Chapter Two

REVIEW OF LITERATURE

This chapter critically examines the existing literature available on the concerned area to consolidate the base for the present study. The review of literature is one of the starting points of doing research. It helps the researcher to identify the conceptual and practical barriers that may be encountered in the course of research and to decide on best possible ways to overcome these barriers. Further, the review of literature is a prime source of selecting a research question. It reduces the chance of selecting an irrelevant research question by knowing what has been done in a particular problem area (Rubin & Babbie, 2010).

2.1 Studies pertaining to impact of MGNREGA on Poverty Alleviation, Participation and Employment Generation

Pankaj & Sharma (2008) found that despite the low number of employment days, there was a relatively high share of MGNREGA income to the total income (about 8 percent of the total annual income of the households in the state of Bihar and about 2 percent in Jharkhand) of the beneficiary households. They also found that they used MGNREGA earnings for food and daily consumption.

Ghosh (2009) stated that MGNREGA will prove to be an extremely cost-effective way of increasing employment directly and indirectly, reviving the rural economy, providing basic consumption stability to poor households and improving the bargaining power of rural workers.

Venkatesh (2009) opined that the MGNREGA is playing a vital role in diminishing employment crisis in rural working population through providing 100 days of substitute employment. He also pointed out that there is a remarkable decline in labour migration and rise in sustainable livelihood
opportunities for poor.

A study of MGNREGA in five districts of Uttar Pradesh viz; Jhansi, Jalaun, Kushinagar, Bareilly & Gorakhpur conducted by IIM Lucknow (2009) found that (a) 85.3 percent of total sample respondents were from BPL families (b) 50 percent beneficiaries from Scheduled Castes and 44.5 percent beneficiaries from Other Backward Classes (c) around 15-20 percent increment in wage rate in the sampled areas (d) 97.7 percent of sample households were reported to have bank/post office accounts.

Johnson (2009) reported that MGNREGA not only made money available to rural poor households but also facilitated them when they were in need of it. He suggested that if households are able to use MGNREGA as an ex-post substitute for formal weather insurance, then they may be able to shift away from investments in low-risk, low-return assets to higher-risk and higher-return assets.

Shah (2009) argued that an effective rural employment programme such as MGNREGA can generate self-employment in rural areas, leading to establishing a new source of sustainable livelihood. This would allow the government to discount in grants for MGNREGA in future course of time as agricultural labourers can go to their own agriculture fields that leads to the development of rural economy.

The 66th round NSSO data revealed that 25 percent of rural households got work under the MGNREGA whereas 19 percent of the total rural household sought for work but were able to get employment (NSSO, 2010).

Harsha (2010) argued that MGNREGA can be a comprehensive and a more sustainable solution to create self-employment opportunities in the rural areas that can increase rural productivity.

Hirway (2011) pointed out that there is multi-impact of MGNREGA through developing a Social Accounting Matrix (SAM) model at village
level. He found that proper implementation of MGNREGA can not only mitigate poverty but also empower the most disadvantaged population of the rural areas. He also stated that there is a positive impact of MGNREGS on income level, expenditure consumption and employment in the under study village.

A study of Shah, Verma, Indu, & Hemant (2010) in Palakkad District of Kerala resulted that mostly women, elders and the feeble sought work within MGNREGA but able-bodied men demanding higher wages chose farm jobs.

Deininger & Liu (2010) in the longitudinal study of five districts of Andhra Pradesh found that out of 4,800 households, 53 percent beneficiaries belonged to the poorest section of the society and 56 percent MGNREGA Job Card holders were from poor households.

Dheeraja & Rao (2010) reported that the MGNREGA has contributed to the improvement of the life of the poorest of the poor and women, the vulnerable population. It also contributed to the household income as there was decline in numbers of women beneficiaries with below Rs 8,000 household income from 94 percent to 57 percent due to MGNREGA.

Banerjee & Saha (2010) revealed that due to MGNREGA, poor households were able to resist economic jolts and uncertain inflation. It was found that in the States of Chhattisgarh, Jharkhand and Odisha, most surveyed households had reported that they used MGNREGA earnings to purchase more food items.

Bhattacharyya, Gaiha, & Jha (2011) noted that MGNREGA acts as the possible instrument to alleviate poverty. It gives prospect for governing authority, by inducing rural unskilled wage rate to implement statutory minimum wages.
Verma (2011) stated that most of MGNREGA wage labourers were old age people and women due to men who were offered high wage in the urban areas where they migrate as compared in the local/ rural areas.

