

# FINANCIAL PERFORMANCE COMPARISON OF MGNREGs BEFORE AND AFTER COVID-19 – A STUDY OF SELECT SOUTH INDIAN STATES

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## **ABSTRACT**

The National Backward and rural Employment Guarantee Act (NREGA) were enacted in September 2005. The act came into consideration on 2<sup>nd</sup> February, 2006 and was executed in a proper sequential manner. In phase-I, it was popularised in 200 most backward districts of the nation. The act was executed in all other districts in 2007-08 under phase-II. As per the first target, NREGA was to be extended into total country within the five years. The objective of the research is Evaluating Financial Performance of the MGNREG scheme before and after the covid-19. Methodology of the study, for this study we are selected South Indian States. Result of the study our analysis showed there is increase in total Central Government released funds, material and skilled wages expenditures and average cost per day per Person under the MGNREGS before and after Covid-19. Conclusions of the study showed there is an increase in percentage of funds Utilization, total Expenditures and Wages expenditure under the MGNREGS before and after the covid-19 improves the socio economic status of beneficiaries of the scheme.

**Key words:** Funds, Wages Expenditures, Average Cost per Day, Employment, Evaluating and Performance.

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## **I. INTRODUCTION**

The National Backward and rural Employment Guarantee Act (NREGA) was enacted in September 2005. The act came into consideration on 2<sup>nd</sup> February, 2006 and was executed in a proper sequential manner. . Thus, National Backward and rural Employment Guarantee Act (NREGA) now take over all backward and rural areas of the country. From October 2, 2009 National Backward and rural Employment Guarantee Scheme (NREGS) has been renamed as “Mahatma Gandhi National Backward and rural Employment Guarantee Scheme.

Rural Employment Guarantee shall have the following objectives:

- The principle objective of the scheme is to provide livelihood securities to the families in rural areas by providing not less than 100 (one hundred) days of assured wage employment in every financial year to every household, whose adult contributors volunteer to do unskilled and manual work.
- To create durable assets and strengthening the livelihood aid base of rural poor.

### **1.1. Study Area**

South India ,also known as Dakshina Bharata or peninsular India , consist of the south part of India encompassing the Indian state of Andhra Pradesh, Karnataka, Tamil Nadu and

Telangana as well as the union territories of Lakshadweep and Puducherry, comprising 19.31% of Indian's area (635,780 km or 245,480 sq mi) and 20% of Indian's population. Covering the southern part of the peninsular Deccan Plateau, South India is bounded by the Bay of Bengal in the east, the Arab in Sea in the west and the Indian Ocean in the south. The geography of the region is diverse with two mountain ranges- the western and eastern Ghats- bordering the plateau heartland. South India witnessed sustained growth in per-capita income and population, structural changes in the economy, an increased pace of technological innovation. After experiencing fluctuations in the decades immediately after Indian independence, the economies of South Indian states have registered a higher-than-national-average growth over the past three decades. South India has the largest gross domestic product compared to other regions in India. The South Indian states lead in some Socio-Economic metrics of India. The Human Development Index in the southern states is high and the economy has undergone growth at a faster rate than in most northern states. Literacy rate in the southern states is higher than the national average, with approximately 81% of the population capable of reading and writing.

## II. LITERATURE REVIEWS

**Sanjeev Kumar Jena (2021)<sup>1</sup>**, in his article titled "Women Empowerment through MGNREGA", assessed the NREGA, being a right based employment program, it should have been in a position to provide employment on demand, which has not been happening in the inquiry area. He mentioned that there are other road blocks, which are seen as putting a rebuke to women's easy entry to NREGA employments. The hindrances include inadequate worksite facilities as emphasized in the guidelines, inefficient implementing machinery, difficult terrains, less level of awareness and other situational issues.

**Sunitha.S, Dr Sudha. S.(2020)<sup>2</sup>**, It is found that the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), is entirely a demand-driven Scheme and since the COVID19 Pandemic has badly hit the Population in the cities, Mainly the migrant workers there is a reverse flow of Migrant workers to villages in search of earning and living with family. The Only major scheme available to them at present is the MGNREGA [Kadam2020], as it ensures that every job cardholder is eligible to get wage employment against the demand for work. The Government of India has instructed all States and Union territories to issue Job cards to Migrant Labours as per Provision. Since cores of migrant workers have returned to their native villages the Budget allocation under the scheme has been raised by Rs 40,000 core to a record Rs 101,500 core, for individual assets creation work, Following Social distancing norms. This accounts to the highest amount of provision made under the scheme.

