

# THE ROLE OF MGNREGS IN INCLUSIVE FINANCIAL GROWTH-A GLANCE AT ANDHRA PRADESH

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The meaning of inclusive growth as the literal meaning of the two words refers to both the pace and the pattern of the economic growth. The Oxford English Dictionary gives four meanings to the word 'inclusive', with the most appropriate for the seminar being, "not excluding any section of society". The key components of the inclusive growth strategy includes a sharp increase in investment in rural areas, rural infrastructure and agriculture spurt in credit for farmers; increase in rural employment through a unique social safety net and sharp increase in public spending on education and health care.

## INCLUSIVE GROWTH STRATEGIES AND CHALLENGES

Economic liberalization which began in the early 1990s has accelerated India's growth rate to an average of 7% per year since 1997, up from 3.5% in the 1970s. Services now form 55% of the Indian economy. The growth and development of the Information Technology and Information Technology enabled Services have had a significant role in changing the face of the economy. In fact, the growth rate for India is expected to surpass China's double digit growth rate in the next few years. However, the above news conceals some alarming trends. Growth continues to be elusive for a large section of people. A large majority of Indians who lives in the villages have been excluded from India's growth story. Rural India is facing multi pronged endemic problems – land holdings are shrinking, slow growth in agricultural production and limited social and economic infrastructure are consistently exiting labourers. Further Women, Children, backward castes & classes and other minorities are often sidelined. The militant movements which plague in to sizeable area of India is a direct fall out of the economic exclusion and the unfulfilled aspirations of the **lower end**. If India is unable to address the aspirations of these **lower end**, the "demographic asset" that the country can boast and flourish will be a "demographic liability".

## Mahathma Gandhi National Rural Employment Generation Act

The MGNREGA is an attempt by the government of India on Inclusive growth. MGNREGA is an Act came into effect on Feb 2, 2006 to provide a legal guarantee of 100 days of wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. Priority shall be given to women. Within a households' entitlement for 100 days individual members can apply for work.

An attempt to assess the impact of MGNREGA to include the rural people financially was made by using the data for the period from January 2010 to Dec 2011. The data has revealed so many interesting features which were furnished in the following Table.

TABLE

**Data showing Average expenditure on unskilled, on material and contingency (for the period of January 2010 to December 2011)**

District	Average Expenditure (Rupees in lakhs) on			Linear Growth Rate for		
	unskilled	Material	contingency	unskilled	material	contingency
Adilabad	10902.368	3108.618	1012.358	-5.746	-1.812	-1.667
Anantapur	13553.277	4264.988	1517.372	-2.963	-3.843	-0.366
Chittoor	8348.311	4575.358	1440.148	-2.426	-1.874	0.528
East Godavari	8855.899	3906.135	1186.906	-0.315	-2.107	0.487
Guntur	4750.769	2503.784	783.980	2.529	-2.465	0.019
Kadapa	8653.882	2873.133	1137.625	-2.900	-3.663	0.128
Karimnagar	8338.118	4111.960	1257.514	-6.188	-4.248	-3.058
Khammam	7923.247	3114.615	1161.822	-4.161	-0.428	-1.070
Krishna	4271.189	2526.784	790.465	0.942	-6.966	-0.808
Kurnool	12450.995	3378.459	1554.207	-2.062	0.808	-2.520
Mahabubnagar	12391.998	4112.020	1336.840	-4.106	-4.614	-0.867
Medak	9401.768	3535.585	1134.829	-5.455	-5.564	-0.419
Nalgonda	11271.951	3213.296	1429.440	-4.598	-5.216	0.059
Nizamabad	11133.228	3016.146	915.790	-7.407	-6.776	-2.765
Prakasam	10015.995	3104.075	1077.970	-2.721	-5.440	-0.199
Ranga Reddy	5840.865	1645.066	1047.360	-1.013	-3.105	-4.480
Nellore	5420.501	2543.503	852.618	-0.499	-6.395	-0.130
Srikakulam	14549.431	3498.373	1180.215	-3.206	-3.712	0.414
Visakhapatnam	12230.325	2686.128	1224.385	0.657	-1.631	-0.897
Vizianagaram	15404.078	3675.254	1041.285	-1.213	-2.763	-0.391
Warangal	11276.660	6003.619	1257.401	-4.801	-5.767	-2.007
West Godavari	5890.142	4463.274	947.073	-2.480	-7.165	-2.660

