

Is MNREGA Benefitting the Rural Poor?

Interestingly, 18.5 per cent of households holding APL ration cards also benefited from MNREGA.

ENACTED IN 2005 and launched on February 2, 2006, the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) is aimed at providing at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. Since then, several regional studies have evoked mixed reactions on the efficacy and targeting of this flagship programme. Recently, the National Council of Applied Economic Research (NCAER) conducted a study, 'National Survey of Household Income and Expenditure (NSHIE) 2011', in which information on social, demographic, education, economic and other aspects of households was collected. A multi-stage sample design was adopted to select a representative sample of one lakh households covering 292 districts spread over 32 states and union territories, so as to obtain reliable estimates of various parameters at the major states, major town categories and all-India levels. In this survey some parameters of MNREGA, such as ownership of job cards, number of days worked and wages received during 2010–11, were also collected.

According to the NSHIE survey, an estimated 5.74 crore households, which accounts for about 36 per cent of the rural households, were issued a job card during 2010–11. Of them, about 62 per cent, i.e., 3.6 crore households, were provided employment and a total of 192.7 crore person days of employment was generated. The average number of days of employment per household was 52 and the total wages earned by the households was estimated at ₹19,289 crore with an average

wage rate of ₹103. In this regard, the official figures given by the Ministry of Rural Development (MoRD) are worth mentioning which report that during 2010–11, of the total 11.98 crore job cards issued to the households that demanded employment, only 5.5 crore households received work under MNREGA and a total of 257.2 crore person days was employed. Further, the total expenditure on wages was ₹25,687 crore and the average number of days of employment per household was 47 days.

Aligned with the objective of inclusive growth, this self-targeting scheme aims to ensure greater participation by the marginalised sections of society. The NSHIE data revealed that about 28 per cent of the households that worked under MNREGA belonged to scheduled castes (SCs), 18 per cent to scheduled tribes (STs), 40 per cent to other backward classes and 15 per cent came from the general category. According to the MoRD, during 2010–11, nearly 31 per cent of such employment went to SCs, 21 per cent went to STs and 48 per cent to other castes.

The distribution of households that worked under MNREGA by type of ration card divulges that 73 per cent are either below poverty line (BPL) (64%) or *Antyodaya* (9%) cardholder households. *Antyodaya* ration cards are issued to such families who have income of less than ₹250 per capita per month. Interestingly, 18.5 per cent of households holding above poverty line (APL) ration cards also benefited from MNREGA.

Casual wage labour households accounted for 57.2 per cent of the total MNREGA beneficiary

Table POV.1 : Income of MNREGA and Non-MNREGA Households by Quintile, 2010-11

Household Income Quintile	Average Annual Household Income (in ₹)		Average Annual Household Income from MNREGA (in ₹)	Income from MNREGA as % of total Household Income	Average Days Worked per Household during 2010-11	Average Wage Rate (in ₹)
	MNREGA Household	Non-MNREGA Household				
Q1 (Bottom)	37,088	36,286	4,284	11.6	44	96
Q2	55,945	55,812	5,759	10.3	56	103
Q3	72,431	72,936	5,430	7.5	53	103
Q4	99,851	100,706	5,808	5.8	53	109
Q5 (Top)	187,634	230,859	5,856	3.1	54	108

Source: NSHIE 2010-11.

Table POV.2: Food and Non-food Expenditure by Quintile

Household Income Quintile	Average Annual Per Capita Food Expenditure		Average Annual Household Non-food Expenditure	
	MNREGA Household	Non-MNREGA Household	MNREGA Household	Non-MNREGA Household
Q1 (bottom)	6,225	6,765	13,312	12,506
Q2	6,456	6,827	17,230	18,225
Q3	7,094	7,240	22,932	23,622
Q4	7,711	7,940	29,626	32,191
Q5 (Top)	8,379	9,709	49,691	68,663

Source: NSHIE 2010-11.

households, followed by own account workers in agriculture with 30.4 per cent. The households were arranged in ascending order of income in rural areas and were grouped to represent quintiles. The analysis shows that the majority of MNREGA beneficiaries were from the bottom two income quintiles (bottom 26%; next to bottom 30%). However, 6.1 per cent of the households in the top income quintile also benefited from this scheme.

The income and expenditure data collected in this survey show that the average income of the bottom income quintile households enrolled in MNREGA was ₹37,088 as against ₹36,286 for households that did not receive any job under MNREGA (termed non-MNREGA households). This scheme, which was aimed at enhancing livelihood security by providing employment to the poor, generated additional income of about 12 per cent and 10 per cent of the total household income in the lower two quintiles, respectively (Table POV.1). It should be noted that households in the top income quintile reported earnings of about three per cent of their total income from MNREGA, although their share in total MNREGA benefited household was only six per cent. It may be noted that the participation of the non-poor in the MNREGA is not problematic. Further, the average annual household income from MNREGA increases with increase in the quintile group. This is probably due to the fact that households in the top quintile worked for more days and at a higher wage rate than households in the bottom quintile (Table POV.1).

It is estimated that the average per capita expenditure on food by MNREGA households is lower across all income quintiles than in non-MNREGA households (Table POV.2).

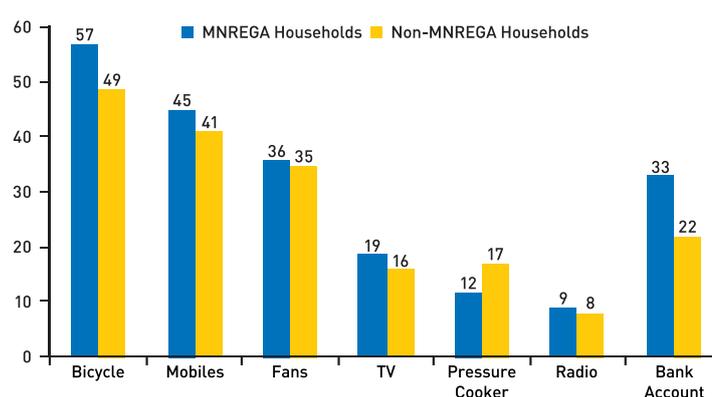
In the case of non-food expenditure, households that benefited from MNREGA in the bottom quintile spend more than their non-MNREGA counterparts. The average annual non-food expenditure for MNREGA households was ₹13,312 as against ₹12,506 for non-MNREGA households. It is plausible that

MNREGA households in the bottom quintile might be spending the additional income earned from MNREGA to create some basic household assets, such as bicycles, mobiles, fans, televisions, music systems/radios and pressure cooker. Interestingly, the bottom quintile MNREGA households owned a higher percentage of these assets than their non-MNREGA counterparts (Figure POV.1).

Further, in the bottom quintile, about 33 per cent of the MNREGA households have a bank account compared with non-MNREGA households (22%). The study also shows that close to 55 per cent of the job card holders had a bank account. This suggests that this scheme has contributed to the financial inclusion drive in rural India in recent times, which can largely be attributed to the Government of India's policy of making wage payments through banks/ post offices, which ensures transparency and financial inclusion.

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Figure POV.1: Households Owning Basic Assets in the Bottom Quintile (%)



Source: NSHIE 2010-11.

The evidence suggests that MNREGA is targeting the rural poor effectively. Clearly, there is room for improvement. Further in-depth comparative analysis of MNREGA programme implementation across states and union territories is needed for understanding its multi-dimensional impact.