

A Empirical study on Determinants of Challenges Faced by MGNREGA in Karnataka

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Abstract

This study examines the impact of different alternative schemes, financial management practices, provisions for insurance, and unemployment on socio-economic challenges faced by individuals as well as organizations. A cross-sectional quantitative methodology was employed, with data collected from 200 participants using a structured questionnaire. Using multiple regression analysis, it was found that financial management, provisions for insurance, and unemployment were critical predictors of difficulties with unemployment being the most critical determinant, but not alternative schemes having a critical impact. The model showed high explanatory ability ($R^2 = 0.73$) with 73% of the variance explained in the perceived difficulties. It is critical to increase financial management, make provisions for insurance more accessible, and reduce unemployment to curb socio-economic vulnerability. It is a good addition to the current literature regarding resilience and policy interventions notwithstanding its limitations because it is a cross-sectional design with non-probability sampling. Future studies should adopt longitudinal designs to validate these results and add to their scope.

Keywords: MGNREGA, financial planning

Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which was established in 2005, is recognized as one of India's most ambitious initiatives for social security, ensuring 100 days of paid employment for rural households willing to engage in unskilled manual labor (Ministry of Rural Development, 2022). This program is intended to strengthen livelihood security and alleviate rural distress, serving as a vital resource for countless marginalized families, particularly those led by women, landless workers, and socially disadvantaged populations (Khera & Nayak, 2009). Although MGNREGA has made significant contributions to the creation of rural employment and the reduction of poverty, various evidence indicates that its implementation faces numerous challenges that diminish its effectiveness and inclusivity (Narayanan, 2008; Dey, 2020).

One amongst most persistent issues is related to delayed or irregular disbursement of wages which undermines confidence amongst workers regarding the scheme and adds to financial insecurity (Dreze & Khera, 2017). Most workers suffer from twin issues of delayed disbursement of wages with wage rates either low or equal to statutory minimum wages thereby restricting its effectiveness as an instrument to reduce poverty (Ravi & Engler, 2015). Along with that, weak awareness about entitlements, inefficient conveyance of information, and administrative hassles deter access especially for women and marginal groups (Carswell & Neve, 2014). Another structural obstacle is low availability of work throughout the year with a majority of households failing to access even 100 days guaranteed work culminating into their susceptibility to seasonally periodic unemployment (Dey & Bedi, 2010). Additionally, barriers to implementation process such as corruption, political obstruction, lack of effective grievance redressal systems, and technological exclusions surrounding mandatory Aadhaar-based payments fall heavily on rural laborers who have limited literacy and digital skills (Pankaj & Tankha, 2010; Dey, 2020). Gender-based concerns also prevail where women—though benefiting from higher participation in wage labor—face problems related to childcare obligations, dominant social norms, and gender-inflated differentials in remuneration (Sudheer & Bhukta, 2022). These concerns indicate a huge gap appearing between scheme objectives and practical realities among MGNREGA laborers.

Appreciation of such complex restrictions is imperative not only to fortify MGNREGA's operational effectiveness but also to evaluate its contribution to promoting inclusive development for rural India. In that context, our current analysis endeavors to delve into major hurdles confronted by MGNREGA laborers with both systemic and socio-economic

impediments mapped out distinctly to contribute to policy improvements as also better coverage to MGNREGA.

Literature Review

Pankaj & Tankha (2010) The aim is to explore MGNREGA's empowerment impacts among female workers in four Indian states. Dual-method strategy with household surveys and qualitative interviews in four states. Consistently, MGNREGA increased women's economic empowerment and bargaining power within homes. Nonetheless, gender-specific issues including wage discrimination, childcare tasks, as well as harassment in workplaces continued. MGNREGA has high empowerment potential among women but needs institutions to eliminate gendered forms of restrictions.

Dey & Bedi (2010) Major objective of this work is to assess MGNREGA's implementation in Birbhum, West Bengal, with special emphasis on effectiveness and inclusivity. Case study approach was adopted with a combination of secondary data and observations at the village level. Findings indicated a large-scale non-utilisation of 100-day right, disbursement of wages by end of month instead of beginning, lack of planning regarding the works. Participation by women though high were largely limited by absence of childcare centers. The programme didn't leverage its complete potential due to administrative failures and overall lack of awareness among beneficiaries.

Carswell & Neve (2014) The objective of the paper is to assess the impact of MGNREGA in Tamil Nadu and if it changed rural livelihoods. The paper employed qualitative household surveys with communities in Tamil Nadu villages together with ethnographic fieldwork to evaluate scheme implementation and workers' perceptions. The scheme ensured stable wage employment, diminished migration, and enhanced rural bargaining. However, administrative hurdles and political influence at local levels were among the setbacks. Though MGNREGA positively influenced rural households, overcoming local inequalities and administrative hurdles served to minimize its transformative impact.

Dreze & Khera (2017) Major goal of this paper is to review MGNREGA as one of India's social security initiatives and explore operational issues confronted by it. MGNREGA has lessened distress migration considerably and ensured wage assistance during crises. Nonetheless, persistent time-lag in wage disbursement has rendered MGNREGA less dependable. MGNREGA also needs to enhance punctuality in disbursement wages as well as introduce a

sufficiency framework for funds. These would be imperative if MGNREGA is to fulfill its social security goals.

