation and public investment is extremely valuable in region like East Pakistan, which is characterized by a seasonal lack of productive employment and lack of productive rural investment. In this regard, China is successful because of the support extended by all political leaders to the scheme, which provided long – term basis instead of part-time and ad hoc basis.

Based upon field survey and the primary data collected within India, the impact of the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEG) on the beneficiaries is not very positive. Though the programmes are more or less targeted, their size has been too small to make any significant positive impact on the situation of the poor. In India, the additional income earned by the beneficiary household was not sufficient to create any substantive and permanent impact. From this, it clear that assets created was only tenuously linked with the logic underlying the programme. Similarly, in the absence of adequate attention to the end, use of the assets in the employment generation in the post-construction phase also tends to be limited.⁹⁶
After 25 years of pioneering work in the promotion of employment-intensive infrastructure investment, the International Labour Organisation (ILO) has learnt a number of important lessons. The ILO formally recognises the limitation of short-term employment, arguing that employment in programmes such as the Employment Intensive Infrastructure Programme (EIIP) may have only a temporary impact on poverty. ... labour-intensive investment can open doors for community development and provide a temporary boost to the incomes of people living in poverty, but sustaining progress requires linked action to promote longer term employment opportunities, for example in micro and small enterprises. (ILO, 2003: 44, emphasis added) The ILO also argues that what is required to address poverty on a sustained basis is social security, which ‘enhances productivity by providing health care, income security and social services’ (ILO, 2001: 2). According to this approach, ‘income security’, the aspect of social security conferred through the wage, is defined thus: Income security is about living in a situation in which basic needs, such as food, housing, health care and education, can be secured in an uninterrupted way. This requires having both an adequate and regular source of income ... (ILO, 2006: 9) The implication is that the kind of employment required to contribute to social security and by inference to deliver sustained social protection benefits, is employment which offers ‘adequate and regular income’. Hence, the critical determinants of an effective programme are 1) the matching of PWP payment duration with the
duration of need for income and 2) the provision of an adequate wage. By addressing these two issues, a programme could potentially confer both transfer and stabilization benefits, serving a risk insurance function, smoothing consumption and potentially also enabling the accumulation of assets. This supports the argument that, by definition, short-term PWP employment does not provide the regular income flow required in the context of chronic unemployment. Most PWPs implemented in situations of chronic poverty do not offer the regular or ongoing support which would be required to meet the ILO income security objective, or provide stabilization benefits in the medium to long term. Devereux and Solomon noted the impact of employment duration on expenditure patterns, and the implications for investment decisions and capital accumulation: Workers employed for less than one month [spent] their wages entirely on basic consumption [...] while others who were employed for longer [...] hired labour, purchased fertilizer and started or expanded small business enterprises. (ILO, 2006: 25).97

The study of National Rural Employment Programme (NREP) in East Godavari district of Andhra Pradesh found that a substantial proportion of the beneficiaries were Scheduled Castes and that the female proportion was so low to receive the benefits that the ratio of male to female employment was 4:1. The contractors paid the beneficiaries the market wage, which were lower than the minimum wage and major deficiency in the implementation of the programme
was the non-involvement of the voluntary agencies. A large part of employment under NREP was just substitution for public sector employment, as the works were not taken up for execution during the lean periods, and two-thirds of the employment generated had gone to the poor, showing that the incidence of poverty declined by four percentage points.\(^9\)

The generation of employment in the Rural Non Form Sector (RNFS) is important not only with respect to poverty alleviation, economic growth and rural development, but is also known to enhance sustainability of use of natural resources and food security in rural areas.

Analysis and results in this paper are based on unit level data available from National Sample Surveys (NSS) on employment and unemployment situation. Data from five quinquennial rounds, viz, 38th (1983), 50th (1993-94), 55th (1999-2000), 61st (2004-05) and the data available at the time of writing (2012) on employment and unemployment in the 66th round (2009-10) have been used for analysis of distribution of the rural workers usually employed in the non-farm sector across employment status. Also, the analysis is restricted only to the rural workers usually employed, taking into account both principle and subsidiary statuses. However, the current status and industry of the rural workers has been taken into consideration, first, to estimate the rural workers in casual public works under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), and second, to calculate the average nominal wages and salary
earnings of rural workers in the farm and the non-farm sectors. The primary objective of the paper is to identify the drivers of RNFS employment.

