A Study on Effectiveness of MGNREGA in Madurai City

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Abstract

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has led to the largest employment initiative in human history. Over the past nine years, it has generated more than 1,827 crore person-days of work with a total expenditure exceeding ₹2,80,450 crore. Nearly 10 crore bank and post office accounts have been opened for the poorest citizens, and around 80% of MGNREGA payments are processed through these accounts—an unprecedented step toward financial inclusion. This research examines the successes and limitations of MGNREGA in the Madurai district to provide actionable insights and recommendations for improving the program's efficiency and long-term sustainability. The study evaluates MGNREGA's effectiveness in employment generation, poverty reduction, asset creation, and women's empowerment in rural areas. Additionally, it addresses implementation challenges such as wage payment delays, corruption, and lack of awareness among beneficiaries.

Keywords: Employment, Rural Development, Financial Inclusion, Poverty Alleviation

Introduction

The Indian government has launched several initiatives aimed at reducing poverty and creating employment. However, many of these programs have failed to effectively reduce poverty or provide adequate, well-paying jobs. Unemployment, especially among rural women, remains a significant issue. Consequently, the standard of living in rural India particularly for women continues to be low.

Rural development is a cornerstone of India's socio-economic growth, with poverty alleviation and employment generation playing crucial roles. In this context, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), launched in 2005, serves as a transformative policy initiative aimed at enhancing livelihood security by guaranteeing at least 100 days of wage employment per year to rural households. This act not only provides a safety net for the rural poor but also contributes to the creation of durable community assets and infrastructure in villages.

Statement of the Problem

India, being the second most populous country in the world, faces a tremendous challenge in providing employment to all its citizens. While the government must cater to the needs of the population, the vast cultural and geographic diversity complicates the implementation of uniform development strategies. More than 80% of Indians reside in villages, where agriculture remains the primary occupation. When agriculture fails—due to seasonal, climatic, or market-related reasons—rural populations plunge into poverty.

In response, both central and state governments have launched various welfare schemes. Among them, MGNREGA (commonly referred to as the "100 days employment scheme") stands out for its scale and impact. Given its direct and indirect influence on rural livelihoods and agricultural work, this scheme merits close study to identify both its benefits and areas of concern.

Review of Literature

Mehta and Singh (2023) – *"MGNREGA and Financial Inclusion"* This study analyzed MGNREGA's contribution to financial inclusion. It found that the mandate to make payments through bank accounts enabled millions of rural workers to enter the formal financial system. In Tamil Nadu, including Madurai, many beneficiaries opened bank accounts for the first time due to MGNREGA. However, technical challenges such as biometric failures and insufficient banking infrastructure in remote areas were significant. The researchers recommended enhancing banking infrastructure and offering digital literacy training.

Patel and Verma (2022) – *"MGNREGA and Climate Change Adaptation"* This research explored how MGNREGA projects, including afforestation, drought-proofing, and water conservation, contributed to climate resilience in rural areas. In Madurai, several villages witnessed improved water security thanks to MGNREGA-funded check dams and ponds. However, the study noted that workers often lacked the necessary training to maximize the impact of these projects.

Objectives of the Study

The main objectives of this study are:
- To understand the role of MGNREGA in addressing rural unemployment.
- To assess the socio-economic impact of MGNREGA on rural households in Madurai.

Methodology

Research Methodology

Research methodology is a systematic approach used to solve research problems. It outlines the procedures adopted in conducting the research, including data collection, analysis, and interpretation.

Research Design

The research design provides the framework that guides data collection and analysis. For this study, **exploratory research design** has been adopted to gain deeper insight into the issues related to MGNREGA implementation in Madurai. This approach helps in formulating hypotheses and understanding operational aspects of the scheme.

Data Collection

- **Primary Data**: Primary data were collected using a well-structured questionnaire.
- **Sampling Method**: **Stratified random sampling** was employed to ensure representation across different segments of the rural population.
- **Sample Size**: The study includes responses from **100 rural beneficiaries** of MGNREGA.
- **Area of Study**: Rural areas in **Madurai District**, Tamil Nadu.

Frequency of Work under MGNREGA

S. No	Frequency of work Under MGNREGA	No. of Respondents	Percentage (%)
1	Regularly	40	40%
2	Occasionally	25	25%
3	Rarely	25	25%
4	Never	10	10%
5	Total	100	100%

Source: Primary

Interpretation

Among the respondents, only 40% reported getting work under MGNREGA regularly, while 25% get it occasionally and 25% receive work rarely, and 10% have never received any work. This indicates irregular and limited access to employment opportunities under the scheme for many beneficiaries.

Satisfaction with WAGES

S. No	Satisfaction with WAGES	No. of Respondents	Percentage (%)
1	Yes	55	55%
2	No	45	45%
3	Total	100	100%

Source: Primary

Interpretation

The data shows that 45% of respondents are not satisfied with the wages paid under MGNREGA. While 55% expressed satisfaction. This suggests that more than half of the participants feel the current wage rates are inadequate, highlighting a need to review and possibly revise wage structures under the scheme.

Impact of MGNREGA

S. No	Impact of MGNREGA	No. of Respondents	Percentage (%)
1	Improved Income	40	40%
2	Reduced Migration	25	25%
3	Increased savings	20	20%
4	Better Access to Education	15	15%
5	Total	100	100%

Source: Primary

Interpretation

The data indicates that the most common impact of MGNREGA has been improved income (40%), followed by reduced migration (25%). Additionally, 20% of respondents experienced increased savings, and 15% reported better access to education. This suggests that MGNREGA contributes to multiple aspects of livelihood improvement, with income enhancement being the most significant benefit.

Conclusion

MGNREGA has proven to be more than just an employment generation scheme it has significantly contributed to rural infrastructure development through the creation of durable assets

such as roads, ponds, and irrigation facilities. These developments not only provide immediate employment but also support long-term improvements in rural livelihoods and enhance the overall quality of life in villages.

Despite its achievements, the scheme's full potential remains underutilized due to persistent challenges. Administrative inefficiencies, frequent delays in wage payments, and limited awareness among beneficiaries continue to hinder its effective implementation. Additionally, inconsistencies in work allocation and a lack of transparency in fund utilization have raised concerns about accountability and diminished the program's overall impact.

Addressing these issues through better governance, improved monitoring, and community participation is essential for realizing MGNREGA's long-term objectives and ensuring it remains a vital tool for rural development.

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