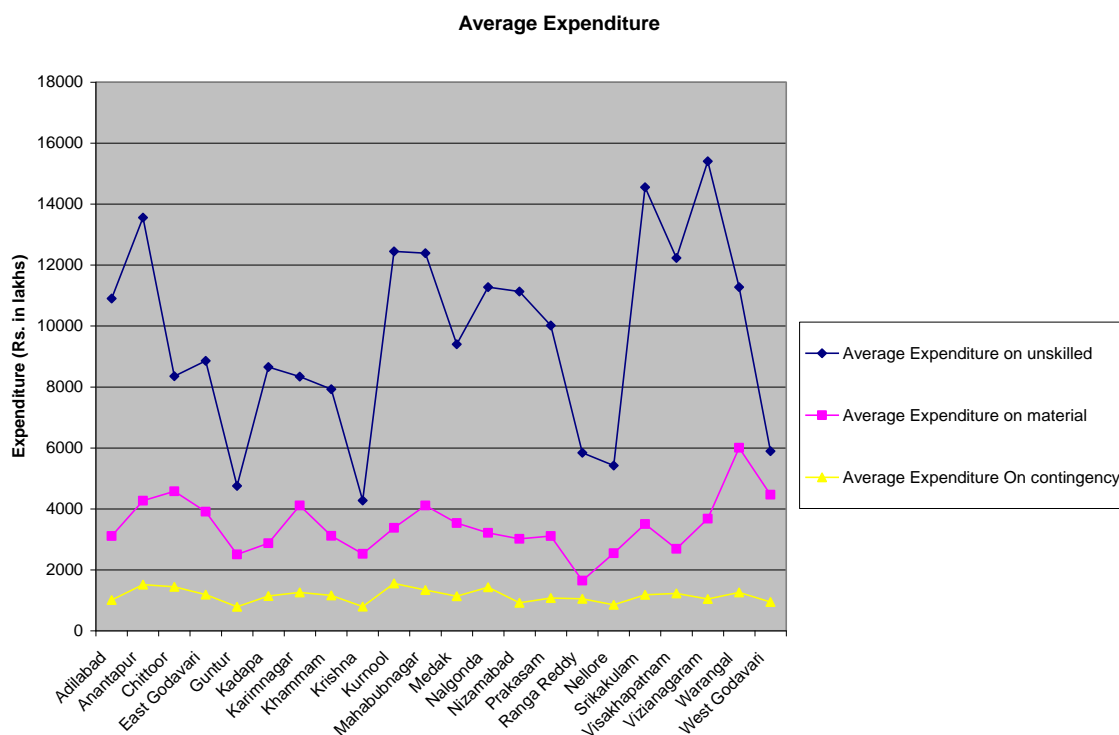
**SOURCE;** <http://www.planningcommissionofindia.com>

The data regarding the average expenditure on unskilled labour reveals the fact that vizayanagaram stood top, whereas Krishna in the last. On material and contingency expenditure the top slot was occupied