The participation of rural workers in the non-farm sector has gone up since 1983, though there has been a deceleration of growth in this sector in the most recent period under consideration. There has however been a boom in casual employment in the non-farm sector, which has been particularly high for female workers. This has led to a process of feminization of casual employment in the non-farm sector. Also, there is adequate evidence to conclude that the last five years of economic growth have been associated with a shift from self and regular employment to casual employment among both males and females, both in the farm and the non-farm sectors. The growth in the non-farm sector has thus come from expansion of casual employment, mainly in public works, which, in turn, appears to have been driven by MGNREGS as has also been pointed out earlier.

The analysis points towards the fact that unemployment and other associated distress factors are converting land-based livelihoods in agriculture and self-employment and regular employment in the non-agricultural sector into casual wage based ones both in the farm and the non-farm sectors. Indications that such outflows have been absorbed so effectively by opportunities provided by the MGNREGS which provides only manual work lead us to question the quality of other work available in the RNFS. The deceleration of the non-farm work would have probably been more acute had it not been for the introduction of the
MGNREGS. The impact of the MGNREGS has been far more significant on female employment and this observation is supported by the unprecedented growth of female casual employment in public works both in the farm and the non-farm sectors between 2004-05 and 2009-10. Thus, there is a great potential for providing an impetus to female non-farm employment provided that localized opportunities are available to them. Apart from the scheme, this can only be supported by a growth of RNFS induced by investments of agricultural surplus.99

2.3. METHODOLOGY

The present study on the role of MGNREGS on poverty eradication has been undertaken in Tirunelveli district of Tamil Nadu State, covering three administrative-cum-development blocks among the beneficiaries of the scheme. An attempt has been made to gauge the poverty eradication in terms of its effect on rural development from the point of view of beneficiaries. Lacunae of the scheme have been identified and presented wherever relevant.

A vast amount of empirical evidences were gathered by administering interview schedules for supporting the study. In addition, case study method was also employed to get some minute and in-depth details from the beneficiaries about the performance of the scheme. Data collected from the field were compiled by using Statistical Package for Social Science (SPSS) and further subjected to statistical analysis.
2.3.1 Selection of the Study Area

Tirunelveli district was selected for the present study. Tirunelveli District is one of the four districts in Tamil Nadu and among the 130 districts at the national level in the second phase selected by the Government of India for implementation of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). In addition, the district has received ‘Rozgar Jagrookta Puraskar’ award from the central government in the year 2009 for implementing this scheme successfully. Hence, the above District was purposefully selected for the present research.

2.3.2 Sampling Framework

The present study has followed stratified sampling method. In order to get adequate representation from different sections of the beneficiaries all the nineteen Development Blocks of Tirunelveli District were first ranked as More Developed Blocks (MDBs) and Less Developed Blocks (LDBs) based on Composite Development Indicators (CDIs) constructed by employing four development indicators viz., area cultivated more than once in a year, rural literacy rate, non-agricultural workers and households above poverty line to elicit salient features of differential contributions of Blocks in their development perspectives in the district. While construction the Composite Development Indicators (CDIs) each of these development indicators were standardized by
taking its ratios in relation to that of the district and then non-weighted average of the four standardized were derived for construction Composite Development Indicators (CDIs (table 2.1). Then, all the nineteen Development Blocks were ranked in descending order of Composite Development Indicator (CDIs) and grouped them as blocks having Composite Development Indicator (CDIs) above 0.06 as More Developed Blocks (MDBs) and between 0.01 and 0.05 as Less Developed Block (LDBs). After grouping the blocks, one block from each group was selected randomly. Further, the number of Job Cards issued under the Scheme was employed as a criterion for identifying Gram Panchayats below the level of Administrative Blocks. After obtaining the list of beneficiaries for each identified Gram Panchayat as mentioned above, 10 percent from among the beneficiary households who have received Job Cards before 31st March 2012 were drawn as sample randomly (table 2.2).

