MGNREGS in Tamil Nadu: A Performance Review of Financial Year 2020-2025

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ARTICLE INFO	ABSTRACT
	This study assesses the performance of MGNREGS in Tamil Nadu from 2020-21 to 2024-25 using official table-based data on financial utilization, physical progress, and inclusiveness. Tamil Nadu consistently exceeded annual fund allocations, reaching 125.61% utilization in 2024-25, reflecting high administrative efficiency. Physical progress showed declining total works taken up, yet completed works peaked in 2023-24. Agriculture-related spending rebounded after a drop, and Natural Resource Management maintained high priority. Category B (individual-benefit) works increased from 30.55% to 50.09%, showing a shift toward household-level assets. While women's participation consistently exceeded 85%, Scheduled Tribe participation remained below 1.7%, and households received fewer than the mandated 100 days of employment. The findings highlight Tamil Nadu's strong financial and gender performance, alongside the need to improve physical scale and inclusive access. **Keywords:** MGNREGS, Tamil Nadu, Financial utilization, Physical progress, Inclusiveness, Administrative efficiency, Women's participation, Scheduled Tribe participation, Employment days

Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), enacted in 2005, is a landmark legislation aimed at ensuring the "right to work" for rural households in India. As one of the world's largest social security schemes, MGNREGA provides a legal guarantee of 100 days of wage employment per financial year to every rural household whose adult members volunteer to do unskilled manual work (Narayanan et al., 2017).

The programme's core objectives are threefold: employment generation, creation of durable rural assets, and the empowerment of marginalized groups through wage parity and social inclusion (Mehta et al., 2018). In addition to offering employment, MGNREGA has sought to address chronic rural poverty, reduce rural-urban migration, and promote gender equity by ensuring women's participation and equal pay.

Since its launch in 2006 across 200 districts, MGNREGA has expanded to cover all rural districts in India by 2008. Over the years, it has played a pivotal role in buffering rural households against economic shocks, particularly during the agricultural lean season and in times of crisis such as droughts and the COVID-19 pandemic (Singh, 2024). The scheme's relevance has been further highlighted during economic downturns, providing income support to millions of vulnerable households.

A distinguishing feature of MGNREGA is its **demand-driven design**, meaning employment must be provided within 15 days of a work request or else the applicant is entitled to unemployment allowance. This provision shifts the focus from administrative discretion to worker entitlement (Verma & Shah, 2018). Additionally, transparency measures such as social audits, geo-tagging of assets, and online Management Information Systems (MIS) have been institutionalized to reduce corruption and enhance accountability (Rahman & Pingali, 2024).

The employment generated under MGNREGA is linked to public works such as water conservation, land development, afforestation, and rural connectivity. These labor-intensive activities aim not only to provide short-term income but also to build long-term productive infrastructure. For instance, over 70% of MGNREGA works are related to agriculture and allied sectors, directly benefiting small and marginal farmers (Mukherjee et al., 2024).

Despite its potential, MGNREGA has faced multiple implementation challenges. These include delays in wage payments, inadequate demand generation at the village level, poor convergence with other rural development programmes, and under-provision of work compared to demand (Narayanan et al., 2017). In some regions, local elites capture project selection processes, limiting participation by Scheduled Castes, Scheduled Tribes, and women (Shah, 2016). Furthermore, administrative under-capacity at the Gram Panchayat level often hampers timely response to labor demands and effective asset monitoring.

Recent evaluations suggest a mixed record. While the programme has led to increased consumption, better food security, and reduction in distress migration, the average number of workdays provided per household remains far below the guaranteed 100 days in many states (Das, 2016). Notably, southern states like Tamil Nadu and Andhra Pradesh have shown more effective implementation compared to northern states, highlighting the role of state capacity and political will in shaping outcomes (Mehta et al., 2018).