Sudheer & Bhukta (2022) It is an endeavor to establish whether MGNREGA has been successful enough to contribute to gender empowerment among rural people. Survey data and statistical analysis were used to conduct the research among women participants in Odisha. Participation by women was high, with a majority declaring economic empowerment. However, chauvinistic norms, absence of amenities, and wage differentiations diminished overall gains. MGNREGA is a step towards empowerment among women but gender-sensitive measures including supply of crèches and parity in wage have to be ensured to be inclusive.

Objective of the Study

1. To analyse how alternative schemes, financial management practices, insurance offerings, and unemployment collectively influence the challenges faced by individuals and organizations.

Hypotheses of the Study

1. **H01:** Alternative schemes do not significantly influence the challenges faced by individuals and organizations.
H1: Alternative schemes significantly influence the challenges faced by individuals and organizations.
2. **H02:** Financial management practices do not significantly influence the challenges faced by individuals and organizations.
H2: Financial management practices significantly influence the challenges faced by individuals and organizations.
3. **H03:** Insurance offerings do not significantly influence the challenges faced by individuals and organizations.
H3: Insurance offerings significantly influence the challenges faced by individuals and organizations.
4. **H04:** Unemployment does not significantly influence the challenges faced by individuals and organizations.
H4: Unemployment significantly influences the challenges faced by individuals and organizations.

Research Methodology

Quantitative cross-sectional design was utilized to investigate how Alternative Schemes, Financial Management practices, Offerings of Insurance, and Unemployment forecasting reveal the dependent variable Challenges. Multiple linear regression was chosen to quantify the marginal impact of each predictor with others controlled. Estimated target populations include adults (and/or organizations) who have been exposed to public or private welfare schemes, practices related to financial management, products composed of insurance, and local labor market forces. To include respondents with related exposure, a non-probability purposive sample has been utilized.

Data Analysis

Results of the regression diagnostics indicate that multicollinearity did not represent a serious problem in the model. Values for the variance inflation factor (VIF) for all independent variables—Alternative Schemes (VIF = 1.04), Management of Finance (VIF = 1.02), Offering Insurance (VIF = 1.03), and Unemployment (VIF = 1.03)—are much lower than the commonly accepted threshold level of 5, suggesting that the predictors remained statistical independents and did not contribute to an inflation of standard errors (Hair et al., 2019). Moreover, the model generated an R^2 value of .73, indicating that approximately 73% of the variance in Challenges were explained by the set of independent variables. It indicates a high explanatory ability of the model with a strong implication that the set of predictors collectively captures a substantial proportion of the variance in the outcome. These results indicate that the regression relationship is both robust and theoretically valid, meeting the critical assumptions necessary for a reliable interpretation of results.

Table 1: Model Summary and Multicollinearity

Variable	VIF	R-Square
Alternative Schemes	1.035474	0.73
Management Finance	1.021181	
Offering Insurance	1.032297	
Unemployment	1.029735	

The findings from the multiple regression analysis (refer to Table) indicated that Management of Finance, Offering Insurance, and Unemployment were statistically significant predictors of Challenges. Management of Finance exhibited a positive and significant impact ($\beta = .35$, $SE = .03$, $t = 12.28$, $p < .001$), implying that challenges in financial management considerably elevate

the level of difficulties encountered. Likewise, Offering Insurance demonstrated a significant positive correlation ($\beta = .31$, $SE = .03$, $t = 9.99$, $p < .001$), suggesting that deficiencies or inadequacies in insurance provisions significantly contribute to challenges. Unemployment was identified as the most potent predictor ($\beta = .55$, $SE = .04$, $t = 14.97$, $p < .001$), underscoring its vital role in elucidating the degree of challenges. Conversely, Alternative Schemes did not exert a significant effect on challenges ($\beta = .01$, $SE = .04$, $t = 0.40$, $p = .69$), indicating that these schemes may lack a measurable influence within this analytical framework. Overall, the regression model emphasizes the significance of financial management, insurance offerings, and unemployment as critical determinants of challenges, while alternative schemes seem to exert a negligible effect in this regard.

Table 2: Coefficient Table

Variable	Beta	Std. Error	t-Statistic	p-Value
const	1.06	3.35	0.32	0.75
Alternative Schemes	0.01	0.04	0.40	0.69
Management Finance	0.35	0.03	12.28	0.00
Offering Insurance	0.31	0.03	9.99	0.00
Unemployment	0.55	0.04	14.97	0.00

Conclusion

The regression analysis results reveal that financial management, insurance coverage, and unemployment represent the most dominant causes leading to the problem being faced by the respondents. Specifically, unemployment emerged as a most influential predictor, indicative of its pervasive effect leading to a higher overall level of problems. Moreover, the paramount value placed upon financial management practices and insurance services reflects the structural/institutional aspect that widens these problems. On the contrary, prospective initiatives did not present a statistically significant impact, suggesting that such programs would be narrow in scope or inefficient to help remedy deeper concerns present. Overall, these findings highlight a pressing imperative for policymakers/organizational stakeholders to concentrate on strategies geared toward improving financial management practices, enhancing insurance coverage, and alleviating unemployment because these represent most fundamental influences leading to problems within such a framework.

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