Hence, the present research work covered six hundred and thirteen (613) beneficiary households located in eight Gram Panchayats under two Development Blocks in Tirunelveli district.
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Block</th>
<th>Ratio to that of the District</th>
<th>Area Cultivated more than once in a year (area in hectare)</th>
<th>Total Households (Above Poverty Line)</th>
<th>Rural Literate Rate</th>
<th>Non-Agricultural workers</th>
<th>Non-weighted Average</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Keelapavoor</td>
<td>0.08</td>
<td>0.08</td>
<td>0.08</td>
<td>0.10</td>
<td>0.09</td>
<td></td>
<td>More Developed Blocks</td>
</tr>
<tr>
<td>2</td>
<td>Kadayam</td>
<td>0.09</td>
<td>0.07</td>
<td>0.06</td>
<td>0.06</td>
<td>0.07</td>
<td></td>
<td>(CDIs above 0.06)</td>
</tr>
<tr>
<td>3</td>
<td>Ambasamudram</td>
<td>0.13</td>
<td>0.03</td>
<td>0.03</td>
<td>0.07</td>
<td>0.07</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Manur</td>
<td>0.07</td>
<td>0.08</td>
<td>0.06</td>
<td>0.04</td>
<td>0.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Alankulam</td>
<td>0.04</td>
<td>0.07</td>
<td>0.08</td>
<td>0.06</td>
<td>0.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Tenkasi</td>
<td>0.09</td>
<td>0.04</td>
<td>0.03</td>
<td>0.09</td>
<td>0.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Vasudevanallur</td>
<td>0.11</td>
<td>0.05</td>
<td>0.04</td>
<td>0.03</td>
<td>0.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Cheranmahadevi</td>
<td>0.13</td>
<td>0.02</td>
<td>0.02</td>
<td>0.06</td>
<td>0.06</td>
<td></td>
<td>Less Developed Blocks</td>
</tr>
<tr>
<td>9</td>
<td>Kadayanallur</td>
<td>0.07</td>
<td>0.05</td>
<td>0.04</td>
<td>0.06</td>
<td>0.06</td>
<td></td>
<td>(CDIs between 0.01 &amp; 0.05)</td>
</tr>
<tr>
<td>10</td>
<td>Pappakudi</td>
<td>0.08</td>
<td>0.04</td>
<td>0.04</td>
<td>0.04</td>
<td>0.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Radhapuram</td>
<td>0.00</td>
<td>0.07</td>
<td>0.07</td>
<td>0.06</td>
<td>0.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Sankarankoil</td>
<td>0.00</td>
<td>0.06</td>
<td>0.06</td>
<td>0.07</td>
<td>0.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Valliyoor</td>
<td>0.00</td>
<td>0.05</td>
<td>0.08</td>
<td>0.06</td>
<td>0.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Shencottai</td>
<td>0.07</td>
<td>0.02</td>
<td>0.05</td>
<td>0.04</td>
<td>0.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Palayamkottai</td>
<td>0.03</td>
<td>0.06</td>
<td>0.04</td>
<td>0.03</td>
<td>0.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Kuruvikulam</td>
<td>0.00</td>
<td>0.06</td>
<td>0.06</td>
<td>0.04</td>
<td>0.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Nanguneri</td>
<td>0.00</td>
<td>0.06</td>
<td>0.07</td>
<td>0.03</td>
<td>0.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Melaneelithanallur</td>
<td>0.00</td>
<td>0.06</td>
<td>0.05</td>
<td>0.03</td>
<td>0.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Kalakadu</td>
<td>0.02</td>
<td>0.03</td>
<td>0.04</td>
<td>0.03</td>
<td>0.03</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Computed based on the data available in the G-Return 2010, Tirunelveli District, Tamil Nadu.
**TABLE 2.2**

