



## A study on beneficiaries' financial attitude in mahatma Gandhi national rural employment guarantee scheme (MGNREGS) of direct benefits transfer schemes in Coimbatore district, India

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### Abstract

There are many schemes and programmes of the Government of India under which many benefits are provided to the people such as subsidies, scholarships to students, benefits for feeding and pregnant mothers, and micro credit to poor women. Till now the beneficiaries were not getting this amount directly in their bank accounts. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was developed by the Indian government to reduce rural poverty through 100 days of guaranteed employment per year. The Indian employment scheme was introduced in 2005, and was renamed MGNREGA in 2009, after the scheme had been rolled out across all Indian states. Under the scheme, adult members of rural households are guaranteed 100 days of employment each year at the statutory minimum wage rate of the state or greater, provided they are willing to do unskilled manual labour. However, there was some evidence of small but significant shifts in labour relations. Higher wages, more opportunities for work, better implementation and a greater recognition of the care giving responsibilities of women will be required for this policy to fully meet its goals.

**Keywords:** Aadhaar, NSAP, MGNREGA, PMJDY, UIDAI

### 1. Introduction

The act was enacted to reinforce the commitment towards livelihood security in rural areas. The parliament passed the MGNREGA in the monsoon season on August 23, 2005. The act received the assent of president on September 5, 2005 and was notified on September 7, 2005. It was implemented in 200 India's most backward districts on February 2, 2006 in its first phase. And its coverage has been extended to 130 more districts of India since April 1, 2007 in its second phase. The act provides a legal guarantee of 100 Days work in a financial year (1<sup>st</sup> April -31<sup>st</sup> March) to every rural household whose adult members are willing to do unskilled manual work at a statutory minimum wage rate. So keeping in mind the problems of rural areas the government of India decided to launch the "Mahatma Gandhi Rural Employment Guarantee Act (MGNREGA)" which provides a legal guarantee of 100 days work in a financial year to every rural household whose adult members are willing to do unskilled manual work at a minimum wage rate.

### Policy context: the Mahatma Gandhi National Rural Employment Guarantee Act

The MGNREGA programme was implemented following a number of government employment programmes developed in response to the persistent poverty and inequality plaguing rural India. MGNREGA is the largest rural employment scheme in the world. It is described by the Government of India as a rights-based, demand-driven, self-selecting, bottom-up scheme (Mukundan, 2009). In addition to providing rural households with supplementary employment, MGNREGA also seeks to encourage and facilitate the

empowerment of women through financial inclusion and independence, strengthen civic participation, as well as improve the rural landscape (Planning Commission, 2011).

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Recognizing these problems, the Government of India has introduced several nationwide centralized social schemes to address poverty. One such scheme is The Mahatma Gandhi National Rural Employment Guarantee Act (hereafter referred to as MGNREGA), offering a unique rights-based guarantee of employment to reduce income and food insecurity in rural areas. Significant investment has been made in this scheme, amounting to 5.3 billion dollars (Ministry of Rural Development, 2013-14), or 0.3% of the gross domestic product. Given the size of this policy platform, the substantial amount of public money invested in it and the potential impact

on rural citizens, it is important to ascertain the extent to which MGNREGA has reached its stated policy goals. Our analysis contributes to the literature on MGNREGA in a unique way. It provides evidence from an in-depth qualitative study that offers insight into policies from the perspectives and experiences of local people in local sites (an emic perspective), in the spirit of a critical ethnographic tradition that assumes that the best way of knowing is to know from within (Smith, 1987).

**Impact of MGNREGA on labour relations**

In Tamil Nadu, the policy-makers talked about how labourers and farmers could not agree on labour conditions since MGNREGA came in. Labourers could only work on private land in Tamil Nadu through MGNREGA if they were building farm ponds. Landowners could hire themselves and workers through MGNREGA to build ponds on private land. There was no indication from the focus group participants that MGNREGA wages acted as a price floor or impacted private wages in Tamil Nadu. However, due to MGNREGA, labourers demanded payment on a weekly basis.