**Gayathri Vasudevan, Shanu Singh, Gaurav Gupta C, K. Jalajakshi.Harish (2020)<sup>3</sup>**, in their article mentioned "MGNREGA in the Times of COVID- 19 and Beyond: Can India do More with Less", This paper has been focusing on quantifying the scale of reverse migration since India is witnessing it in the course time and action has to be taken to make MGNREGA spending more adequate. We also investigated the identity of these migrants and the areas in which these migrants are getting back. The scale of reverse migration and insufficiency of chances in rural Parts of India even after the improvement in collection of money to MGNREGA point to a grim situation. Projects under MGNREGA has only finite achievement rate earlier, and the scheme has comprehensively been deficient in providing the guaranteed minimal days of work who in really in need of employment, however hygiene will be the most prior priority while providing work. A project management discipline, combining labour work opportunities and vice versa and the want for clone self-employment is essentially needed. So much can be still achieved by having equal extent of national finance and if people coordinate the way private income improvement opportunities does.

**Beena George (2017)<sup>4</sup>**, evaluated the efficiency of MGNREGA in enfranchising rural women in Kerala. About 20 percent of the benefits were earned between Rs. 30000 to Rs.40000 and only five percent earned more than Rs. 50000. Major improvement was seen in women that followed the savings and expenditure pattern after joining the MGNREGA. The decisions were taken together by the husband and the wives.

### **III. NEED OF THE STUDY**

Based on a review of the literature, it is possible to conclude that while many studies on MGNREGA have been ended, the mainstream of them focused on only one or a few aspects of MGNREGA and the status of financial performance comparison of MGNREGS before and after the covid-19 none of them took an integrated approach to studying MGNREGA. One or a few dimensions will never provide a complete and accurate view of their performance if the scheme. Further, in the South Indian States, it is difficult to obtain research based on primary data that provide an integrated picture of MGNREGA.

### **IV. OBJECTIVES OF THE STUDY**

The main objective of this study is to assess the financial performance comparison of MGNREGS before and after the covid-19 in south Indian states. However, to be precise the following are the objectives of the study:

1. To study the total Central Government released funds under the MGNREGS before and after Covid-19.
2. To study the percentage of funds Utilized under the MGNREGS before and after Covid-19.
3. To study the total expenditures incurred under the MGNREGS before and after Covid-19.
4. To study the wages expenditure under the MGNREGS before and after Covid-19.
5. To study the material and skilled wages expenditures under the MGNREGS before and after Covid-19.
6. To study the total administration expenditure under the MGNREGS before and after Covid-19.
7. To study the average cost per day per Person under the MGNREGS before and after Covid-19.

### **V. HYPOTHESIS**

H<sub>0</sub>: There is no significant increase in total Central Government released funds under the MGNREGS before and after Covid-19.

H<sub>0</sub>: There is no significant increase in the percentage of funds Utilized under the MGNREGS before and after Covid-19.

H<sub>0</sub>: There is no significant increase in total expenditures incurred under the MGNREGS before and after Covid-19.

H<sub>0</sub>: There is no significant increase in wages expenditure under the MGNREGS before and after Covid-19.

H<sub>0</sub>: There is no significant increase in material and skilled wages expenditures under the MGNREGS before and after Covid-19.

H<sub>0</sub>: There is no significant increase in total administration expenditure under the MGNREGS before and after Covid-19.

H<sub>0</sub>: There is no significant increase in average cost per day per Person under the MGNREGS before and after Covid-19.

## VI. SCOPE OF THE STUDY

The period of study is 2018-19 and 2020-2021, for 2 years. (Before and after the covid-19 periods)

## VII. RESEARCH METHODOLOGY

**Secondary Data:** Secondary sources of data is from records and reports of Ministry of Rural Development and [nrega.telangana.gov.in/nregs](http://nrega.telangana.gov.in/nregs).

**Proposed Statistical Techniques:** The data collected from Secondary sources will be analysed with the help of Paired *sample t-test* a statistical technique that is used to compare two *samples* that are correlated.

## VIII. ANALYSIS AND INTERPRETATION

Table-1: Changes in Total Centre Release funds under the MGNREGS

Total centre Release (Rs. In Lakhs)		
States	Before COVID 2018-19	After COVID 2020-2021
Tamil Nadu	495166.28	854989.16
Andhra Pradesh	668453.62	1036548.02
Karnataka	304024.77	560500.51
Kerala	235473.91	430032.27
Telangana	295817.48	416356.65

			Paired Differences				t	d f	Sig. (2- tailed )	
	Mean	Std. Deviation	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
						Lower				Upper
Before COVI D	399787.2 1	179065.5 0	- 259898.1 1	106528.5 2	47641.0 0	- 392170.7 4	- 127625.4 8	- 5.4 6	4	0.005
After COVI D	659685.3 2	274752.6 5								

Source: [www.nrega.nic.in](http://www.nrega.nic.in)

H<sub>0</sub>: There is no significant increase in total Central Government released funds under the MGNREGS before and after Covid-19.