LOCATION OF SAMPLE GRAM PANCHAYATS AND SAMPLING FRAMEWORK

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>Group (Employing four Development Indicators*)</th>
<th>Block</th>
<th>Sample Blocks</th>
<th>Sample Gram Panchayats (Selected based on Job Card Issued upto 31st March 2012)</th>
<th>Beneficiaries (10% of the total beneficiary households from each Gram Panchayad)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIRUNELVELI</td>
<td>More Developed Blocks (CDIs above 0.06)</td>
<td>Keelapavoor</td>
<td>Highest Two</td>
<td>(1) Moolachi</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kadayam</td>
<td></td>
<td>(2) Pudukudi</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ambasamudram</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manur</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Alankulam</td>
<td>Least Two</td>
<td>(1) T.Ariyanayagipuram</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tenkasi</td>
<td></td>
<td>(2) Venkatarengapuram</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vasudevanallur</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cheranmahadevi</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kadayanallur</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Less Developed Blocks (CDIs between 0.01 &amp; 0.05)</td>
<td>Pappakudi</td>
<td>Highest Two</td>
<td>(1) Karivalamvandanallur</td>
<td>192</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Radhapuram</td>
<td></td>
<td>(2) Kalappakulam</td>
<td>191</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sankarankoil</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Valliyoor</td>
<td>Least Two</td>
<td>(1) Poigai</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shencottai</td>
<td></td>
<td>(2) Punnaivanam</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Palayamkottai</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kuruvikulam</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nanguni</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Melaneelithanallur</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kalakadu</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grand Total (1+2)</td>
<td>2 Blocks</td>
<td>8 Gram Panchayats</td>
<td>613 Households</td>
<td></td>
</tr>
</tbody>
</table>

* Four Development Indicators deployed are: Area cultivated more than once, Total households Above Poverty Line, Rural Literate, Non agricultural workers.
2.3.3. Sources of Data

The present work being an empirical based research, both primary and secondary data were gathered and analyzed for drawing inferences and reporting research results.

2.3.4 Methods of Data Collection

The study employed a combination of methods, such as field survey, employing a pre-tested interview schedule, interviews with key informants and review of secondary sources of data.

2.3.5 Primary data

The primary data were gathered from beneficiaries by contacting them at the worksites of the scheme and at their residences through personal interview. This was collected during the period between August 2012 and November 2012 on whole time basis. The data were collected by administering a pre-tested interview schedule.

2.3.6 Secondary data

Besides the primary data, secondary sources covering aspects relating to performance of MGNREGS, quantum of employment generated, works undertaken and financial position at National, State, District and Sample Blocks level were included. For the collection of information and data on the above mentioned specific aspects, numerous documents were perused and official records such as published and unpublished reports obtained through various
sources such as Ministry of Rural Development, Office of the Assistant Director of Statistics, Tirunelveli District, District Rural Development Agency, Block Development Offices situated at Cheranmahadevi and Sankarankovil block and Gram Panchayat Offices at Moolachi, Pudukudi, T.Ariyanayagipuram, Venkatarengapuram, Karivalamvandanallur, Kalappakulam, Poigai and Punnaivanam. The study also utilized materials and information from various libraries sourced from different institutions both within and outside Tamil Nadu State.

2.3.7 Period of Study

The study covers a period of six financial years between 2006-07 and 2011-12.

2.3.8 Tools of Analysis

In order to analyse the extent of inequality in the distribution of per capita income of MGNREGA workers in the study area, correlation, multiple regression analysis, Lorenz Curve, Gini co-efficient, variance of logarithms and disparity ratio were used in the present study.

Lorenz Curve

Lorenz curve was used to study the inequality in the distribution of per capita income. The curve fell entirely within unit square and the curve hung below the diagonal joining (0, 0) and (1,1) when there was perfect equality the curve
coincided with the diagonal. If the curve was further away from the diagonal then it shows a greater inequality.