**Impact of MGNREGA on women's employment**

Women in our study sites were more likely than men to work for MGNREGA, but there were a number of issues within the programme that created barriers to women's successful participation. In particular, the type of work available through MGNREGA and the lack of adequate child care were cited as ongoing issues for many women participants. Women were still disadvantaged workers even within MGNREGA. In addition to receiving lower wages, women reported that they were not always treated very well by their site supervisors, and were often given work that was too difficult for them. In addition, their unpaid care responsibilities for children and home meant that they could often not work the long hours that men worked, and they were sometimes docked pay for this. In Kerala, landless women indicated that they sometimes used childcare facilities, or, more often, took their babies to the fields. In Tamil Nadu, women were more likely to put their children in Anganwadi Centres, which are childcare facilities,

so that they could work in the fields. Interestingly, despite the challenges faced by women as MGNREGA workers, they generally viewed the programme as positive, perhaps because it provided them with opportunities to earn their own wages. Although some of the women preferred working for MGNREGA because of more flexible hours and the ability to bring their children to the worksite, others also mentioned that they did not get treated very well by their superiors and that the work was too difficult. Landless women in Tamil Nadu were particularly articulate about their challenges with MGNREGA. While the participants confirmed that the official upper age limit was Rs 148, the work required to earn that wage was based on what a man can complete in a day, despite the fact that the majority of MGNREGA workers were women. Because the work was paid according to what was accomplished, women tended to get paid less because they did not get as much done. There were two reasons for this. First, they found the work difficult, particularly in cases where they were digging, and were unable to complete the required digging work. Second, women indicated that they had to work around the schedules of their children, and so women with children tended to work a shorter day. Women indicated that the wages they received from the MGNREGA programme ranged from Rs 70–90 to a maximum of Rs 120. MGNREGA has the potential to enact change in social norms through legal channels. Although progress may be slow, there is reason for cautious optimism. Invoking a legal solution may, over time, change norms, behaviours and approaches, thereby opening a space for enhanced social inclusion. Changing these norms may, in turn, provide additional opportunities for MGNREGA to be successful in local sites.

**Progress of the DBT schemes**

The DBT system is an experiment in delivering services to citizens. It provides the guarantee that the funds are reaching the accounts of the beneficiaries. It also ensures that funds are being withdrawn by beneficiaries themselves through the biometric system. The following programs at present are covered under DBT:

**Table 1:** Direct Benefit Transfer Report from 01.01.2013 to 30.11.2016

S. No.	Name of the Scheme	Total number of Beneficiaries	Total number of Beneficiaries data seeded with Aadhaar	Percentage of Beneficiaries seeded with Aadhaar (%)	Funds Transferred			Percentage of fund transfer using Aadhaar Bridge Payment (%)
					Using Aadhaar Bridge Payment	Electronic Fund Transfer W/o Aadhaar Bridge Payment	Total(in Cr)	
	1	2	3	4(3/2)	5	6	7 (5+6)	8 (5/7)
1	MGNREGS	108573616	84794683	78.10%	931292,72,860	6246887,75,049	7178180,47,909	12.97%
2	NSAP (IGNOAPS, IGNWPS & IGNDPS)	27528831	13913772	50.54%	164639,63,362	1861263,28,038	2025902,91,400	8.13%
3	PAHAL (DBTL)	187271598	153178377	82%	2926591,65,108	1483231,89,054	4409806,54,162	66.37%
4	All Scholarship Schemes	11,60,212	7,29,446	63%	67656,01,609	1204318,81,818	1272006,28,777	5.32%
5	Other Schemes	18,74,685	3,82,920	20%	11738,19,913	258927,05,435	270282,81,348	4.34%
	Grand Total (in Cr)	3264,08,942	2529,99,198	77.5%	4101918,22,852	11054628,79,393	15156179,03,596	27.06%

**2. Objectives of the study**

- To explore the level of awareness of the beneficiaries in accessing MGNREGA scheme of the Direct Benefits Transfer Schemes
- To evaluate the benefitability of the beneficiaries in utilizing MGNREGA scheme of the Direct Benefits Transfer Schemes.