A paired sample t-test was conducted to evaluate the impact of total Central Government released funds under the MGNREGS after Covid-19. The result stated a significant increase in total Central Government released funds under the MGNREGS after COVID, Before (M=53.09, SD=31.90) to after (M=71.83, SD=4.58),  $t(4) = -1.22$ ,  $p < 0.05$ , the mean increase in the test scores was -18.74 with 95% confidence interval ranging from -61.42 to 23.94.

Table-2: Changes in Percentage of funds Utilization under the MGNREGS

Percentage Utilization of Funds under the MGNREGS		
States	Before COVID 2018-19	After COVID 2020-2021
Tamil Nadu	4.45	91.97
Andhra Pradesh	112.23	105.16
Karnataka	104.64	93.79
Kerala	120.22	85.62

Telangana	106.33	97.47
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			Paired Differences				t	df	Sig. (2-tailed)	
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
	Mean	Std. Deviation				Lower				Upper
Before COVID	89.57	47.97	-5.23	47.35	21.17	-64.02	53.56	-0.25	4	0.817
After COVID	94.80	7.21								

Source: www.nrega.nic.in

H<sub>0</sub>: There is no significant increase in the percentage of funds Utilization under the MGNREGS before and after Covid-19.

A paired sample t-test was conducted to assess the impact of Percentage of funds Utilization under the MGNREGS after Covid-19. The result showed a significant increase in Percentage of funds Utilization under the MGNREGS after Covid-19. Before (M=89.57, SD=47.97) to after (M=94.80, SD=7.21), t (4) = -.25, p > 0.05, the mean increase in the test scores was -5.23 with 95% confidence interval ranging from -64.02 to 53.56.

Table-3: Changes in Total Expenditures under the MGNREGS

Total Expenditures under MGNREGS (Rs. in Lakhs.)		
States	Before COVID 2018-19	After COVID 2020-2021
Tamil Nadu	23,527.55	8,42,339.69
Andhra Pradesh	8,30,513.97	10,90,061
Karnataka	3,60,402.95	5,59,994.32
Kerala	2,98,385.95	3,86,281.8
Telangana	3,19,199.9	4,64,283.5

			Paired Differences				t	df	Sig. (2-tailed)	
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
	Mean	Std. Deviation				Lower				Upper
Before COVID	366406.06	291484.57	-302186.00	295739.64	132258.79	-669395.26	65023.27	-2.28	4	0.084
After COVID	668592.06	292001.22								

Source: www.nrega.nic.in

H<sub>0</sub>: There is no significant increase in total expenditures incurred under the MGNREGS before and after Covid-19.

A paired sample t-test was conducted to evaluate the impact of in total Expenditures under the MGNREGS after Covid-19. The result showed there is no significant increase in total Expenditures under the MGNREGS after Covid-19. Before (M=366406.06, SD=291484.57) to after (M=668592.06, SD=292001.22), t (4) = -2.28 P > 0.05, the mean increase in the test scores was -302189.00 with 95% confidence interval ranging from -669395.26 to 65.23.27.

Table-4: Changes in Wages expenditure under the MGNREGS

Wages under MGNREGS (Rs. In Lakhs)		
States	Before COVID 2018-19	After COVID 2020-2021
Tamil Nadu	0	6,30,634.33
Andhra Pradesh	4,88,284.66	5,95,141.96
Karnataka	2,32,478.87	3,98,549.25
Kerala	2,67,313.51	2,99,991.52
Telangana	1,76,019.22	2,66,675.61

			Paired Differences				t	df	Sig. (2-tailed)	
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
	Mean	Std. Deviation				Lower				Upper
Before COVID	232819.25	175985.51	-205379.28	242425.61	108416.03	-506390.43	95631.87	-1.89	4	0.131
After COVID	438198.53	167149.73								

Source: www.nrega.nic.in

H<sub>0</sub>: There is no significant increase in wages expenditure under the MGNREGS before and after Covid-19.

A paired sample t-test was conducted to evaluate the impact of number of wages expenditure under the MGNREGS after Covid-19. The result showed there is no significant increase in wages expenditure under the MGNREGS after Covid-19. Before (M=232819.25, SD=175985.51) to after (M=438198.53, SD=167149.73), t (4) = -1.89, P > 0.05, the mean increase in the test scores was -205379.28 with 95% confidence interval ranging from -506390.43 to 95631.87.