The MGNREGA represents a transformative step in India's rights-based approach to social welfare. It has evolved beyond a mere poverty alleviation programme into a development instrument for inclusive growth. However, realizing its full potential demands continued investment in awareness, planning, institutional capacity, and transparency. As India grapples with rising inequality and rural distress, MGNREGA remains a vital pillar of social protection

Review of literature

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has been the subject of wide scholarly inquiry since its inception. The scheme's design as a rights-based employment guarantee program demands consistent evaluation of its financial efficiency, physical outcomes, and inclusiveness. However, most studies analyze these aspects in isolation or for short durations, leaving critical gaps in long-term, state-specific evidence — particularly in Tamil Nadu, where administrative performance varies significantly across districts.

On the fiscal front, scholars have examined how allocation and expenditure trends reflect state readiness and demand sensitivity. Reddy and Pradeep (2021) suggest that financial responsiveness is a leading indicator of local administrative engagement and beneficiary access. Singh (2024) highlights that expenditure consistency over time is also tied to institutional capacity for timely wage disbursal and project execution. Yet, longitudinal fiscal analysis at the state level is rare, especially for high-performing regions like Tamil Nadu.

In terms of implementation, physical progress has received increasing attention in recent years. Chatterjee (2024) and Viswanathan & Angom (2022) argue that infrastructure creation under the scheme varies in utility and sustainability depending on the type of works executed. Research also points to the growing importance of convergence with other rural development programs to enhance local relevance (Dev, 2021). However, most physical progress studies focus on either national trends or impact assessments in isolated districts, without comprehensive state-level reviews over multiple years.

Social equity and participation remain central to MGNREGS. Women's involvement, particularly in southern states, has been widely documented (Premchander et al., 2020). Yet, Rahman & Pingali (2024) caution that apparent numerical representation may hide deeper inequities in access, safety, and agency. ST communities, in particular, are often underrepresented due to structural and geographic exclusion (Jatav & Nair, 2023). Furthermore, few studies assess how equitable access evolves over time or responds to digital governance reforms that may unintentionally exclude the poorest.

Although Tamil Nadu is often cited as a model of effective MGNREGS administration, there is limited empirical work that integrates fiscal, physical, and equity perspectives over an extended period. This study addresses this crucial gap by examining five-year trends from 2020 to 2025 -a period shaped by post-pandemic policy shifts and changing rural dynamics.

Statement of the problem

Despite nearly two decades of implementation, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) continues to face critical challenges that undermine its transformative potential. While the scheme aims to provide guaranteed employment and promote rural resilience, its actual performance varies widely-not just across states, but within them, across time. Tamil Nadu, often regarded as a successful implementer, still faces inconsistencies in how financial resources are translated into work completion, how assets contribute to rural development, and how equitably benefits reach marginalized communities.

There is an increasing concern that success is often measured in financial terms alone-such as high expenditure or fund utilization-without enough attention to whether those funds result in timely employment, durable public works, or inclusive access for women, Scheduled Castes (SCs), and Scheduled Tribes (STs) (Singh, 2024; Reddy & Pradeep, 2021). Furthermore, pandemic-induced changes in rural labor dynamics from 2020 onward demand a closer examination of the scheme's responsiveness in recent years (Rahman & Pingali, 2024).

While data exists in fragmented forms, a consolidated, indicator-based assessment-across financial, physical, and social dimensions-is lacking. This absence prevents policymakers from identifying region-specific gaps, measuring long-term outcomes, or scaling best practices (Jatav & Nair, 2023; Akhtar et al., 2025).

Therefore, this study seeks to address an urgent need: to provide a multi-year, dimensionally integrated analysis of MGNREGS implementation in Tamil Nadu, using updated data to offer actionable insights for inclusive and efficient rural governance.

Objectives

1. To examine the financial progress of MGNREGS in Tamil Nadu (2020–2025).
2. To analyze the physical performance of asset creation and project completion.
3. To evaluate the inclusiveness of the scheme in terms of participation by women, SCs/STs, and average employment per household.