Basu (2011) studied the impact of MGNREGA scheme in the context of an agrarian economy characterised by lean season and found that MGNREGA has all potentials to boost rural economy, stabilize agricultural productivity and to reduce rural-urban migration of the labour force.

Pani & Iyer (2011) found that MGNREGA wage has a significant impact on the economy of the rural areas. It revealed that a larger share of the earnings generated from MGNREGA, ranging from 48 percent to 66 percent sexes tends to be spent on the rural economy.

Dreze & Khera (2011) conducted a survey in six states—Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan and Uttar Pradesh in 2008 and it was reported that majority of beneficiaries were from the most vulnerable sections of society as 81 percent households were kachcha (non-permanent), 61 percent belong to illiterate, 72 percent having no electricity, and 73 percent of the beneficiaries were from SC and ST communities.

A survey on MGNREGA by NSSO (2011) also concluded that the majority of the beneficiaries were from the vulnerable population. The distribution of SCs/STs and OBCs were 42 percent and 50 percent in Andhra Pradesh, 67 percent and 29 percent in Madhya Pradesh, and 50 percent and 42 percent in Rajasthan respectively.

Kajale and Shroff (2011) assessed MGNREGA with respect to the extent of employment generation, wage differentials, rural to urban migration, asset creation, determinants of participation and implementation in five districts of Maharashtra. Based on their studies they reported that the state has not been able to exhibit satisfactory performance in terms of employment generated and assets created but did so in respect of food security, reducing
poverty and out-migration.

Jha, Gaiha, & Pandey (2011) in their study revealed that in the state of Andhra Pradesh, the slice of MGNREGA to the earnings of the poor was the highest i.e. about 17 percent.

Dutta, Murgai, Ravallion, & Dominique (2012) pointed out that MGNREGA has many prospects to impact poverty by offering additional work opportunities and income to the poorest population of the rural areas. The NSSO data revealed that the participation level in MGNREGA had been very low in some of the backward States, Bihar (34 percent), Odisha (29 percent) and Jharkhand (28 percent).

**2.2 Studies pertaining to impact of MGNREGA on Wage Rate, Household Consumption and Women Empowerment**

Sudarshan (2009) suggested that after the implementation of MGNREGA, there can be seen a rise in the unskilled wages for women. He instanced that in Kerala, the daily market wages for women labourer was on the rise from Rs 70–80 in 2007 to Rs 110–125 in 2009.

Singh and Nauriyal (2009) assessed the impact of MGNREGA in three districts of Uttarakhand. They reported that activities of MGNREGA were found to be supplementing income of the household to the extent of 10-20 percent (and hence no significant improvement in their income and employment levels) and a marginal improvement in curtailment of migration and indebtedness. Increase in consumption levels and savings were also marginally improved among the sample households.

Mistry & Jaswal (2009), conducting a study in four States of Gujrat, Madhya Pradesh, Maharashtra, and Rajasthan covering 12 districts, found that 55 percent of the respondents perceived that MGNREGA has been significant to prevent migration to their family. On the other hand, 35 percent of them found that the Act also positively impacted their children’s
education, while 30 percent perceived that their clothing had improved.

Khera & Nayak (2009) found that more women were able to get representation in local bodies such as Gram Sabha, and the Village Employment Councils (VECs). On the contrary, in another study in the six States, it was reported that during the 12 months preceding the study, only 33 percent of the respondents (both men and women) attended a Gram Sabha (GS) meetings (Sudarshan, 2009).

Ghosh (2009) and Dheeraja & Rao (2010) revealed that the mandatory provision of wage payment through bank and post office has guaranteed that a large number of women were accessed to economic institution from which they had been largely devoid of.

NSSO (2010) found that there was significant difference between MGNREGA wage and other public works on the ground of gender. The average wage for MGNREGA was Rs 90.9 and Rs 87 per day for men and women respectively. On the contrary, the wage variation was greater in other public works, Rs 98.3 per day for men and Rs 86.1 per day for women.

A report by IRMA (2010) revealed that MGNREGA has provided an additional source of income to families without any discrimination between men and women and also the programme has a high participation rate for women. Report further elaborated that the programme has enhanced food security and provided employment opportunities for the unemployed and on an average has a positive impact on livelihood. Report however cautioned that the states need to guarantee a better mechanism for the durability and sustainability of assets created under MGNREGA.