**Gini Co-efficient**

The following formula was computed for measuring Gini co-efficient.

\[
G = 1 + \frac{1}{n} - \frac{\sum (ny_1 + (n-1)y_2 + \ldots + 2y_{n-1} + y_n)}{n^2 \bar{y}} \quad (2)
\]

where

- \( G \) - Gini co-efficient
- \( n \) - number of individuals
- \( Y_i \) - Income of individual rank \( i \) (\( y_1 \leq y_2 < \ldots < y_{n-1} \leq y_n \))
- \( \bar{Y} \) - mean income

**Variance of Logarithms**

To test the Gini co-efficient the variance of logarithms was used, the following formula was employed for calculating the variance of logarithms.

\[
\frac{1}{N} \sum_{i=1}^{N} \log \left( \frac{Z_i}{\bar{Z}} \right)^2
\]

where

- \( Z_i \) - Per capita income of \( i^{th} \) individual
- \( \bar{Z} \) - Mean income of all the individuals.
- \( N \) – Total sample size.
To test the difference, the following F-test has been used.

\[
F = \frac{\sigma_1^2}{\sigma_2^2} \quad \text{(4.3)}
\]

where

- \(\sigma_1^2\) - variance of before MGNREGA,
- \(\sigma_2^2\) - variance of after MGNREGA,

**Disparity Ratio**

To find out the extent of inequality, disparity ratio was also used in the present study. It is the ratio between the mean value of per capita income of the top and bottom decile groups. It has been used as a measure of concentration. Symbolically,

\[
I = \frac{M_{10}}{M_1} \quad \text{(4.4)}
\]

where

- \(I\) = Disparity Ratio
- \(M_{10}\) = Mean value of per capita income of tenth decile group
- \(M_1\) = Mean value of per capita income of the first decile group

The minimum value of this measure was unity implying perfect inequality, larger deviations from unity implied greater inequality and vice versa.

In order to determine the volume of savings of the sample household of before and after MGNREGA, the following form of multiple log-linear regression model was estimated.

\[
\log Y = \beta_0 + \beta_1 \log X_1 + \beta_2 \log X_2 + \beta_3 \log X_3 + \beta_4 \log X_4 + \beta_5 \log X_5 + u
\]
where
\[ Y = \text{Volume of savings in rupees per annum}, \]
\[ X_1 = \text{Annual family income (in Rs.)}, \]
\[ X_2 = \text{Asset value (in Rs.)}, \]
\[ X_3 = \text{Educational status}, \]
\[ X_4 = \text{Family size (in number)}, \]
\[ X_5 = \text{Number of earners (in number) and} \]
\[ U = \text{Disturbance term.} \]

The above Model was estimated by the method of least squares.

In order to examine the relationship between the level of awareness and the socio-economic variables of the respondents, the Chi-square test has been used by adopting the following formula.

\[
\text{Chi-square} = \sum \frac{(O - E)^2}{E} \text{ with (r-1) (c-1) degree of freedom}
\]

where
\[ O = \text{observed frequency} \]
\[ E = \text{Expected frequency} \]

\[
E = \frac{\text{Row total} \times \text{Column total}}{\text{Grand total}}
\]

\[ c = \text{Number of columns in a contingency table} \]
\[ r = \text{Number of rows in a contingency table}. \]
2.4. CONCEPTS

The various concepts used in the study are given below. Since these terms can be variously defined and understood, it becomes necessary to define them in their present use.

2.4.1. Household

A “household” is a group of persons who commonly live together and take their meals from a common kitchen, unless the exigencies of work prevent any of them from doing so. A household may comprise of persons related with blood or a household of unrelated persons or having a mix of both.