Methodology

This study uses a descriptive and analytical research design, relying on secondary data obtained from the official MGNREGA MIS portal (https://nrega.nic.in) and Tamil Nadu Rural Development Department reports from 2020–21 to 2024–25. The methodology focuses on three core performance indicators:

➢ **Financial Progress:** Assessed through budget allocation, actual expenditure, and fund utilization percentages.
➢ **Physical Performance:** Includes total number of works initiated, completed, and sector-specific asset creation (agriculture, NRM, infrastructure).
➢ **Inclusiveness Metrics:** Measures participation rates of Scheduled Castes, Scheduled Tribes, and women; average employment days per household; and wage rate trends.

The data is analyzed using descriptive statistics (mean, percentage, trend analysis), and visualized through tables and charts. Tamil Nadu-specific administrative insights are incorporated.

Result and Discussion

This section presents a comprehensive analysis of MGNREGS implementation in Tamil Nadu across three dimensions: financial progress, physical performance, and social inclusiveness based on MIS data and analyzed over a five-year period.

Table I: Financial Progress of the MGNREGS Programme

Year	Total allocated Budget (lakhs)	Total expenditure (lakhs)	Utilization of funds (%)
2020-21	8,54,989.16	843515.49	92.1
2021-22	8,96,276.24	9,79,560.39	102.2
2022-23	9,72,788.24	11,42,095.7	100.28
2023-24	12,13,633.14	13,39554.77	105.64
2024-25	7,58,758.58	10,74,475.12	125.61

Source: https://nrega.nic.in

Table I outlines the financial performance of the MGNREGS in Tamil Nadu over five financial years, focusing on the total allocated budget, actual expenditure, and fund utilization rates.In 2020-21,the state was allocated ₹8,54,989.16 lakh, of which ₹8,43,515.49 lakh was spent, reflecting a utilization rate of 92.1%. While below 100%, this figure is still considerable given that the year coincided with the COVID-19 pandemic's initial economic disruption.
From 2021-22 onward, fund utilization surpassed 100%, indicating either effective absorption of central allocations or mobilization of additional funds. In 2021-22, ₹8,96,276.24 lakh was allocated, and ₹9,79,560.39 lakh was expended, resulting in a utilization rate of 102.2%.
A similar pattern persisted in 2022-23, with ₹11,42,095.70 lakh expended against an allocation of ₹9,72,788.24 lakh, achieving 100.28% utilization. This trend accelerated in 2023-24, where ₹13,39,554.77lakh was spent, exceeding the allocation of ₹12,13,633.14 lakh and reaching 105.64%utilization.
The most notable increase occurred in 2024-25, when ₹10,74,475.12 lakh was spent against an allocation of only ₹7,58,758.58 lakh, leading to an exceptionally high utilization rate of 125.61%. This may reflect delayed payments from prior years, higher demand for employment, or proactive fund supplementation by the state.
Overall, the data illustrates Tamil Nadu's robust fund absorption capacity, consistently exceeding the sanctioned budget from 2021-22 onwards. This sustained over-utilization trend signals strong execution at the grassroots level and a responsive system geared toward fulfilling rural livelihood demands.

Table II: Assets Creation Work under MGNREG Scheme

Year	Total No. of works taken up (New + Spillover) (lakhs)	No. of ongoing works (lakhs)	No. of works completed	% of expenditure on agriculture & agriculture allied works	% of NRM exp. In MWC Blocks	% of Category B works
2020-21	9.42	5.23	4,19.448	31.99	77.37	30.55
2021-22	9.43	4.55	4,87,920	29.08	78.99	33.67
2022-23	8.92	3.23	5,68,116	25.15	75.32	39.48
2023-24	7.8	1.73	6,06,665	22.97	78.86	39.91
2024-25	6.15	2.53	3,63,339	47	76.83	50.09

Source: https://nrega.nic.in

Table 2 presents the year-wise physical progress of asset creation and work implementation under the MGNREG Scheme in Tamil Nadu over a five-year period. The total number of works taken up, including new and spillover works, stood at 9.42 lakh in 2020-21, remaining nearly constant at 9.43 lakh in 2021-22, before declining in subsequent years to 6.15 lakh by 2024-25. This downward trend may reflect reduced demand, administrative streamlining, or policy prioritization of work quality over quantity.