Dheeraja & Rao (2010) in their study found that the Act has contributed to the empowerment of women, representing better decision-making power within households. They interviewed 600 women respondents in Andhra
Pradesh and Rajasthan and reported that in Andhra Pradesh, around 47 percent of them received wages themselves and 50 percent along with their husbands. In Rajasthan, almost 91 percent of them received wages themselves and another 4 percent received wages along with their husbands. They also suggested that the Act has contributed to the improvement of the different dimensions of women empowerment including social, political and economic. On the other hand, there had been positive changes in self perception among them, gradually leading to the enablement of women and stimulate lasting social change.

Deininger & Liu (2010) indicated that participation of wage-seekers in MGNREGA had an important impact on expenditure consumption, nutritional intake and asset gathering.

Roy and Samanta (2010) conducted a study in two districts viz Burdwan and Dakshin Dinajpur of West Bengal and found significant positive changes like self confidence and self reliance in the respondents after commencement of the Act.

Shah, Verma, Indu, & Hemant (2010) in their study found that the Act has less impact on the trend of migration as the earnings for males in urban areas were much higher than that provided under MGNREGA. It was evident that majority of beneficiaries belonged to women and older men who were unable to migrate.

Babu & Rao (2010) found that beneficiaries used their additional income from MGNREGA essentially on nutrition (50 percent), education (10-15 percent), clothing (20 percent), and health services (10 percent).

On the analysis of NSSO 64th Round Survey for the year 2008–09, Imbert & Papp (2011) found that the average wage for both male and female workers was reported at Rs 79 per day for work under MGNREGA. It was also recorded that the MGNREGA wage was higher than the average daily wage
for casual works by 12 percent. It was also indicated that wage growth is not limited to public sector but the private sector are also noteworthy for rural households that do not engaged in MGNREGA.

Bhattacharyya, Gaiha, & Jha (2011) asserted in their study of 249 districts across 19 States that the wage growth was also evident in almost all States. The result also reveals that MGNREGA lifts the agriculture wage rate by 5.3 percent, indicating the increase in agriculture wage for both men and women. It also seems to be affected on unskilled wages rather than skilled wages.

Verma (2011) conducted a survey of 75 villages across four states—Bihar, Gujarat, Kerala and Rajasthan. The results showed that the ratio of male-female wage rates had been on decline from 1.40 in 2007–2008 to 1.30 in 2009–2010.

It was found in some studies that MGNREGA has been important and stable source of earning especially for female-headed households. It was reported in 25 surveys across six States that, 82 percent of the widows among sample respondents stated MGNREGA as a very vital source of earnings. On the other hand, 67 percent of them reported that it had helped them to avoid hunger and 46 percent reported for preventing illness (Khera & Nayak, 2009; National Federation for Indian Women (NFIW), 2008; Dreze & Khera, 2011).

In his study in Birbhum district of West Bengal, Mangatter (2011) suggested that MGNREGA income is being consumed for starting their own local business as 17 percent of the surveyed households used MGNREGA earning to run, enlarge or initiate the same.

Engler & Ravi (2012) indicated that MGNREGA improved the savings behavior for the surveyed households by 21 percent, indicating around Rs 19 increment in their savings. It was found that there was significant
increment in the MGNREGA notified wage rates across States over the years, with Maharashtra leading the chart with an increase of over 200 percent. On the other hand, it was evident in 19 States that the recorded MGNREGA wage is higher than the minimum agriculture wage. It was suggested that in the State of Andhra Pradesh that there was increment (around 10 percent) in monthly household consumption expenditure. Expenditure on non-food consumables (around 23 percent) was increased. On the other hand, the transportation costs had significantly been decreased by around 65 percent as the MGNREGA work should be provided within 5 kilometers from the residence of beneficiaries.

Another study also suggested that there was a significant increase in food security for the households engaged in MGNREGA, as households’ readiness for food extended from six months to nine months (IIFM, IRMA & ISSR, 2012).

Engler & Ravi (2012) found that the programme has impacted the health outcomes as 12 percent reduction in the occurrence of reported depression and improvements in mental health indicators. On the contrast, health expenditure per household had been on decline by Rupees 8. In their longitudinal study in Medak in Andhra Pradesh, they that due to MGNREGA, number of giving up meals had reduced significantly among those who worked under MGNREGA.

Shah (2013) found that in Rajasthan, the earnings from MGNREGA was highest among female headed households (15 percent of household income) than male-headed households, indicating greater significance of income to female-headed households. On the contrary, in Andhra Pradesh, the earnings are on the higher side for both male (19 percent) and female-headed households (16 percent) respectively. Among landless families, the earnings is 20 percent in Andhra Pradesh, followed by Maharashtra and Rajasthan with approximately same shares i.e. about 7 percent.
A study in the State of Meghalaya found that the tribal women were able to engage with social institutions such as banks/post offices/local bodies that improved their confidence by guaranteeing economic interdependence, leading to some kind of decision making in the household’s affairs (Shah, 2013).