2.4.2. Household Income

Household income represents the sum of the earnings of all the earning members of the household from all sources during the reference period under study. The various sources of income are identified as follows:

(i) Income from Employment

Wages received from work which the respondents are performing are included here. Both the cash receipts and the receipts in kind, such as grains, meals, clothing and the like are also included. Computed money value equivalents of the receipts in kind were calculated and added on to the cash receipts to arrive at the wage income of the households.
(ii) **Income from Livestock**

Income from livestock includes the sum received from the sale of milk and milk products, poultry and its products, sale of sheep, pig, goats and also by the way of sale of manure.

(iii) **Farm Income**

Farm income refers to the sum of receipts from the sale of the crop output and the by-products and the value of products retained for self consumption computed at the sale price.

(iv) **Income from Garden Produce**

The income from garden produce is calculated in the same manner as that of the farm income.

(v) **Other sources of Income**

Other sources of income include hiring out animals, carts and implements, remittances, small business receipts, interest receipts, deposits drawn from banks, borrowings, etc.

**2.4.3. Beneficiaries**

Beneficiaries are those who were given unskilled work under Mahatma Gandhi National Rural Employment Guarantee Scheme from the period of 2011-12 in Tirunelveli District.
2.4.4. Poverty

Poverty is multi-dimensional in character and it manifests itself in a variety of socio-economic characteristics. Since poverty is a complex phenomenon, it cannot be reduced to a single definition, applicable to all societies and for all times. It has to be defined in relation to the average living standards in a society and the social norms and customs acceptable to it at that point of time. For example, some people would be delighted to live a bit below the U.S. poverty line and would consider themselves quite prosperous. Similarly, the standard of living of what we call now “poor” would probably not have been considered so in America in 1990’s and certainly not in Europe during the middle ages. Different times and different places apparently call for different poverty lines.

But for any given society, it is possible to have a definition of absolute poverty in terms of the basic necessities required for maintaining the physical health and working capacity of an individual. Even so, an index of poverty is bound to be based on value judgements about the content of a basic subsistence level.

Over a period of time various researchers and organizations have attempted a rigorous value-free definition of an individual’s nutritional requirements allowing for differences in sex, age, body weight and nature of work. There is now some consensus on the nutritional requirements of a so called reference man,
woman and child for different age groups, from which it is possible to calculate the average income for measuring the poverty line.

On the basis of nutritional requirement norms, ‘Poverty Line’ can be determined in terms of the value of consumption baskets of food that would provide minimum subsistence for a family as a whole or for each member of the family separately. The consumption basket would be different for different regions, different income groups and at different periods of time depending on the different customs, habits and economic conditions. The value equivalent of such a consumption basket of household on per capita basis can be considered as a dividing line or a bench-mark, and those who can earn or spend less than this value are considered as ‘poor’ and those who can earn or spend more than this figure as ‘not poor’. This is called critical poverty line.

Poverty line is a term which delineates the poor from the non-poor. When we say that an individual is in poverty or below the poverty line, we mean that the person’s standard of living falls below a minimum acceptance level.

2.4.5. Poverty Alleviation

Kirit S. Parikh and Shankar Subramanian revealed that policies for poverty alleviation may be divided into two. (1) Policies that redistribute income under the first category; and (2) policies that seek to alleviate poverty by changing the content of growth: it’s sectoral composition or the choice of technology.
Under re-distribution policies, come direct measures of redistribution, such as taxes and transfers and other necessities increasing the price of factors that the poor are relatively well-endowed with, namely, unskilled lablourer and increasing the demand for such labour through employment programmes. Of course, this division is by no means water tight, promotion of growth may also redistribute income, perhaps even worsen the condition of the poor and redistributive measures may affect growth in anything but the short run.\(^{100}\)

**Department of Evaluation and Applied Research** observed that, because of poverty alleviation programmes, the Work Participation Rate (WPR) i.e., the proportion of workers to total population in Tamil Nadu had increased for 41.7 percent in 1981 to 43.3 percent in 1991. Between 1981 and 1991, the WPR for rural areas had increased form 46.48 percent to 48.49 percent. The female WPR had been substantially higher (29.9 percent) than that of several states.\(^{101}\)
END NOTES