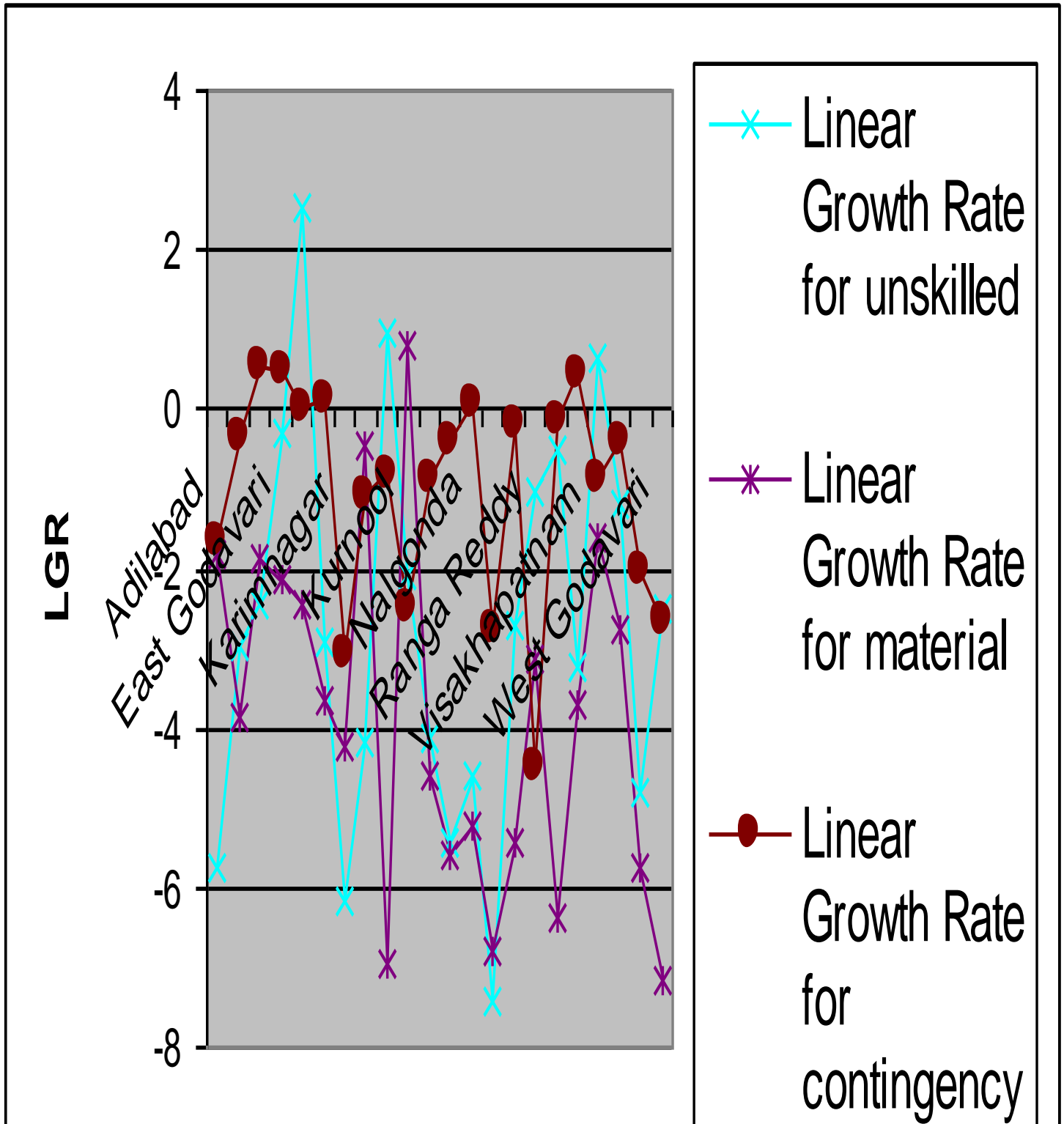
by Warangal and Kurnool and lowest by Ranga Reddy and Guntur respectively. It may be attributed here that the Krishna district which is agriculturally developed has utilized less amount, whereas Vijayanagaram the backward has utilized higher amount.

Regarding material Ranga Reddy's lower expenditure may be attributed to the effects of agglomeration. The reason for highest utilization by Warangal may be due to the backwardness consequent of Socio-Economic conflicts. The higher quantum on contingency spent by Kurnool may be attributed due to flash floods confronted by the district, the lowest of Guntur may be again the developed stature of the districts.

**FIGURE - 1**



In the data perused, variants among the districts in expenditure on unskilled is more than that of remaining two i.e., material and contingency. The variants among the district in average expenditure on contingency is very less showing the consistency.

**FIGURE - 2**

The negative growth rates of expenditure on three heads reveal that the MGNREGA during the study period was in a stationery mode due to the unrest caused by Telengana Agitation. In the growth rate of all the three Para meters same trend being observed.

## CONCLUSION

The inclusive growth approach takes a longer term perspective. With this longer term perspective, it is important to recognize the time lag between reforms and outcomes. Inclusive growth analytics is about policies that should be implemented in the short run, but for sustainable inclusive growth in the future. The inclusive growth approach takes a longer term perspective as the focus is on productive employment rather than on direct income redistribution, as a means of increasing incomes for excluded groups.

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