Morgan (2015) revealed that agricultural wages increased to 20.2 percent, whereas there was 16.7 percent increase in non-agricultural rural wages. On gender level, average 19.7 percent wage rose for men in the agricultural sector, while for women it was at 20.8 percent.

Engler & Ravi (2015) in a study of Medak district of Andhra Pradesh, noted that about 12 percent of the households among 1,064 surveyed households indicated improved income as MGNREGA provided to more members of same households to supplement source of income.

### 2.3 Studies pertaining to impact of MGNREGA on Asset Creation and Livelihood

Kareemulla, Reddy, Rao, Kumar, & Venkateswarlu (2009) conducting a study in Anantpur, Andhra Pradesh, stated that 76 percent assets created under MGNREGA, including farm ponds, tank desilting and field bunds, were helping the beneficiaries with the purpose of irrigation.

A study in Jharkhand by Action for Food Production (AFPRO) (2009) revealed that the plants embedded under the scheme were seemed to be two to three years of life as opposed to estimated 15 years of productive life depending on the type of tree as a result of poor planning in case of selection of right location as well as dismal maintenance.

The assets created under MGNREGA on private land had been found to better maintained due to the proper care by their owners. It indicates that the creation of assets with private ownership under the Scheme has the better prospective to add to more creation of sustainable livelihood opportunities (IIM-S, 2009).
A study by Institute for Development of Youth, Women and Child (IDYWC) (2010) in Madhya Pradesh assessed that on an average, the recovery period of the assets created under MGNREGA had been five years.

Shah, Verma, Indu, & Hemant (2010) conducted an evaluative study based on perception about 40 assets in nine states including Andhra Pradesh, Himachal Pradesh, Madhya Pradesh, Odisha and Rajasthan and pointed out that the efficiency of existing assets had been declined due to lags in process and procedure. The best assets among them were found to be following mostly the MGNREGA’s processes including timely wage payments. On the other hand, the worst assets evaluated were to be not following MGNREGA processes.

Having surveyed 580 MGNREGA works across four districts of Rajasthan and Madhya Pradesh, Institute for Development of Youth, Women and Child (IDYWC) (2010), found that majority of the community assets constructed under the MGNREGA, were seemed to be sustainable and last for their planned average life. For instance, wells, check dams and anicuts had been erected by providing technical inputs and good-quality material. These assets were predicted to be sustained for 10–15 years.

Indian Institute of Forest Management (IIFM) (2010) reported that in Madhya Pradesh, about 71,000 saplings were planted across 175 hectares of land and 90 percent of them were found to be survived after four years.

Nair & Sanju (2010) conducted a study in Kerala and revealed that maintenance of public assets by community was limited due to ambiguity over ownership and usage rights. It was observed that out of total sample of 23 public ponds, only one pond was being upkept by the community. It was also found that community members, directly benefitted from assets, had asserted that it was the responsibility of the Gram Panchayat to regularly clean and maintain the assets.
Kumar & Chandra (2010) pointed out that in Nalanda, pisciculture on MGNREGA ponds was a major source of income. In the case of a public pond, pisciculture contributed an income of Rs 27,400 for farmers. In addition to this, farmers gained by saving the cost of purchasing water at Rs 60 per hour. MGNREGA works on private land too were used both for irrigation of crops as well as for pisciculture.

Watershed Organization Trust (WOTR) (2010) found that in Maharashtra, over 40 percent among 200 sampled households, the level of groundwater had increased as a result of watershed works had been done under the Scheme.

A study of Chittoor, Andhra Pradesh, by Centre for Education and Research Development (CERD) (2010) revealed that under MGNREGA, 36,000 acres of degraded lands, belonging to Scheduled Castes (SCs)/ Scheduled Tribes (STs)/ Below Poverty Line (BPL) families, were found to be with increased fertility due to excavated silt used into the soil.

International Labour Organisation (ILO) (2010), in a pilot study in Kaimur district of Bihar, reported that six worksites on rural connectivity, minor-irrigation and water conservation works were measured and all were scored high to be classified as decent work, with water conservation scoring above rural connectivity and minor-irrigation works.

Indian Institute of Forest Management (IIFM) (2010) found that the irrigated land had increased by 26 percent and 19 percent in Ujjain and Dhar respectively. Whereas, the irrigated land in Chhindwara and Panna had increased by 35 percent and 30 percent respectively.