### 3. Review of literature

Ashish Kumar Mishra & *et al.*, (2015) <sup>[4]</sup> examined socio-economic impact of the beneficiaries on MNREGA in Chhattisgarh. They were found that 85.8% respondents were not having the bank accounts before MNREGA, while 14.2% were having their bank accounts. After MNREGA, it was found that 1.7% respondents replied negatively that they don't have bank accounts, while 98.3% replied positively. Empirical evidence indicated that, Before MNREGA payment for the wages earned was mostly paid in cash and after MNREGA it paid through banks. Hence, they concluded that MNREGA played an important role regarding the financial inclusion of rural people of Chhattisgarh and findings indicated that MGNREGA has changed the scenario of financial inclusion in rural area but as for concern insurance, it increased marginally.

Mini goyal & *et al.*, (2016) <sup>[5]</sup> their article mentioned that the contribution of rural sector in terms of accounts opened under PMJDY was relatively higher than the urban sector in all the banking sectors namely Public Sector Banks, Regional Rural Banks and Private Sector Banks. Hence, they concluded that among three sector banks, the Public Sector Banks and RRBs played an important and leading role in the opening accounts under PMJDY.

### 4. Research Methodology

**Research Design:** A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine the relevance to the research purpose with economy in procedure.

**Primary Data:** The Primary data is the data gathered for a specific purpose or specific research report. Primary data has been collected with the help of interview schedule questionnaires from the Beneficiaries.

**Secondary Data:** The Secondary data is the data which already exists and is collected for some other purpose. Secondary data has been collected from the business magazines, journals and websites.

**Sampling size:** The sample size of the research is 500 respondents.

**Sampling Procedure:** The technique used to select the sample in this study is convenience sampling.

### Area of the study

The area of the study is Coimbatore District.

### Statistical Tools

The collected data were analyzed by using appropriate statistical tools and techniques.

The following tools are used for the study:

- Percentage analysis
- Chi- square analysis
- Weighted average score analysis.
- Average Rank analysis.

### 5. Analytical table

Table 2

S. No.	Schemes	No. of Respondents	% of the Respondents
1	MGNREGS	205	41
2	NSAP Schemes	94	19
3	PAHAL (DBTL)	121	24
4	All Scholarship Schemes	70	14
5	Other Schemes	10	2
	Total	500	100

### 6. Findings

- Majority of the respondents are maintaining their Bank Account more than 5 years.
- Majority of the respondents have benefited in MGNREG Schemes at DBTS.
- Majority of the respondents have more awareness about PAHAL Schemes at DBTS.

### 7. Suggestions

- Govt may concentrate the all subsidy schemes which are having awareness and benefitability to poor.
- The various schemes would provide more Job opportunities to the new generations through DBTS. For that purpose, government should take the measures.
- The implementation of this system must be done carefully to ensure that women have their own accounts in order to maintain control of their funds.
- Opportunities are needed for participants to enhance their job skills through MGNREGA. In short, building the skills capacity of labourers through a programme like MGNREGA could be beneficial for enhancing rural livelihoods and community development.

### 8. Conclusion

The banks would have to evolve specific strategies to expand the outreach of their services like LPG, Scholarships, MGNREGA, Pension schemes, Provident Funds and other services in order to promote financial inclusion. One of the ways in which this can be achieved in a cost-effective manner is through forging linkages with microfinance institutions and local communities. Technology can be a very valuable tool in providing access to MGNREGA scheme in remote areas. MGNREGA has the potential to enact change in social norms through legal channels. Although progress may be slow, there is reason for cautious optimism. Invoking a legal solution may, over time, change norms, behaviours and approaches, thereby opening a space for enhanced social inclusion. Changing these norms may, in turn, provide additional opportunities for MGNREGA to be successful in local sites.

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