The number of ongoing works also shows a consistent decline from 5.23 lakh in 2020–21 to just 1.73 lakh in 2023-24, with a slight increase to 2.53 lakh in 2024–25, indicating a possible re-expansion in work planning during the most recent year. In contrast, completed works increased steadily, reaching a peak of 6,06,665 in2023–24, before dropping to 3,63,339 in 2024-25-a reduction that may suggest delayed closures or shifting project cycles.

Sectorally, the percentage of expenditure on agriculture and allied works declined from 31.99% in 2020-21 **to** 22.97% in 2023-24, indicating reduced investment in farm-based works. However, this share rebounded sharply to 47% in 2024-25, showing renewed focus on agricultural resilience and productivity-enhancing assets.

The share ofNatural Resource Management (NRM) expenditure in Mission Water Conservation (MWC) blocks remained consistently high across all years, peaking at 78.96% in 2023-24 and staying above 75% in all other years-reflecting Tamil Nadu's strategic emphasis on water-related infrastructure and environmental sustainability.

Finally, Category B works-which benefit individual households- increased significantly from 30.55% in 2020-21 **to** 50.09% in 2024-25. This upward trend highlights the state's progressive shift toward household-level asset creation, likely targeting SC/ST households and women beneficiaries as per MGNREGS guidelines.

Table III: Inclusiveness of the MGNREGS Scheme

Year	SC person-days % as of total person-days	ST person-days % as of total person-days	Women Person days out of Total (%)	Average days of employment provided per Household	Average Wage rate per day per person (Rs.)
2020-21	29.7	1.43	85.37	50.22	
2021-22	28.82	1.49	85.7	50.95	212.64
2022-23	28.32	1.41	86.42	50.96	226.62
2023-24	27.23	1.48	86.66	59.44	255.04
2024-25	26.55	1.62	86.28	48.86	275.01

Source: https://nrega.nic.in

Table 3 highlights inclusiveness indicators and key employment outcomes under the MGNREG Scheme in Tamil Nadu across five financial years. The data provides insights into the participation of marginalized groups, gender representation, average workdays per household, and wage rates.

The share of person-days generated by Scheduled Caste (SC) workers shows a slight downward trend, from 29.7% in 2020-21 **to** 26.55% in 2024-25, though the participation remains consistently above one-quarter. In contrast, the representation of Scheduled Tribe(ST) workers remains low throughout the period, fluctuating narrowly between 1.41% and1.62%, indicating persistent challenges in ensuring equitable access for tribal populations.

A notable strength of Tamil Nadu's MGNREGS implementation is its consistently high women'sparticipation rate, which remained well above the national statutory minimum of 33%. From 85.37% in 2020–21, the proportion of women person-days gradually increased to **86.66%** in 2023-24, with a slight dip to 86.28% in 2024-25. These figures reflect strong gender inclusivity and possibly higher economic reliance on MGNREGS among rural women in the state.

The average number of employment days per household ranged between 48.86 and 59.44 **days**, falling short of the mandated 100-day entitlement. The highest figure was observed in 2023-24 (59.44 days), suggesting

improved demand response mechanisms in that year. However, the significant drop to 48.86 days in 2024-25 may point to planning or fund constraints, despite high financial utilization in that same year.

The average wage rate perdayper person saw consistent improvement over the five-year period. From ₹205.95 in 2020-21, the wage rate rose steadily each year, reaching ₹275.01 in 2024-25, representing a 33.5% increase over the study period. This rise may be attributed to central wage revisions and cost-of-living adjustments.

Summary of findings
The following section presents a summary of key findings derive from the data analysis.

I. Financial Performance
➢ High Fund Utilization: Tamil Nadu's utilization rate rose steadily from 92.1% in 2020-21 to 125.61% in 2024-25, indicating strong absorption of central funds.
➢ Expenditure Exceeded Allocation: In four out of five years, expenditure exceeded allocation, demonstrating demand-driven implementation and proactive fund mobilization.