Verma (2011) pointed out that there is intra-state variation in creation of public assets as in Sabarkantha district of Gujarat, the economic benefits from assets created under MGNREGA were found better than their counterparts in Junagadh districts.
The survey conducted by NSSO (2011) in the States of Andhra Pradesh, Madhya Pradesh and Rajasthan, found that the assets created under the Act were used by majority of rural households, indicating 99 percent in Rajasthan, 82 percent in Madhya Pradesh and 64 percent in Andhra Pradesh. On the quality of the assets, 83 percent in Rajasthan, 80 percent in Madhya Pradesh and 67 percent in Andhra Pradesh were found to be of good quality.

Madhya Pradesh Institute of Social Science Research (MPISSR) (2011) stated that MGNREGA works created sustainable assets that were significant to increase the total irrigated area of crops from water shortage.

Madhya Pradesh Institute of Social Science Research (MPISSR), (2011) evaluated 100 dug wells constructed under MGNREGA across five districts in Madhya Pradesh. It was found that low failure rate of the structures were found at only 5 percent.

Verma (2011) found that while creation of new assets was beneficial, investments in expanding, deepening, improving and renovating existing assets provided the highest returns; existing assets renovations had a return of 136 percent, much higher than the return on new assets created which was 65 percent.

A study conducted in Chitradurga and Karnataka, reported that the MGNREGA works increased the agricultural production, water resources and livelihoods. Water scarcity and poor soil fertility also were on decline (Tiwari, et al., 2011).

Verma (2011) reported that 34 anicuts were measured in Rajasthan under MGNREGA and the water level had increased by 10–40 feet due to the water discharging from wells.

A study by Madhya Pradesh Institute of Social Science Research (MPISSR) (2011) in five districts of Madhya Pradesh revealed that 70 percent of the beneficiaries were benefitted with perennial water across agricultural
seasons due to MGNREGA. The Scheme provided ponds, wells, tanks for ensuring water accessibility on farmers’ land having more than 1 hectare of land and belonging to SC/ST and BPL families.

Verma (2011), assessing 143 best performing water linked assets including irrigation, ponds, and wells, found that majority of assets were found to be positive Return on Investment (RoI) estimates. Among these assets, 117 assets had recorded 100 percent Return on Investment in the first year, recovering their investment in the first year of their use. Micro-canal systems were measured to be at the highest rate (200 percent) of return as compared to all other works within a year, providing the farmers to use 3–6 additional waterings to their paddy crops. By increased crop production, these farmers were able to cut the expenditure on well-irrigation in the form of diesel saving.

About 146 lakh works had been commenced; out of which, over half of these were works associated to water resources, including water conservation, flood control, irrigation, drought proofing, renovation of traditional water bodies and micro-irrigation whereas over 19 percent of these were associated with rural connectivity. However, MGNREGA has faced criticism on the quality and sustainability of the assets created under it (Shah, 2013).

Some studies quantified and measured the benefits from MGNREGA assets. The increase in the area irrigated, the storage capacity of a water body, the area afforested, the production of food under MGNREGA were directly measured. However, the non-monetary advantages of these assets may not be easily measured (Shah, 2013).
2.4 Studies pertaining to impact of MGNREGA on Migration

Centre for Science and Environment (CSE) (2008), surveying 240 households in the district of Sidhi in Madhya Pradesh, revealed that migration had been on decline by 60 percent due to the availability of MGNREGA work within reach.

Kareemulla, Reddy, Rao, Kumar, & Venkateswarlu (2009), conducting a study in Anantpur, Andhra Pradesh, witnessed that the level of migration had been dropped from about 27 percent to 7 percent in the sample villages due to availability of work under MGNREGA.

Mistry & Jaswal (2009), conducting a study in four States of Gujarat, Madhya Pradesh, Maharashtra, and Rajasthan covering 12 districts, found that 55 percent of the respondents perceived that MGNREGA has been significant to prevent migration to their family. On the other hand, 35 percent of them found that the Act also positively impacted their children’s education, while 30 percent perceived that their clothing had improved.

Kumar & Prasanna (2010) in their study in Bastar district in Chhattisgarh noted that after the implementation of MGNREGA, the number of migrating people had reduced from 4500 to 500 in the sampled block as employment opportunities under MGNREGA were being provided neighboring to their home.

The study of Vatta, Grover, & Grover (2011) in the State of Punjab, alike other studies reporting positive impact of MGNREGA on migration found that about 5 percent of respondents among 300 households across five districts recorded migration because they found employment opportunities in their local areas.