Table-5: Changes in Material and skilled wages expenditures under the MGNREGS

Material and skilled Wages under MGNREGS (Rs. In Lakhs)		
States	Before COVID 2018-19	After COVID 2020-2021
Tamil Nadu	0	1,86,060.29
Andhra Pradesh	3,02,669.54	4,55,696.37
Karnataka	1,17,836.86	1,44,838.53
Kerala	24,871.20	73,628.83
Telangana	1,16,921.37	1,80,050.1

			Paired Differences				t	df	Sig. (2-tailed)	
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
	Mean	Std. Deviation				Lower				Upper
Before COVID	112459.79	118898.63	95595.03	69705.14	31173.09	-182145.39	9044.67	-3.07	4	0.037
After COVID	208054.82	145482.82								

Source: www.nrega.nic.in

H<sub>0</sub>: There is no significant increase material and skilled wages expenditures under the MGNREGS before and after Covid-19.

A paired sample t-test was conducted to evaluate the impact of material and skilled wages expenditures under the MGNREGS after Covid-19. The result showed there is a significant increase in material and skilled wages expenditures under the MGNREGS after Covid-19. Before (M=112459.79, SD=118898.63) to after (M=208054.82, SD=145482.82),  $t(4) = -3.07$ ,  $P < 0.05$ , the mean increase in the test scores was -1211.69 with 95% confidence interval ranging from -8995.86 to 6572.48.

Table-6: Changes in Total administration expenditure under the MGNREGS

Total Administrative Expenditure under MGNREGS (Rs. in Lakhs.)		
States	Before COVID 2018-19	After COVID 2020-2021
Tamil Nadu	23,527.55	25,645.08
Andhra Pradesh	39,559.77	39,222.67
Karnataka	10,087.22	16,606.54
Kerala	6,201.24	12,661.44
Telangana	26,259.30	17,557.79

			Paired Differences				t	df	Sig. (2-tailed)	
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
	Mean	Std. Deviation				Lower				Upper
Before COVID	21127.02	13383.99	-1211.69	6269.14	2803.65	-8995.86	6572.48	-0.43	4	0.688
After COVID	22338.70	10551.83								

H<sub>0</sub>: There is no significant increase in total administration expenditure under the MGNREGS after covid-19.

A paired sample t-test was conducted to evaluate the impact of number of total administration expenditure under the MGNREGS after Covid-19. The result showed there is no significant increase in total administration expenditure under the MGNREGS after Covid-19. Before (M=21127.02, SD=13383.99) to after (M=22338.70, SD=10551.83),  $t(4) = -0.43$ ,  $P > 0.05$ , the mean increase in the test scores was -1211.69 with 95% confidence interval ranging from -8995.86 to 6572.48.

Table-7: Changes in Average cost per day per Person under the MGNREGS

Average Cost Per Day Per Person under MGNREGS (In Rs.)		
States	Before COVID 2018-19	After COVID 2020-2021
Tamil Nadu	179.78	237.94
Andhra Pradesh	365.29	391.62
Karnataka	323.63	336.13
Kerala	293.97	334.42
Telangana	217.62	254.27

			Paired Differences				t	df	Sig. (2-tailed)	
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
	Mean	Std. Deviation				Lower				Upper
Before COVID	276.06	76.21	-34.82	16.96	7.58	-55.87	-13.76	-4.59	4	0.010
After COVID	310.88	63.71								

Source: [www.nrega.nic.in](http://www.nrega.nic.in)

H<sub>0</sub>: There is no significant increase in average cost per day per person under the MGNREGS after Covid-19.

A paired sample t-test was conducted to evaluate the impact of average cost per day per Person under the MGNREGS after Covid-19. The result showed there is a significant increase in average cost per day per Person under the MGNREGS after Covid-19. Before (M=276.06, SD=76.21) to after (M=310.88, SD=63.71), t (4) =-4.59, P< 0.05, the mean increase in the test scores was -34.82 with 95% confidence interval ranging from -55.87 to -13.76.

## IX. SUGGESTIONS

As per the research study there is very less increase in the ratio of in total expenditures, wages expenditure and total administration expenditure incurred under the MGNREGS. Therefore, it is suggested that the government should ensure that there is an increase in the ratio of total Expenditures, wages expenditure and total administration expenditure under the MGNREGS which may leads to socio-economic development of rural poor.

## X. SCOPE FOR FURTHER RESEARCH

Research is continuous progression, no research study is complete as new activity, change occur. Hence, there is always a scope for further research in the similar research problems. From this study there will be a scope for further research. Is that the study on Evaluation of women and abled beneficiary's involvement under the MGNREG scheme during the Covid-19.

## XI. CONCLUSION

It is found that the result shows there is a significant increases in total Central Government released funds, Percentage of funds Utilization, material and skilled wages expenditures and average cost per day per person under the MGNREGS. Hence, it can be concluded that there is a correlation before and after the covid-19. It is observed that there are no significant increases in total Expenditures, wages expenditure and total administration expenditure under the MGNREGS. Hence, it can be concluded that there is a very less correlation before and after the covid-19.

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