II Physical Progress and Asset Creation
➢ Declining Works Taken Up: Total works taken up fell from 9.42 lakh in 2020-21 to 6.15 lakhin 2024-25, despite high fund utilization.
➢ Category B Works Increased: Share of individual-benefit works (Category B) rose significantly from 30.55% to 50.09%, reflecting a shift toward SC/ST and women beneficiaries.
➢ Agriculture Investment Volatility: Expenditure on agriculture and allied works dropped to 22.97% in 2023–24 but rebounded to 47% in 2024-25.
➢ Consistent Focus on Water Conservation (NRM): NRM share remained strong (over 75% each year), with a peak of 78.96% in 2023-24.

III. Inclusiveness and Employment Outcomes
➢ Outstanding Women Participation: Women accounted for over 85% of total person-days, reaching 86.66% in 2023–24.
➢ Low ST Participation: STs consistently contributed less than 1.7% to total person-days, indicating access gaps.
➢ SC Participation Declined: SC participation fell from 29.7% in 2020-21 to 26.55% in 2024-25.
➢ Falling Average Workdays: Average employment per household peaked at 59.44 days in2023-24 but dropped to 48.86 days in 2024-25, falling short of the 100-day entitlement.
➢ Rising Wage Rate: Daily wages increased from ₹205.95 to ₹275.01, reflecting improved compensation levels.

Conclusion

The study comprehensively examined the financial performance, physical progress, and inclusiveness of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in Tamil Nadu over the five-year period from 2020-21 to 2024-25. The findings highlight that Tamil Nadu has demonstrated commendable administrative capacity in implementing the scheme, particularly in terms of fund utilization and gender inclusion. However, key areas still require targeted policy attention to ensure that the full potential of the scheme is realized across all social and regional groups.

From a financial perspective, the state consistently exceeded its annual fund allocation from 2021-22 onward, peaking at 125.61% utilization in 2024-25. This indicates not only strong demand for work but also an efficient fund absorption mechanism. However, the declining number of total works taken up and fluctuations in work completion suggest that financial efficiency has not been fully matched by consistent physical execution on the ground.

Asset creation trends reflect a strategic shift toward individualized works, particularly those benefiting Scheduled Castes, Scheduled Tribes, and women. While this aligns with the inclusive intent of the scheme, the volatility in sectoral investment-especially in agriculture and natural resource management-points to the need for more consistent planning and convergence.

The inclusiveness data reveals Tamil Nadu's exemplary record in women's participation, consistently exceeding 85% throughout the study period. However, Scheduled Tribe participation remains disproportionately low, and the average employment days per household continues to fall short of the guaranteed 100 days-highlighting a gap between entitlement and delivery.

While Tamil Nadu has effectively implemented the MGNREGS in several respects, the scheme's long-term success will depend on sustaining physical progress, expanding access to underserved communities, and ensuring that the full employment guarantee is met. Bridging these gaps through data-driven planning, community engagement, and sectoral coordination will be critical to strengthening rural livelihoods and inclusive growth in the state.

Policy Recommendations

1. Based on the findings and conclusions of the study, the following policy recommendation are suggested to address the identified issues.
2. Ensure timely release of supplementary funds to match demand-based execution and prevent mid-year shortfalls.
3. Implement real-time financial dashboards at block level to track over- or under-utilization across districts.
4. Develop work saturation plans to ensure consistent flow of new projects in high-demand blocks.
5. Scale up technical convergence with the Agriculture and Rural Development Departments for more durable and seasonal-relevant assets.
6. Institutionalize planning for NRM and farm assets to stabilize investment across years.
7. Introduce inclusion audits and tribal-area work plans to improve access for ST households.
8. Enable demand-based reallocation of job opportunities for households yet to reach 100 days of work.
9. Enhance support infrastructure (e.g., creches, rest sheds) to sustain and improve women's participation.
10. Ensure timely wage payments, especially where wage hikes are implemented, to prevent distress and maintain trust in the scheme.

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